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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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PART III

FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 04/01/22 AND ENDING 03/31/23  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Ferretti Group, Inc.

TYPE OF REGISTRANT (check all applicable boxes):

- Broker-dealer     Security-based swap dealer     Major security-based swap participant  
 Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

C/O Accounting & Compliance International - 77 Water Street, Suite 1604

(No. and Street)

New York

NY

10005

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Michael Chiarovano    (212) 668-8700    mchiarovano@acisecure.com  
(Name)    (Area Code - Telephone Number)    (Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

Nawrocki Smith LLP

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

100 Motor Parkway, Suite 580 Hauppauge

NY

11788

(Address)

(City)

(State)

(Zip Code)

03/04/2009

3370

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

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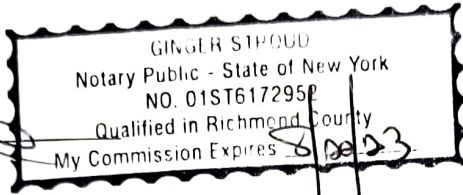
\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Phyllis Woods, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Ferretti Group, Inc, as of March 31, 2023, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

[Handwritten signature]



Signature: [Handwritten signature]
Title: CEO, CCO

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

- (a) Statement of financial condition.
(b) Notes to consolidated 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...
(d) Statement of cash flows.
(e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
(f) Statement of changes in liabilities subordinated to claims of creditors.
(g) Notes to consolidated financial statements.
(h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
(i) Computation of tangible net worth under 17 CFR 240.18a-2.
(j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
(k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
(l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
(m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
(n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
(o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
(p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
(q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
(r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(t) Independent public accountant's report based on an examination of the statement of financial condition.
(u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
(v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
(y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
(z) Other:

\*\*To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

# **FERRETTI GROUP, INC.**

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## **Statement of Financial Condition**

**As of and For the Year Ended March 31, 2023**

This report is deemed PUBLIC in accordance with Rule 17a-5(e)(3) under the Securities Exchange Act of 1934.

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**FERRETTI GROUP, INC.**

**MARCH 31, 2023**

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**Table of Contents**

	<b><u>Page</u></b>
<b>Report of Independent Registered Public Accounting Firm</b>	1
Statement of Financial Condition	2
Notes to Financial Statement	3-6



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders of  
Ferretti Group, Inc.:

**Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Ferretti Group, Inc. (the “Company”) as of March 31, 2023, and the related notes (collectively referred to as the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of Ferretti Group, Inc., as of March 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

This financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on Ferretti Group, 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 the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) 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 financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

We have served as Ferretti Group, Inc.’s auditor since 2023.

Hauppauge, New York  
June 26, 2023

*Nawrocki Smith LLP*

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**FERRETTI GROUP, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**MARCH 31, 2023**

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**ASSETS**

Cash	\$ 38,008
Deposit with clearing broker	200,000
Secured demand note receivable from subordinated lenders	250,000
Due from clearing brokers	108,097
Due from registered representatives	35,000
Commissions receivable	239,006
Other assets	21,015
<b>TOTAL ASSETS</b>	<u><u>\$ 891,126</u></u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**LIABILITIES:**

Accounts payable and accrued expenses	\$ 222,161
Secured demand note payable from subordinated lenders	<u>250,000</u>
<b>TOTAL LIABILITIES</b>	<u><u>472,161</u></u>

**COMMITMENTS AND CONTINGENCIES (NOTES 4 AND 5)**

**STOCKHOLDERS' EQUITY: ( NOTE 7)**

Common stock, no par value, 200 shares authorized, 10 shares issued and outstanding.	10,000
Retained earnings	<u>408,965</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>418,965</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><u>\$ 891,126</u></u>

See Accompanying Notes to Financial Statement

**FERRETTI GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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**NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS:**

Ferretti Group, Inc. (The "Company") is a New York corporation formed for the purpose of conducting business on the floor of the New York Stock Exchange ("NYSE"). The Company is registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of both the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investors Protection Corporation ("SIPC").

The Company earns commissions as an introducing broker of securities transactions. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**Accounts Receivable**

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on history of past write-offs and collections and current credit conditions. No allowance for doubtful accounts was required at March 31, 2023.

**Revenue Recognition**

**Commissions:** The Company buys and sells equity securities on behalf of its customers. Each time a customer enters into a buy or sell transaction, the Company charges a commission. Commission and related clearing expenses are recorded on the trade date. 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. The company had commissions receivable of \$197,349 as of March 31, 2023.

**Rebates:** The Company earns rebates from directing orders for trade execution which are reflected in the financial statements on a trade date basis. The Company had rebates receivable of \$41,657 as of March 31, 2023.

**Income Taxes**

The Company has elected to be treated as an "S" Corporation under the provisions of the Internal Revenue Code and New York State tax regulations. Under the provisions, the Company does not pay federal or state corporate income taxes on its taxable income. Instead the stockholders are liable for individual income taxes on their respective shares of the Company's taxable income. The Company continues to pay New York City and New Jersey general corporation taxes.

**FERRETTI GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**Income Taxes (continued)**

The Company follows the FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management has evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance as of March 31, 2023. The Company is not currently under audit for by any tax jurisdiction. Interest and penalties, if any, on uncertain tax positions would be recorded as interest expense.

**Use of Estimates**

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Accordingly, actual results could differ from those estimates and such differences could be material.

**Credit Losses**

The Company complies with ASC Topic 326, Financial Instruments - Credit Losses ("ASC 326"). ASC 326 Impacts the impairment model for certain financial assets by requiring a current expected credit loss ("CECL") methodology to estimate expected credit losses over the entire life of the financial asset. Under the accounting update, the Company has the ability to determine that there are no expected credit losses in certain circumstances (e.g., based on the credit quality of the customer). The Company's revenues, including but not limited to the commissions and rebate receivable, are impacted by the guidance.

**NOTE 3 – RECEIVABLES AND PAYABLES TO CLEARING BROKERS:**

The clearing and depository operations for the Company's and customers' securities transactions are provided by Clearing Brokers pursuant to clearance agreements. At March 31, 2023, the amount due from the Clearing Brokers represents commission revenue earned as an introducing broker for its customers, net of expenses and other clearing charges.

The amounts receivable from the Clearing Brokers as of March 31, 2023 consist of the following:

- Cash held in accounts at Clearing Brokers \$ 108,191
- Fees and commissions receivable (\$94)

Pursuant to clearance agreements with the Clearing Brokers, the Company may offset receivable and payable balances in the accounts held at the respective Clearing Brokers. The Company has agreed to indemnify the Clearing Brokers for losses that they may sustain from the customer accounts introduced by the Company. Losses, if any, on customer accounts are recorded as an offset to commission income.

**FERRETTI GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4 – SECURED DEMAND NOTE PAYABLE AND RECEIVABLE FROM SUBORDINATED LENDERS:**

The Company entered into a Subordinated Loan Agreement ("SLA") on January 31, 2019 with two of the shareholders of the Company ("Lenders") in the amount of \$250,000. The SLA had a scheduled maturity date of January 31, 2022, with the maturity date automatically extended an additional year, unless the Lenders notify the Company and FINRA that the SLA will be terminated. As of March 31, 2023, the maturity date is January 31, 2024. The amount due to the Lenders is shown as Secured demand note payable from subordinated lenders on the Statement of Financial Condition. The SLA was approved by FINRA on February 14, 2019.

In connection with the SLA, the Company and the Lenders entered into a Secured Demand Note Collateral Agreement ("SDNCA") whereby the Lenders pledged to the Company equity securities with a value in excess of \$250,000 as collateral for payment of the subordinated loan under the SLA. The securities are required to be held in a segregated account with the Company's clearing broker for the benefit of the SLA and the Lenders. As of March 31, 2023, the value of securities held in the collateral account was \$744,462. The Company has recorded a Secured demand note receivable from the subordinated lenders on the Statement of Financial Condition in the amount of \$250,000 related to the collateral being held in accordance with SDNCA.

Under the SEC's uniform net capital rule, the Subordinated Loan is an adjustment allowed which increases net capital.

**NOTE 5 – PROFIT SHARING PLAN:**

The Company is a sponsor of a defined contribution profit sharing plan for its eligible employees. Contributions to the plan, if any, are determined by the employer and come out of its current profits. The employer's contribution for any fiscal year shall not exceed the maximum allowable as a deduction to the employer under the provisions of the IRS Code Section 404, as amended, or replaced from time to time. The Company made no employer contributions for the year ended March 31, 2023 and has no liability to the plan as of March 31, 2023.

**NOTE 6 – CONCENTRATIONS OF CREDIT RISK:**

**Cash**

The Company maintains principally all cash balances in one financial institution which, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation. The exposure to the Company is solely dependent upon daily bank balances and the strength of the financial institution. The Company has not incurred any losses on this account. At March 31, 2023, the amount in excess of insured limits was \$0.

**NOTE 7 – FINANCIAL STATEMENTS WITH OFF BALANCE SHEET CREDIT RISK:**

As a securities broker, the Company is engaged in buying and selling securities for a diverse group of institutional and individual investors. The Company introduces these transactions for clearance to another broker-dealer on a fully disclosed basis.

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**FERRETTI GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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**NOTE 7 – FINANCIAL STATEMENTS WITH OFF BALANCE SHEET CREDIT RISK (CONTINUED):**

The Company's exposure to credit risk associated with non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair customers' ability to their obligations to the Company and the Company's ability to liquidate the collateral at an amount equal to the original contracted amount. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to such non-performance by its customers.

The company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing broker's internal guidelines. The Company monitors its customer activity by reviewing information it receives from its clearing broker on a daily basis, and requiring customers to deposit additional collateral, or reduce positions, when necessary.

**NOTE 8 – FIXED ASSETS:**

Fixed assets consisted of the following as of March 31, 2023:

		<u>Useful Life</u>
Fixed Assets	\$ 36,607	5 years
Less: Accumulated depreciation	<u>33,877</u>	
Net fixed assets	<u>\$ 2,730</u>	

Fixed assets are included in "other assets" in the statement of financial condition.

Depreciation expense for the year ended March 31, 2023 was \$195 and included in the other expenses on the statement of income.

**NOTE 9 – NET CAPITAL REQUIREMENTS:**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash distributions paid if the resulting net capital ratio would exceed 10 to 1. At March 31, 2023, the Company had net capital of \$488,047, which was \$473,236 in excess of its required net capital of \$14,811. The Company's percentage of aggregate indebtedness to net capital was 45.52%.

**NOTE 10 – SUBSEQUENT EVENTS:**

The Company has evaluated events and transactions through June 26, 2023 which is the date the financial statements were available to be issued.