

**BARRETT & COMPANY**  
**FINANCIAL STATEMENTS**

**December 31, 2021**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Stockholder of  
Barrett & Company**

### ***Opinion on the Financial Statements***

We have audited the accompanying statement of financial condition of Barrett & Company (the "Company") as of December 31, 2021, the related statements of income, changes in stockholder's equity and cash flows for the year then ended, and the related notes and schedules to the financial statements (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements 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 Barrett & Company in accordance with the U.S. federal securities laws and 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 financial statements are 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 statements, 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 statements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.

***Auditor's Report on Supporting Schedules***

The supporting schedules required by Rule 17a-5 under the Securities and Exchange Act of 1934 ("SEA") have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supporting schedules are the responsibility of the Company's management. Our audit procedures included determining whether the information in the supporting schedules reconcile to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supporting schedules. In forming our opinion on the supporting schedules, we evaluated whether the supporting schedules, including their form and content, are presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supporting schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

*PKF O'Connor Davies, LLP*

We have served as the Company's auditor since 1996.

February 24, 2022

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

|  |
|--|
| OMB APPROVAL                                       |
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FORM X-17A-5  
PART III

|                 |
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| 8-44856         |

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 01/01/21 AND ENDING 12/31/21  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Barrett & Company

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.)

42 Weybosset Street

(No. and Street)

Providence

(City)

Rhode Island

(State)

02903

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Wilson G. Saville

(Name)

401-351-1000

(Area Code - Telephone Number)

wsaville@barrettandcompany.com

(Email Address)

B. ACCOUNTANT IDENTIFICATION

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

PKF O'Connor Davies LLP

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

40 Westminster Street

(Address)

Providence

(City)

RI

(State)

02903

(Zip Code)

09/29/2003

(Date of Registration with PCAOB)(if applicable)

127

(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, Wilson G. Saville, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Barrett & Company, as of December 31, 2021, 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.

Christy N Hill  
Notary Public



Signature: Wilson G. Saville  
Title: President

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 (as defined in § 210.1-02 of Regulation S-X).
- (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.

**BARRETT & COMPANY**  
**STATEMENT OF FINANCIAL CONDITION**  
**December 31, 2021**

**ASSETS**

|   |    |            |
|---|----|------------|
| Cash  | \$ | 559,338    |
| Receivables from clearing organizations                                   |    | 27,944     |
| Securities owned, at market value   |    | 7,044      |
| Furniture and office equipment, net of accumulated depreciation \$141,143 |    | 24,934     |
| Right-of-use assets   |    | 22,569     |
| Other assets  |    | 20,475     |
|   |    | \$ 662,304 |

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**LIABILITIES**

|                                       |    |        |
|---------------------------------------|----|--------|
| Lease liabilities                     | \$ | 26,329 |
| Accounts payable and accrued expenses |    | 51,101 |
|                                       |    | 77,430 |

**CONTINGENCY**

**STOCKHOLDER'S EQUITY**

|  |    |           |
|--|----|-----------|
| Common stock, no par value, 1,000 shares authorized,<br>269 shares issued and 244 shares outstanding |    | 275,000   |
| Additional paid-in capital   |    | 598,886   |
| Accumulated deficit  |    | (260,602) |
|  |    | 613,284   |
| Less cost of treasury stock, 25 shares   |    | (28,410)  |
|  |    | 584,874   |
|  | \$ | 662,304   |

See Notes to Financial Statements

**BARRETT & COMPANY**  
**STATEMENT OF INCOME**  
**Year Ended December 31, 2021**

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|   |                   |
|---|-------------------|
| REVENUES  |                   |
| Commissions                                     | \$ 752,822        |
| Asset management fees                           | 2,736,471         |
| Gain on firm's securities trading accounts, net | 21,270            |
| Margin interest                                 | 28,680            |
| Other revenue                                   | 409,495           |
|   | <u>3,948,738</u>  |
| EXPENSES  |                   |
| Stockholder officer's compensation and benefits | 768,112           |
| Employee compensation and benefits              | 1,948,083         |
| Clearance charges paid                          | 108,343           |
| Communications                                  | 102,188           |
| Occupancy and equipment costs                   | 167,701           |
| Regulatory fees and expenses                    | 76,466            |
| Taxes, other than income taxes                  | 104,018           |
| Outside services                                | 246,078           |
| Other operating expenses                        | 199,818           |
|   | <u>3,720,807</u>  |
| NET INCOME                                      | <u>\$ 227,931</u> |

See Notes to Financial Statements



**BARRETT & COMPANY**

**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**Year Ended December 31, 2021**

|                               | Common<br>Stock   | Additional<br>Paid-in<br>Capital | Treasury<br>Stock  | Accumulated<br>Deficit | Total<br>Stockholder's<br>Equity |
|-------------------------------|-------------------|----------------------------------|--------------------|------------------------|----------------------------------|
| Balances at January 1, 2021   | \$ 275,000        | \$ 598,886                       | \$ (28,410)        | \$ (488,533)           | \$ 356,943                       |
| Net income                    | -                 | -                                | -                  | 227,931                | 227,931                          |
| Balances at December 31, 2021 | <u>\$ 275,000</u> | <u>\$ 598,886</u>                | <u>\$ (28,410)</u> | <u>\$ (260,602)</u>    | <u>\$ 584,874</u>                |

See Notes to Financial Statements

**BARRETT & COMPANY**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2021**

|   |                   |
|---|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |
| Net income  | \$ 227,931        |
| Adjustments to reconcile net income to net cash provided by operating activities:     |                   |
| Depreciation  | 9,995             |
| PPP loan forgiveness  | (213,900)         |
| Change in assets and liabilities:   |                   |
| (Increase) decrease in:   |                   |
| Receivables from clearing organizations   | 9,324             |
| Securities owned, at market value   | (6,780)           |
| Other assets  | 2,496             |
| Increase in:  |                   |
| Accounts payable and accrued expenses   | 15,030            |
| Net cash provided by operating activities   | <u>44,096</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |
| Capital expenditures  | <u>(7,704)</u>    |
| Net cash used in investing activities   | <u>(7,704)</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                   |
| Principal payments on financing lease obligation                                      | <u>(6,933)</u>    |
| Net cash used in financing activities   | <u>(6,933)</u>    |
| Net increase in cash  | 29,459            |
| <b>CASH</b>   |                   |
| Beginning   | <u>529,879</u>    |
| Ending  | <u>\$ 559,338</u> |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>                               |                   |
| Cash paid during the year for:  |                   |
| Interest  | <u>\$ 812</u>     |
| Taxes   | <u>\$ 400</u>     |
| <b>SUPPLEMENTAL SCHEDULE OF NONCASH OPERATING, INVESTING AND FINANCING ACTIVITIES</b> |                   |
| PPP loan forgiveness  | <u>\$ 213,900</u> |

See Notes to Financial Statements

**BARRETT & COMPANY**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of business: Barrett & Company (The Company), located in Providence, Rhode Island, with customers located mainly throughout New England, is in the business of purchasing and selling securities on behalf of introduced customers.

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. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmit all customer funds and securities to the clearing broker/dealer. 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.

A summary of the Company's significant accounting policies follows:

Basis of presentation: The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services, including principal transactions, agency transactions and investment advisory.

Marketable investment securities: Marketable investment securities are valued at market. Securities not readily marketable are valued at fair value as determined by management.

Income taxes: The Company, with the consent of its stockholder, has elected to be an S Corporation under the Internal Revenue Code. In lieu of paying corporate income taxes, the stockholder is taxed individually on the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been made.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

Management has determined there are no uncertain income tax positions.

Furniture and office equipment and depreciation: Furniture and office equipment are stated at cost. Depreciation is provided on a straight-line basis using estimated useful lives of three to ten years. Leasehold improvements are amortized over the economic useful life of the improvement or the term of the lease, whichever is less. The depreciation expense and accumulated depreciation for the year ended December 31, 2021 were \$9,995 and \$141,143, respectively.

Advertising costs: The Company charges advertising costs to expense as incurred. Advertising costs for the year ended December 31, 2021 were \$5,060.

## BARRETT & COMPANY

### NOTES TO FINANCIAL STATEMENTS December 31, 2021

#### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leases: The Company accounts for its leases in accordance with FASB ASC 842, *Leases*. The Company is a lessee in several noncancellable operating leases for office space, a vehicle and office equipment. The Company determines if an arrangement is a lease, or contains a lease, at inception of the contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease.

Lease liabilities. A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate, and are measured using the index or rate at the commencement date. Lease payments, including variable payments based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, (3) there is a reassessment of any of the following: the lease term, purchase options or amounts that are probable of being owed under a residual value guarantee. The discount rate is the implicit rate if it is readily determinable; otherwise, the Company uses its incremental borrowing rate. The implicit rates of the Company's leases are not readily determinable; accordingly, the Company uses its incremental borrowing rate based on information available at the commencement date for each lease. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The Company determines its incremental borrowing rates by starting with the interest rates on its recent borrowings and other observable market rates and adjusting those rates to reflect differences in the amount of collateral and the payment terms of the leases.

ROU assets. A lessee's ROU asset is measured at the commencement date at the amount of the initially-measured lease liability plus any lease payments made to the lessor before or at this commencement date, minus any lease incentives received; plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is, present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Accounting policy election for short-term leases. The Company has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes lease cost associated with its short-term leases on a straight line basis over the lease term.

See Note 6, "Leases" for additional information on the Company's leases.

## BARRETT & COMPANY

### NOTES TO FINANCIAL STATEMENTS December 31, 2021

#### Note 2. REVENUE FROM CONTRACTS WITH CUSTOMERS

##### Significant judgments

Revenue from contracts with customers includes brokerage commission income and fees from asset management services and other brokerage related fees. 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, whether revenue should be presented gross or net of certain costs, and whether constraints on variable consideration should be applied due to uncertain future events.

##### Performance obligations

Revenue from contracts with customers is recognized when, or as, the Company satisfies its performance obligations by transferring promised goods or services to customers. A good or service is transferred to a customer when, or as, the customer obtains control of that good or service. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation at a point in time is recognized at the point in time that the Company determines the customer obtains control over the promised good or service. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled in exchange for those promised goods or services.

The following provides detailed information on the recognition of the Company's revenue from contracts with its customers:

##### *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. Securities transactions and the related commission revenues and expenses are recorded at a point in time on a settlement date basis. The effect of not recording these transactions on a trade date basis when the performance obligation is satisfied as required by U.S. GAAP is not material to these financial statements.

##### *Asset Management Fees*

The Company provides investment advisory services on a daily basis. The Company believes that the performance obligation for providing advisory fees is satisfied over time because the customer is receiving and consuming the benefits as they are provided by the Company. The fee for services is charged quarterly in advance as a percentage of assets under management in the client's account based upon the prior quarter's ending market value. Investment advisory fees are directly obtained from the clearing firm at the beginning of each quarter, and are evenly recognized each month of that quarter as they relate specifically to the services provided in that period, which are distinct from the services provided in other periods. This brings the unearned revenue to zero by quarter end. All revenue earned during 2021 was fully recognized in 2021.

**BARRETT & COMPANY**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**Note 2. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)**

*Firm Trading*

Proprietary security transactions in regular-way trades entered into for the account and risk of the Company are recorded at fair value on a settlement date basis with realized and unrealized gains and losses reported in firm trading in the statement of operations. The effect of not recording these transactions on a trade date basis when the performance obligation is satisfied as required by U.S. GAAP is not material to these financial statements.

*Margin Interest*

The Company earns a portion of the interest on customer debit balances carried by its clearing broker net of the clearing broker's allocated cost of borrowed funds. Margin interest is charged to the customer's account on the last day of the month and recognized by the Company on a monthly basis. The accounting for these revenues is not impacted by ASC 606 as they fall outside of its scope.

*Other Revenue*

Other revenue can include fees collected for services provided by the Company's registered representatives, clearing firm revenue sharing programs, as well as managed account transaction and service fees. Other revenue is recognized on a monthly basis as earned.

*Costs to Obtain or Fulfill a Contract with Customers*

The Company has elected to expense incremental or avoidable costs to obtain a contract with a customer since the amortization period for these costs would be one year or less.

*Disaggregated Revenue from Contracts with Customers*

The following table represents commission revenue by major source:

|                                |    |                |
|--------------------------------|----|----------------|
| Commissions - over the counter | \$ | 174,373        |
| Commissions - listed           |    | 213,828        |
| Mutual fund trail commissions  |    | 285,056        |
| Closed-end mutual funds        |    | 38,270         |
| Master limited partnerships    |    | 6,703          |
| Other                          |    | 34,592         |
|                                | \$ | <u>752,822</u> |

**Note 3. CASH**

The Company maintains its cash accounts in one commercial bank. At times, the amount in the accounts may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

## BARRETT & COMPANY

### NOTES TO FINANCIAL STATEMENTS December 31, 2021

#### Note 4. NFS AGREEMENT

The Company has a clearing agreement with National Financial Services, LLC (NFS). Under this agreement, NFS clears transactions on a fully disclosed basis for accounts of Barrett & Company and of the Company's customers, which are introduced by the Company and accepted by NFS. NFS maintains stock records and other records on a basis consistent with generally accepted practices in the securities industry and maintains copies of such records in accordance with the FINRA and SEC guidelines for record retention. NFS is responsible for the safeguarding of all funds and securities delivered to and accepted by it. NFS prepares and sends to customers monthly or quarterly statements of account. Barrett & Company does not generate and/or prepare any statements, billings or compilations regarding any account. The Company examines all monthly statements of account, monthly statements of clearing services and other reports provided by NFS and notifies NFS of any error. NFS charges the Company for clearing services. NFS also collects all commissions on behalf of the Company and makes payments to the Company for its share of commissions. This agreement between the two parties can be terminated by either party by giving ninety days prior written notification at the end of the three year agreement to the other party.

The Company carries its receivable from NFS at cost. If a customer of the Company did not pay NFS a commission, the assets of that customer's account would be liquidated to cover any amount owed for the commission. Any shortfall between the value of the assets and the amount owed for the commission would have to be absorbed by the Company as bad debt. The Company has deemed an allowance for such a loss as unnecessary, since historically these losses have been minimal and immaterial.

#### Note 5. FAIR VALUE

##### *Fair Value Hierarchy*

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a hierarchy of fair value inputs. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- *Level 1.* Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- *Level 2.* Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3.* Unobservable inputs for the asset or liability.

**BARRETT & COMPANY**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**Note 5. FAIR VALUE (CONTINUED)**

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

A description of the valuation techniques applied to the Company's major categories of assets and liabilities measured at fair value on a recurring basis follows.

*Exchange-Traded Equity Securities.* Exchange-traded equity securities are generally valued based on quoted prices from the exchange. To the extent these securities are actively traded, valuation adjustments are not applied, and they are categorized in level 1 of the fair value hierarchy; otherwise, they are categorized in level 2 or level 3 of the fair value hierarchy.

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2021:

|                   | Level 1 | Level 2 | Level 3  | Netting and<br>Collateral | Total    |
|-------------------|---------|---------|----------|---------------------------|----------|
| <b>ASSETS</b>     |         |         |          |                           |          |
| Securities owned: |         |         |          |                           |          |
| Equities          | \$ -    | \$ -    | \$ 7,044 | \$ -                      | \$ 7,044 |
|                   | \$ -    | \$ -    | \$ 7,044 | \$ -                      | \$ 7,044 |

There were no transfers between levels during the year.

***Additional Disclosures About the Fair Value of Financial Instruments (Including Financial Instruments Not Carried at Fair Value)***

U.S. GAAP requires disclosure of the estimated fair value of certain financial instruments, and the methods and significant assumptions used to estimate their fair values. Financial instruments within the scope of these disclosure requirements are included in the following table. Certain financial instruments that are not carried at fair value on the Statement of Financial Condition are carried at amounts that approximate fair value due to their short-term nature and generally negligible credit risk. These instruments include cash, short-term receivables, borrowings, accounts payable, and other liabilities.



**BARRETT & COMPANY**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**Note 5. FAIR VALUE (CONTINUED)**

The following table presents the carrying values and estimated fair values at December 31, 2021, of financial assets and liabilities, excluding financial instruments that are carried at fair value on a recurring basis, and information is provided on their classification within the fair value hierarchy.

|  | Carrying<br>Value | Level 1           | Level 2          | Level 3     | Total Estimated<br>Fair Value |
|--|-------------------|-------------------|------------------|-------------|-------------------------------|
| <b>ASSETS</b>                              |                   |                   |                  |             |                               |
| Cash                                       | \$ 559,338        | \$ 559,338        | \$ -             | \$ -        | \$ 559,338                    |
| Receivables from<br>clearing organizations | 27,944            | -                 | 27,944           | -           | 27,944                        |
| Other assets                               | 20,475            | -                 | 20,475           | -           | 20,475                        |
|  | <u>\$ 607,757</u> | <u>\$ 559,338</u> | <u>\$ 48,419</u> | <u>\$ -</u> | <u>\$ 607,757</u>             |
| <b>LIABILITIES</b>                         |                   |                   |                  |             |                               |
| Lease liabilities                          | \$ 26,329         | \$ -              | \$ 26,329        | \$ -        | \$ 26,329                     |
| Accounts payable and<br>accrued expenses   | 51,101            | -                 | 51,101           | -           | 51,101                        |
|  | <u>\$ 77,430</u>  | <u>\$ -</u>       | <u>\$ 77,430</u> | <u>\$ -</u> | <u>\$ 77,430</u>              |

**Note 6. LEASES**

The Company leases office space, certain office equipment and a vehicle. Leases with an initial term of 12 months or less are not recorded on the balance sheet; lease expense for these leases are recognized on a straight-line basis over the lease term. Total lease expense for the year ended December 31, 2021 was \$103,466. Variable lease costs, which may include common area maintenance, insurance, and taxes are not included in the lease liability and are expensed in the period incurred.

The Company leases have remaining terms of a few months to two years, and typically include one or more renewal options, with renewal terms that can generally extend the lease term from three to five years. The exercise of lease renewal options is at the Company's sole discretion. The Company includes options to renew in the expected term when they are reasonably certain to be exercised. The depreciable life of assets and leasehold improvements are limited by the expected lease term.

Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease ROU assets represent the right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs and lease incentives. To determine the present value of lease payments not yet paid, the Company estimates incremental secured borrowing rates corresponding to the maturities of the leases based upon current bank financing rates.

**BARRETT & COMPANY**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**Note 6. LEASES (CONTINUED)**

The Company has a certain non-real estate lease that is accounted for as a finance lease under ASC 842, which is similar to the accounting for capital leases under the previous standard.

| Leases                  | Classification  | Balance          |
|-------------------------|---|------------------|
| <b>ASSETS</b>           |   |                  |
| Operating assets        | Right-of-use assets                                     | \$ 22,569        |
| Financing assets        | Property and equipment, net of accumulated depreciation | 2,988            |
| Total lease assets      |   | <u>\$ 25,557</u> |
| <b>LIABILITIES</b>      |   |                  |
| Operating               | Lease liabilities                                       | \$ 22,569        |
| Financing               | Lease liabilities                                       | 3,760            |
| Total lease liabilities |   | <u>\$ 26,329</u> |

|  |        |
|--|--------|
| Weighted-average remaining lease term (years) - operating leases | 0.4    |
| Weighted-average remaining lease term (years) - finance lease    | 0.5    |
| Weighted-average discount rate - operating leases                | 4.91%  |
| Weighted-average discount rate - finance lease                   | 10.72% |

At December 31, 2021, maturities of lease liabilities were as follows:

| Year ending December 31            |                  |
|------------------------------------|------------------|
| 2022                               | 25,337           |
| 2023                               | 1,340            |
| Total lease payments               | \$ 26,677        |
| Less: imputed interest             | (348)            |
| Present value of lease liabilities | <u>\$ 26,329</u> |

**Note 7. CUSTOMER RESERVE AND POSSESSION AND CONTROL REQUIREMENTS**  
**OF RULE 15c-3-3**

The Company is exempt from the customer reserve and possession and control requirements of Rule 15c3-3 as all transactions are cleared through another broker/dealer on a fully disclosed basis.

**BARRETT & COMPANY**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**Note 8. NET CAPITAL REQUIREMENT**

The Company is subject to the Securities and Exchange Commission (SEC) uniform net capital rule (Rule 15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital ("net capital ratio"), both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2021, the Company had net capital and net capital requirements of \$532,421 and \$100,000, respectively. The Company's net capital ratio at December 31, 2021 was 0.10 to 1.

**Note 9. STATEMENT PURSUANT TO PARAGRAPH (d) OF RULE 17a-5**

There are no material differences between the computation of net capital and the corresponding computation prepared by and included in the Company's unaudited Part IIA Focus Report filing as of December 31, 2021.

**Note 10. RELATED PARTY TRANSACTIONS**

The Company has entered into the following transactions with related parties:

The Company leases its Providence office space from Wilcox Partners, a Rhode Island real estate partnership. The Company's sole stockholder owns a 33% interest in the partnership. The space is leased under a noncancelable lease that expires in February 2022. Rent expense related to the lease amounted to \$90,000 for the year ended December 31, 2021.

Pursuant to Section IX of the agreement to offer clearing and execution services by National Financial Services, LLC (NFS), Barrett & Company must maintain a balance of \$250,000 in an escrow account. The stockholder of the Company has pledged certain personally owned marketable securities to fulfill this obligation.

**Note 11. PENSION PLAN**

The Company has a contributory 401(k) profit sharing plan. The plan covers substantially all of its employees who have completed one month of service and attained age 21 for employee deferrals. The Plan's assets are held by NFS. The Company has the discretion to match employee deferrals for those employees who have completed six months of service and attained age 21. The Company did not make profit sharing contributions in 2021.

**Note 12. OFF-BALANCE-SHEET RISK AND CONCENTRATION OF CREDIT RISK**

As discussed in Note 4, the Company's customer securities transactions are introduced on a fully-disclosed basis with NFS. NFS carries all of the accounts of the customers of the Company and is responsible for execution, collection of and payment of funds, and receipt and delivery of securities relative to customer transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein NFS may charge any losses it incurs to the Company. The Company seeks to minimize the risk through procedures designed to monitor the credit worthiness of its customers and insure that customer transactions are executed properly by NFS.

**BARRETT & COMPANY**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**Note 13. CONTINGENCIES**

The Company was a respondent to two complaints filed with the Rhode Island Department of Business Regulation by former customers who alleged violations of state rules and regulations. The Company has responded to all requests for information thus far. Given the status of this matter, it is not possible at this time to determine the outcome of this case. No accrual has been included in the accompanying financial statement for any potential loss arising from this claim.

The Company's policy is to reserve for costs related to contingencies when a loss is probable and the amount is reasonably estimable. Given the status of the aforementioned matters, in the opinion of management, there were no commitments or contingencies for which a loss is probable and estimable, within the scope of ASC 450, Contingencies. However, litigation is subject to inherent uncertainties, and a material adverse result in these or other matters may result from time to time.

Although the Company's operations and financial performance have not been affected by the coronavirus ("COVID-19") outbreak, the Company's future operations and financial performance may still be affected by the COVID-19 outbreak which has spread globally and has adversely affected economic conditions throughout the world. Due to the uncertainty of the duration and extent of the COVID-19 pandemic, the full extent of any potential adverse impact on the results of operations, financial position and cash flows cannot be reasonably estimated.

**Note 14. PPP LOAN**

On April 20, 2020, the Company was granted a loan (the "Loan") from Citizens Bank (the "Lender") in the amount of \$213,900, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 20, 2020 issued by the Lender, was scheduled to mature on April 20, 2022 and bore interest at a rate of 1% per annum. The Company had applied for and was notified on March 4, 2021 that the entire \$213,900 in eligible payroll and other expenses described in the CARES Act, had been forgiven. Loan forgiveness revenue was recognized accordingly and is reflected as other revenue in the accompanying statement of income.

**Note 15. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 24, 2022, the date the financial statements were available to be issued and determined that there have been no events that have occurred that would require adjustments to the financial statements.

**BARRETT & COMPANY**

**SCHEDULE I**

**COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL UNDER  
RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**

**As of December 31, 2021**

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|   |                   |
|---|-------------------|
| AGGREGATE INDEBTEDNESS  |                   |
| Other accrued expenses  | \$ 51,101         |
| Lease liabilities, net of right-of-use assets                   | 3,760             |
| Total aggregate indebtedness                                    | <u>\$ 54,861</u>  |
| <br>  |                   |
| Minimum required net capital                                    | <u>\$ 100,000</u> |
| <br>  |                   |
| NET CAPITAL   |                   |
| Stockholder's equity  | \$ 584,874        |
| Deductions:   |                   |
| Furniture and office equipment, net of accumulated depreciation | 24,934            |
| Other assets  | 20,475            |
| Securities owned, at market value                               | 7,044             |
| Net capital   | <u>532,421</u>    |
| <br>  |                   |
| Minimum required net capital                                    | 100,000           |
| Capital in excess of minimum requirement                        | <u>\$ 432,421</u> |
| <br>  |                   |
| Ratio of aggregate indebtedness to net capital                  | <u>0.10 to 1</u>  |

**Note:** There are no material differences between the preceding computation and the Company's corresponding unaudited Part II of Form X-17A-5 as of December 31, 2021.

See Report of Independent Registered Public Accounting Firm

**BARRETT & COMPANY**

**SCHEDULE II**

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENT  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
As of December 31, 2021**

The Company has been exempt from Rule 15c3-3 because all customer transactions are cleared through another broker/dealer, National Financial Services, LLC (NFS), on a fully disclosed basis.

See Report of Independent Registered Public Accounting Firm

**BARRETT & COMPANY**

**SCHEDULE III**

**INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS UNDER  
RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION**

**As of December 31, 2021**

All customer transactions are cleared through National Financial Services, LLC (NFS) on a fully disclosed basis. Thus, testing of the system and procedures to comply with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities, was not applicable.

See Report of Independent Registered Accounting Firm

**BARRETT & COMPANY**

**EXEMPTION REPORT**

**December 31, 2021**





## Report of Independent Registered Public Accounting Firm

### To the Stockholders of Barrett & Company

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Barrett & Company (the "Company") claimed an exemption under paragraph (k)(2)(ii) of Rule 15c3-3 (the exemption provision); and (2) the Company stated that it met the identified exemption provision throughout the year ended December 31, 2021 without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provision. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*PKF O'Connor Davies, LLP*

February 24, 2022

# Barrett & Company

INVESTMENT SECURITIES

SINCE 1928

THE WILCOX BUILDING, 42 WEYBOSSET STREET, PROVIDENCE, RHODE ISLAND 02903 • 401 351-1000

## EXEMPTION REPORT SEC Rule 17a-5(d)(4)

January 23, 2022

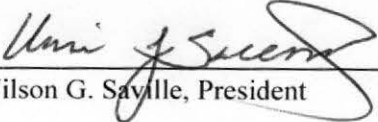
The below information is designed to meet the Exemption Report criteria pursuant to SEC Rule 17a-5(d)(4):

- Barrett & Company is a broker/dealer registered with the SEC and FINRA.
- Barrett & Company claimed an exemption under paragraph (k)(2)(ii) of Rule 15c3-3 for the fiscal year ended December 31, 2021.
- Barrett & Company is exempt from the provisions of Rule 15c3-3 because it meets conditions set forth in paragraph (k)(2)(ii) of the Rule, of which, the identity of the specific conditions are as follows:

The provisions of the Customer Protection Rule shall not be applicable to a broker or dealer who, as an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with the clearing broker or dealer, and who promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rule 17a-3 and Rule 17a-4, as are customarily made and kept by a clearing broker or dealer.

- Barrett & Company has met the identified exemption provisions in paragraph (k)(2)(ii) of Rule 15c3-3 throughout the period of January 1, 2021 through December 31, 2021 without exception.
- Barrett & Company has not recorded any exceptions to the exemption provision in paragraph (k)(2)(ii) of Rule 15c3-3 for the period of January 1, 2021 through December 31, 2021.

The above statements are true and correct to the best of my and the Firm's knowledge.

  
Wilson G. Saville, President