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Section  
ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III  
MAR 30 2021

SEC FILE NUMBER
8-41201

Washington DC  
416  
FACING PAGE  
**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/20 AND ENDING 12/31/20  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **STURDIVANT & CO., INC.**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**3000 Atrium Way, Suite 520**

(No. and Street)

**Mt. Laurel**

**New Jersey**

**08054**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

HARVEY R. DE KRAFFT

(856) 751-1331

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**RW Group, LLC**

(Name - if individual, state last, first, middle name)

**400 Old Forge Lane #401**

**Kennett Square**

**PA**

**19348**

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Harvey R. de Krafft, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of STURDIVANT & CO., INC. of December 31, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Terry A Dorsey-Williams

Notary Public

New Jersey

My Commission Expires 7-12-21

No. 2074116

Harvey R de Krafft
Signature
Managing Director
Title

Terry A. Dorsey-Williams
Notary Public

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# STURDIVANT & CO.

## FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Public Document)

**STURDIVANT & CO., INC.**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors  
of Sturdivant & Co., Inc.

**Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Sturdivant & Co., Inc. as of December 31, 2020, and the related notes (collectively referred to as the financial statement). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of Sturdivant & Co., Inc. as of December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

This financial statement is the responsibility of Sturdivant & Co., Inc.'s management. Our responsibility is to express an opinion on Sturdivant & Co., Inc.'s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Sturdivant & Co., Inc. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial position, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial position presentation. We believe that our audit provides a reasonable basis for our opinion.

*RW Group, LLC*

We have served as Sturdivant & Co., Inc.'s auditor since 2019.

Kennett Square, Pennsylvania

March 29, 2021

**STURDIVANT & CO., INC.**

**Statement of Financial Condition  
December 31, 2020**

**ASSETS**

Cash	\$	226,725
Clearing deposit		150,975
Receivables from clearing broker		74,219
Receivables from an affiliate		25,100
Prepaid expenses and other assets		22,848
Loans receivable from parent company		393,839
Property and equipment, net of accumulated depreciation		<u>9,262</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>902,968</u></b>

**LIABILITIES**

Accounts payable and accrued expenses	\$	49,382
Subordinated borrowings		<u>700,000</u>
<b>Total liabilities</b>		<u>749,382</u>

**Commitments and contingencies**

**STOCKHOLDER'S EQUITY**

<b>Common stock, no par value:</b>		
Authorized	1,000 shares	
Issued	594.22 shares	
Outstanding	534.86 shares	
<b>Additional paid-in capital</b>		\$ 2,945,238
<b>Accumulated deficit</b>		<u>(1,141,652)</u>
		1,803,586
<b>Less treasury stock, at cost</b>	59.36 shares	<u>(1,650,000)</u>
<b>Total stockholder's equity</b>		<u>153,586</u>
		<u>\$ 902,968</u>

**STURDIVANT & CO., INC.**

**Notes to Financial Statements  
December 31, 2020**

**NOTE A - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**[1] Organization and business:**

Sturdivant & Co., Inc. (the "Company") is a registered broker/dealer clearing all of its customer transactions through correspondent brokers on a fully disclosed basis. In addition, the Company operates under the provisions of Paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Commission ("SEC") and, accordingly, is exempt from the remaining provisions of that rule. The Company has offices located in Mt. Laurel, New Jersey, Baltimore, Maryland, Chicago, Illinois and Philadelphia, Pennsylvania.

The Company is a wholly-owned subsidiary of S&D Financial Holdings, LLC ("S&D"). S&D is owned by three partners. Two of those three are officers of the Company and the third is a LLC owned by certain of the Company's officers and employees.

**[2] Basis of presentation:**

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**[3] Receivables and related party transaction:**

Receivables from clearing broker represents the net commissions receivable earned as an introducing broker for the Company's customers' transactions. As of December 31, 20120, this receivable is due from one clearing broker.

The Company provided management services during the year ended December 31, 2020 to an affiliate for a fee of \$85,535. This amount is included in management service fee income on the accompanying statement of operations for the year ended December 31, 2020. Receivables from an affiliate on the accompanying statement of financial condition include \$25,100 from the affiliate as of December 31, 2020.

**[4] Property and equipment:**

Property and equipment is stated at cost net of accumulated depreciation. Significant additions or improvements extending the asset lives are capitalized; normal maintenance and repair costs are expensed as incurred. The Company provides for depreciation as follows:

<u>Asset</u>	<u>Estimated Useful Life</u>	<u>Method</u>
Furniture and Fixtures	5 Years	Straight-Line Method
Computer Equipment	5 Years	Straight-Line Method

**[5] Liabilities subordinated to claims of general creditors:**

Subordinated Loan Agreement

On May 28, 2018, the Company entered into a subordinated loan agreement with an unrelated party in the amount of \$850,000, approved by the Financial Industry Regulatory Authority, Inc. ("FINRA"). On July 24, 2019, FINRA approved a partial pre-payment in the amount of \$350,000. The loan matures on May 31, 2021 and bears interest at 9.5% per annum payable quarterly. On July, 29, 2020, the Company entered into a subordinated loan agreement with a related party in the amount of \$200,000, approved by the Financial Industry Regulatory Authority, Inc. (FINRA).

## STURDIVANT & CO., INC.

### Notes to Financial Statements December 31, 2020

The loan matures on July 28, 2023 and bears interest at 9.5% per annum payable quarterly. Interest expenses for the year ended December 31, 2020 was \$55,418 related to this subordinated loan. Accounts payable and accrued expenses on the accompanying Statement of Financial Condition as of December 31, 2020 includes \$19,000 of interest accrued on this debt.

#### [6] Revenue from contracts with customers:

On January 1, 2019, the Company adopted ASU 2014-09, "Revenue from Contracts with Customers." The Company has elected the modified retrospective method which did not result in a cumulative-effect adjustment at the date of adoption. The implementation of this new standard had no material impact on the Company's financial statements.

##### Significant Judgments

Revenue from contracts with customers consists of commission income and fees from investment banking fees from municipal underwritings. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events.

##### Brokerage Commissions

The Company buys and sells securities on behalf of its customers. Each time a customer enters into a buy or sell transaction, the Company charges a commission. Commissions and related clearing expenses are recorded on the trade date (the date that the Company fills the trade order by finding and contracting with counterparty and confirms the trade with the customer). The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer.

##### Investment Banking – Municipal Underwriting Fees

The Company underwrites securities for governmental entities that want to raise funds through a sale of securities. Revenues are earned from fees arising from securities offerings in which the Company acts as an underwriter. Revenue is recognized on the trade date (the date on which the Company purchases the securities from the issuer) for the portion the Company is contracted to buy. The Company believes that the trade date is the appropriate point in time to recognize revenue for securities underwriting transactions as there are no significant actions which the Company needs to take subsequent to this date and the issuer obtains the control and benefit of the capital markets offering at that point. Underwriting costs that are deferred under the guidance in FASB ASC 940-340-25-3 are recognized in expense at the time the related revenues are recorded. In the event that transactions are not completed and the securities are not issued, the Company immediately expenses those costs.

##### Management Services Fees

Management services fee income is recognized periodically for administrative services provided by employees of the Company to an affiliate entity. Revenue is recognized as the services are provided by the Company and consumed by the affiliate and is based on the cost of services provided in accordance with contractual arrangements.

**STURDIVANT & CO., INC.**

**Notes to Financial Statements  
December 31, 2020**

The Company believes that the performance obligation is satisfied at the point in time when the underlying service provided by the Company has been consumed because that is when the pricing is agreed upon and the services have been provided as agreed.

**Costs to Obtain or Fulfill a Contract with a Customer**

The Company records as an asset certain material costs incurred to obtain revenue contracts with its customers, such as sales commissions paid to employees for obtaining new contracts with clients. These costs are amortized to expense over the period of time that the services are expected to be provided to the customer. Immaterial costs incurred are charged to expense when incurred. As in the past, the Company has not incurred any material costs to obtain revenue contracts with its customers during the year ended December 31, 2020.

The accompanying Statement of Operations presents the Company's revenue from contracts with customers disaggregated by major business activity and other sources of revenue for the year ended December 31, 2020.

**[7] Use of estimates:**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**[8] Income taxes:**

The Company is a corporation under the Internal Revenue Code. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

U.S. GAAP requires companies to account for income taxes by prescribing a minimum probability threshold that an uncertain tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Management believes that there are no uncertain tax positions. The Company recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of the income tax provision. There was no income tax related interest and penalties record for the year ended December 31, 2020.

**[9] Treasury stock:**

Treasury stock is accounted for under the cost method. Under the cost method, the gross cost of the shares reacquired is charged to treasury stock in the statement of financial condition.

**STURDIVANT & CO., INC.**

**Notes to Financial Statements  
December 31, 2020**

**[10] New accounting pronouncements;**

On January 1, 2018, the Company adopted ASU 2014-09, "Revenue from Contracts with Customers." The Company has elected the modified retrospective method which did not result in a cumulative-effect adjustment at the date of adoption. The implementation of this new standard had no material impact on the Company's financial statements.

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842). FASB issued this update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial condition and disclosing key information about leasing arrangements. The updated guidance is effective for fiscal years beginning January 1, 2019. The Company has evaluated the effect that the adoption of this guidance will have on its financial statements and related disclosures and has concluded that other than the recording of a right-of-use asset and lease liability, that the adoption will not have a material impact on its financial condition, its operation or its regulatory compliance.

**NOTE B - PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, 2020 is as follows:

Furniture and fixtures	\$ 87,597
Computer equipment	<u>78,649</u>
	166,246
Less accumulated depreciation	<u>156,984</u>
	\$ 9,262

**NOTE C – SUBORDINATED BORROWINGS**

Description	Principal	Interest Expense
Subordinated loan, with a related party, interest at 9.5 percent, due July 28, 2023	\$ 500,000	\$ 47,500
Subordinated loan, with an unrelated party, interest at 9.5 percent, due May 31, 2021	\$ 200,000	\$ 7,918

The subordinated borrowings are available in computing net capital under the SEC's uniform net capital rule. To the extent that such borrowings are required for the Company's continue compliance with minimum net capital requirements, they may not be repaid.

The fair value of subordinated borrowings is \$719,000 of which \$700,000 is principal and \$19,000 is accrued interest included in accrued expenses on the statement of financial condition.

**NOTE D - COMMITMENTS AND CONTINGENCIES AND RELATED PARTY TRANSACTIONS**

The Company has a clearance agreement with one clearing broker. Pursuant to the agreement, the Company is required to maintain a minimum net capital of \$100,000. The Company has a clearing deposit of \$150,975 with this broker as of December 31, 2020 pursuant to the agreement.

In the normal course of business, the Company enters into underwriting commitments. As of December 31, 2020, there were no open underwriting commitments.

## **STURDIVANT & CO., INC.**

### **Notes to Financial Statements December 31, 2020**

The Company's operations are headquartered in Mt. Laurel, New Jersey. The Company has a shared space and services agreement with its parent company, S&D. This agreement expires on December 31, 2020 with two, one year renewal options.

The Company maintains offices in Baltimore, Maryland, Chicago, Illinois and Philadelphia, Pennsylvania under month-to-month lease agreements.

#### **NOTE E - PROFIT-SHARING PLAN**

Employees of the Company may participate in a profit-sharing plan, which is intended to qualify under Section 401(k) of the Internal Revenue Code. The plan covers substantially all of the Company's employees who meet certain eligibility requirements. Matching contributions by the Company to the plan can be made at the discretion of the Board of Directors. In addition, the plan has a profit-sharing feature, contributions to which are also at the discretion of the Board of Directors.

#### **NOTE F - NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. As of December 31, 2020, the Company had net capital of \$402,538 which was \$302,5387 in excess of its required net capital. The Company's net capital ratio was 0.12 to 1 as of December 31, 2020.

#### **NOTE G - OFF BALANCE SHEET RISK AND CONCENTRATIONS OF CREDIT RISK**

As a nonclearing broker, the Company has its customers' transactions cleared through another broker/dealer pursuant to a clearance agreement. Nonperformance by its customers in fulfilling their contractual obligations pursuant to securities transactions with the clearing broker may expose the Company to risk and potential loss.

At times, the Company may maintain a cash balance with a bank in excess of the FDIC insurance limit.

#### **NOTE H - RELATED PARTY TRANSACTIONS**

The total amount receivable from S&D at December 31, 2020 is \$393,839. Effective December 2013, S&D executed a promissory note with the Company to repay the amount owed in monthly installments of \$500 of principal and interest, with the remaining balance due in a balloon payment on September 1, 2023. The note receivable accrues interest of 1% per year and is personally guaranteed by the members of S&D.

#### **NOTE I - INCOME TAXES**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due, if any, plus deferred income taxes which include the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts. Accounting principles generally accepted in the United States of America allow the recognition of deferred tax assets related to the anticipated benefit of net operating loss carryforwards, subject to certain valuation allowance adjustments.

As of December 31, 2020, the Company has approximately \$869,792 of federal net operating losses and approximately \$812,859 of state net operating losses available for carryforward to future years. The carryforwards begin to expire at various dates through December 31, 2039.

**STURDIVANT & CO., INC.**

**Notes to Financial Statements  
December 31, 2020**

A deferred tax asset of \$193,800 as of December 31, 2020 has been recorded to include the tax effect of the federal and state net operating loss carryforwards for tax and financial accounting purposes. A valuation allowance of \$193,800 has also been recorded in connection with this asset as the Company is uncertain as to the realization of any of the tax asset.

The deferred tax asset in the accompanying statement of financial condition consists of the following components as of December 31, 2020:

Net operating loss carry forwards	\$ 193,800
Valuation allowance	\$ (193,800)