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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC

Mail Processing Section

FEB 29 2016

Washington DC

SEC FILE NUMBER
8- 3368



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 01/01/2015 AND ENDING 12/31/2015
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: ARTHUR W WOOD COMPANY INC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

50 CONGRESS STREET

(No. and Street)

BOSTON, MASSACHUSETTS 02109

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
KRISTIN H KENNEDY (617) 542-0500

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

DAVID P KREKORIAN CPA LTD

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

1615 PONTIAC AVE CRANSTON RI 02920

(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

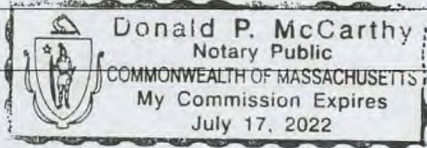
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, KRISTIN H KENNEDY, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ARTHUR W WOOD COMPANY INC, as of DECEMBER 31, 20 15, 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:



Kristin H Kennedy
Signature
President
Title

Donald P McCarthy
Notary Public

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (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).

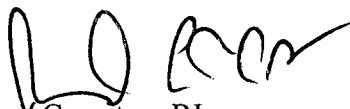
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Arthur W. Wood Company, Inc. and Subsidiary
Boston, Massachusetts

I have audited the accompanying consolidated statement of financial condition of Arthur W. Wood Company, Inc. and Subsidiary (the Company), as of December 31 2015. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated financial statement referred to above presents fairly, in all material respects, the financial position of Arthur W. Wood Company, Inc. and Subsidiary as of December 31, 2015 in conformity with accounting principles generally accepted in the United States.


Cranston, RI

February 24, 2016

ARTHUR W. WOOD COMPANY INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2015

ASSETS

ASSETS

Cash and cash equivalents	\$	67,966
Deposit in clearing organization		51,005
Accounts receivable:		
Brokers and dealers		80,780
Officers		0
Securities owned:		
Marketable, at market value		
Not readily marketable, at fair value		1,500
Furniture and office equipment, at cost		
Less, accumulated depreciation of \$ 18,947		5,825
Deferred income taxes		89,884
Other assets		16,502
		<hr/>
TOTAL ASSETS	\$	<u><u>313,462</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

Income tax payable	\$	645
Payroll taxes payable		11,035
Accrued commissions		72,076
Accrued expenses and other liabilities		55,864
		<hr/>
TOTAL LIABILITIES		<u>139,620</u>

STOCKHOLDERS' EQUITY

Common stock, \$ 50 par value; 2,000 shares authorized, 1,983 issued and outstanding		100,000
Additional paid-in capital		263,152
Retained earnings (deficit)		(189,310)
		<hr/>
TOTAL STOCKHOLDERS' EQUITY		<u>173,842</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	<u><u>313,462</u></u>

See notes to the financial statements.

ARTHUR W. WOOD COMPANY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

1. Organization and Nature of Business

The Company is registered as a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory (FINRA). The Company is engaged in the trading of securities for its customers and is a market maker in certain securities.

The Company is incorporated in the State of Massachusetts and is authorized to issue 2,000 shares of \$ 50 par value common stock. At December 31, 2015, 1,983 shares are issued and outstanding. The Company has offices in Boston, Massachusetts and Meriden, Connecticut. All transactions are processed through the Boston office.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, A. W. Wood Insurance Agency, Inc. The Company operates as a securities broker dealer which includes securities transactions, investment banking and investment advisory services. All intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all time deposits held in banks with initial terms of maturity of three months or less to be cash equivalents for the purposes of the statement of financial condition. Cash and securities segregated under Federal and other regulations are not treated as cash and cash equivalents.

Advertising Expense

The Company expenses advertising as incurred. Advertising expense was \$ -0- for the year ended December 31, 2015.

Commission Income

Commission income and related clearing expenses are recorded on a settlement date basis, which is generally three business days after trade date, which approximates income and expenses on a trade date basis.

Investment Advisory Income

Investment advisory fees are received quarterly but are recognized as earned on a prorata basis.

Fair Value of Financial Instruments

The financial instruments of the Company are reported in the consolidated statement of financial condition at fair values, or at carrying amounts that approximate fair values.

ARTHUR W. WOOD COMPANY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

2. Summary of Significant Accounting Policies (continued)

Property, Equipment and Depreciation

Furniture and office equipment are stated at cost. Depreciation is computed using the straight-line method for financial reporting purposes over the useful lives of related assets, generally 3 to 10 years, and accelerated cost recovery method for income tax purposes. Depreciation expense for the year was \$ 3,640.

Income Taxes

The Company and its subsidiary are included in a consolidated federal income tax return. The amount of current and deferred income taxes payable or refundable is recognized as of the date of the financial statements, utilizing the currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax assets and liabilities between years.

Use of Estimates

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period.

3. Clearing Organization

The Company has an agreement with Raymond James & Associates (Raymond James) to clear transactions on a fully disclosed basis for accounts of the Company and its' customers which are introduced by the Company and accepted by Raymond James. Raymond James maintains stock 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. Raymond James is responsible for the safeguarding of all funds and securities delivered to and accepted by it. Raymond James prepares and sends to customers monthly and quarterly statements of account. The 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 Raymond James and notifies Raymond James of any error. Raymond James charges the Company for clearing services. Raymond James also collects all commissions on behalf of the Company and makes payments to the Company for its share of commissions. This agreement can be terminated, between the two parties, within 30 days prior written notice to the other party.

ARTHUR W. WOOD COMPANY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

4. Securities Owned and Sold, Not Yet Purchased

At December 31, 2015, marketable securities owned and sold, not yet purchased, consist of trading and investment securities at market values was \$ -0- .

5. Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring value. The framework provides a value hierarchy that prioritizes the inputs to valuation techniques used to measure value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset occurs in the principal market 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 value.

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

Level 1 inputs unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset either directly or indirectly.

Level 3 are unobservable inputs and rely on managements own assumptions about the assumptions that market participants would use in pricing the asset.

The following table sets forth by level, within the fair value hierarchy, at fair value as of December 31, 2015.

	Level 1	Level 2	Level 3
Securities – not readily marketable	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,500</u>

6. Lease Commitments

The Company leases office space in Boston, Massachusetts to March, 2022 and Meriden, Connecticut through June, 2017. Annual rent expense is approximately \$ 103,000 and \$ 23,000, respectively. The Company also leases office equipment. A schedule of future minimum lease payments is as follows:

For the years ended December 31,

2016	\$112,000
2017	102,000
2018	93,000
2019	95,000
2020	98,000
Later years	140,000

ARTHUR W. WOOD COMPANY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

7. Affiliate

The Company is the sole owner of a subsidiary, "A.W. Wood Insurance Agency, Inc.", which is licensed required by the State of Massachusetts to sell certain insurance products. All revenues and expenses are reflected in the operations of Arthur W. Wood Company, Inc.

8. Income Taxes

The Company and its subsidiary file a consolidated federal income tax return and separate Massachusetts and Connecticut income tax returns.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred tax benefits or expenses. Deferred taxes are provided for the expected future benefits of net operating loss carryforwards. Deferred tax assets are determined using the tax rates to be enacted when the asset or liability is realized. Deferred tax expense or benefit is the result of the changes in the deferred tax assets and liabilities.

As of December 31, 2015, the Company has loss carryforwards of approximately \$ 567,000 for federal and \$ 96,000 for state income tax purposes. The loss is available to offset taxable income of future periods and expiring as follows for the years ending December 31:

	Federal		State
2019	\$ 54,000	2016	\$ 32,000
2020	78,000	2017	32,000
2021	27,000	2018	14,000
2022	38,000	2019	8,000
2024	228,000	2020	10,000
2025	17,000		
2026	42,000		
2027	42,000		
2028	16,000		
2029	12,000		
2030	13,000		

The provision for (benefit of) income taxes for the year ended December 31, 2015 consist of the following:

Current:		
Federal		\$ -0-
State		<u>741</u>
Total Current		<u>\$ 741</u>
Deferred:		
Federal		\$ 55,000
State		<u>20,000</u>
Total Deferred		<u>75,000</u>

ARTHUR W. WOOD COMPANY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

8. Income Taxes (continued)

In 2015, management provided for an allowance of approximately \$75,000 which represents 40% of the deferred tax benefit of prior year loss carryforwards.

Management does not believe the Company has any uncertain tax positions that would require recognition or disclosure in the financial statements for the year ended December 31, 2015. The U.S. Federal income tax returns prior to fiscal year 2011 are closed. U.S. State jurisdictions have statutes of limitations that generally range from three to five years. The tax returns are currently not under examination in any U.S. Federal or state jurisdiction.

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. At December 31, 2015, the Company has net capital of \$60,131 which was \$42,210 in excess of its required net capital of \$17,921. The Company's net capital ratio was 4.45 to 1.

10. Cash Segregated Under Federal and Other Regulations

The Company is exempt from establishing segregated reserve bank accounts for the benefit of customers by Paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934, as all transactions are cleared through Raymond James & Associates, a clearing agent, on a fully disclosed basis.

11. Contingency and Related Party Transaction

The Company had been notified in 2014 by its regulatory authority alleging possible violations of industry regulations. The Company denied any liability and vigorously contested the allegations at a hearing in March, 2015. The Hearing Panel ruled against the Company and assessed fines and other costs totaling approximately \$127,000.

The Company continues to vigorously contest all allegations and has filed an appeal of the Hearing Panel's decision to the FINRA National Adjudicatory Council. That appeal is pending. The Company and its legal counsel are unable to evaluate the likelihood of an unfavorable outcome or estimate the final amount of any potential fines or assessments, if any. The Company is not required to consider the amount of any fines or assessments in the computation of its required net capital while the appeal is pending. The Company has included the amount of possible fines or reimbursements in their computation of aggregate indebtedness/net capital ratio.

ARTHUR W. WOOD COMPANY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

11. Contingency and Related Party Transaction (continued)

The attorney representing the Company in this matter and a shareholder executed an agreement in 2015 whereby the shareholder assumed personal responsibility for all legal costs incurred after March 1, 2015 and all future legal expenses associated with this matter. The legal fees assumed by the shareholder are not reported in these financial statements. The Company has also made an agreement with a shareholder for additional capital to be provided should the need arise related to this matter.

12. Subsequent Events Evaluation

Subsequent events were evaluated through February 24, 2016, which is the date of the financial statements were available to be issued. No transactions or events need to be reflected in this financial statement.



DAVID KREKORIAN CPA LTD

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DAVE@KREKORIAN.COM

ARTHUR W. WOOD COMPANY, INC AND SUBSIDIARY

FINANCIAL STATEMENT

DECEMBER 31, 2015

DAVID KREKORIAN CPA LTD

1615 PONTIAC AVENUE
CRANSTON, RI 02920
PHONE: (401) 463-3003
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