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

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 01/01/16 ENDING 12/31/16

MM/DD/YY

MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Buckman, Buckman, and Reid**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

**44 Church Street**

(No. and Street)

**Little Silver, NJ 07739**

(City) (State) (Zip Code)

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

**John Famiglietti (732) 530-0303**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**WithumSmith+Brown, PC**

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

**331 Newman Springs Road Red Bank, NJ 07701**

(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)

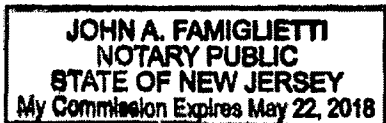
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SEC 1410 (06-02)

*RMS  
BS*

## OATH OR AFFIRMATION

I, **H. John Buckman Jr.** swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of **Buckman, Buckman & Reid, Inc.** as of **December 31, 2016** 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:



*John A. Famiglietti*  
Notary Public

*H. John Buckman Jr.*  
Signature  
Managing Director  
Title

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.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders  
of Buckman, Buckman & Reid Inc.

We have audited the accompanying consolidated statement of financial condition of Buckman, Buckman & Reid, Inc. and Affiliate (the "Company"), as of December 31, 2016. This consolidated financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this consolidated financial statement based on our audit.

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

In our opinion, the consolidated financial statement referred to above presents fairly, in all material respects, the financial condition of Buckman, Buckman & Reid, Inc. and Affiliate as of December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

*WithumSmith+Brown, PC*

March 15, 2017

**BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE**  
Consolidated Statement of Financial Condition  
December 31, 2016

ASSETS

	<u>2016</u>
Cash	\$ 330,854
Deposits with clearing organizations	100,000
Securities owned - equities, at fair value	21,371
Receivable from clearing organizations	786,777
Other receivables	342,306
Prepaid expenses and other assets	45,927
Property and equipment at cost, net of accumulated depreciation of \$242,414	<u>143,279</u>
 Total assets	 <u>\$1,770,514</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued expenses	\$ 1,032,497
Collateralized agreements:	
Subordinated loans	<u>460,000</u>
Total liabilities	1,492,497
Stockholders' equity	
Common stock, no par value - authorized 10,000 shares; issued and outstanding 2,576 shares in 2016	1,248,212
Additional paid in capital	52,166
Accumulated deficit	<u>(1,022,361)</u>
Total stockholders' equity	<u>278,017</u>
Total liabilities and stockholders' equity	<u>\$1,770,514</u>

See accompanying notes to consolidated financial statements

For Public Disclosure

*BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE*

Notes to Consolidated Financial Statements

December 31, 2016

Note 1 - Summary of significant accounting policies

Organization

Buckman, Buckman & Reid, Inc. was formed on September 7, 1988 under the provisions of the Business Corporation Law of New Jersey. The Company is registered with the SEC and Financial Industry Regulatory Authority (FINRA) as a broker-dealer pursuant to Section 15(b) of the Securities and Exchange Act of 1934, and is authorized to engage in business as a broker or dealer retailing corporate securities over the counter and as a mutual fund retailer. The Company, through its affiliate the Buckman Advisory Group, also provides investment advisory services. The Company does not hold customer funds or securities, and processes all transactions through independent clearing services. The Buckman Advisory Group, LLC was formed under the state laws of New Jersey and began activity during 2004 providing investment advisory services.

Basis of presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Principles of consolidation

The consolidated financial statements include the accounts of Buckman, Buckman & Reid, Inc. and Buckman Advisory Group, LLC. The financial statements have been consolidated under the requirements of FASB ASC 810. All significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

Use of estimates

The preparation of the consolidated financial statements in conformity 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 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.

Concentration of credit risk

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their

For Public Disclosure

*BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE*  
Notes to Consolidated Financial Statements  
December 31, 2016

Note 1 - Summary of significant accounting policies (cont'd)

Concentration of credit risk (cont'd)

obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty. The Company maintains its cash balances with quality financial institutions. The balances are invested in interest and non-interest bearing accounts and are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution.

Concentration of revenue risk

During 2016, one representative accounted for approximately half of the Company's revenues. The Company believes it has taken the appropriate steps to mitigate the risk of a decline of these revenues. These steps have included: (1) the acquisition of an institutional account in early 2017; (2) the anticipation of substantially reduced legal and customer settlement costs; and (3) the recruitment of additional representatives.

Securities owned - equities

Marketable equity securities are carried at market value as of the last day of the month. The resulting difference between cost and market value is included in income.

Property and equipment

Property and equipment is carried at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets which is approximately three to five years. Depreciation for leasehold improvements is calculated over the duration of the Company's lease agreement.

Regulatory requirements

The Company, as a registered broker and dealer in securities, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). Under the provisions of the rule, the Company must maintain net capital, as defined, equal to \$100,000. Under rule 15c3-1, the Company is prohibited from engaging in any securities transactions whenever its aggregate indebtedness exceeds 15 times its net capital. As of December 31, 2016, the Company had net capital (as defined by Rule 15c3-1) of \$202,230, which was \$102,230 greater than the aforementioned net capital requirement. The net capital requirement, as defined, was the greater of \$100,000 or 6 2/3% of aggregate indebtedness of \$1,032,497 for the year ended December 31, 2016. The Company does not hold customers' cash or securities and, therefore, has no obligations under SEC Rule 15c3-3 under the Securities Exchange Act of 1934.

For Public Disclosure

*BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE*  
Notes to Consolidated Financial Statements  
December 31, 2016

Note 1 - Summary of significant accounting policies (cont'd)

Commissions

Commission revenue is earned on customers' orders and is paid directly by the clearing broker.

Commission revenue and related expenses are recorded as of the settlement date. Settlement of such transactions generally occurs on or before the third business day following the transaction date. All customer accounts are carried by a correspondent broker on a fully-disclosed basis.

Income taxes

Deferred income taxes are provided on temporary differences between the financial reporting basis and income tax basis of the Company's assets, liabilities and operating loss and tax credit carryforwards using the liability method. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax asset will not be realized.

Uncertain tax positions

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its shareholders will not be subject to additional tax, penalties and interest as a result of such challenge.

Subsequent events

FASB ASC 855 requires annual disclosure of the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. The Company evaluated subsequent events through the report date on March 15, 2017; there is no disclosure necessary.

For Public Disclosure



*BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE*  
Notes to Consolidated Financial Statements  
December 31, 2016

Note 2 - Deposits with clearing organizations

The Company is required to maintain a \$100,000 good-faith deposit with its clearing organization, RBC Correspondent Services. The clearing agreement with RBC terminates in June, 2024. At December 31, 2016 the Company had a subordinated loan with RBC with a balance of \$60,000.

Note 3 - Fair value measurement

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. 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. FASB ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1-Quoted prices in active markets for identical assets or liabilities.

Level 2-Observable inputs other than quoted prices included in level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3-Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs. There were no transfers among levels 1, 2 or 3 during the year.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors including, the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair



**BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE**  
Notes to Consolidated Financial Statements  
December 31, 2016

Note 3 - Fair value measurement (cont'd)

value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimate values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for securities categorized in Level 3. In certain cases, the input 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 in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many investments.

The Company's investment in securities as reported in the statement of financial condition is valued at the last quoted price as of December 31, 2016. All other financial asset and liability amounts reported in the statement of financial condition are short term in nature and approximate fair value.

The fair values of investments as of December 31, 2016 are summarized in the table below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Securities owned:				
Equities	\$ 16,764	\$ -	\$ -	\$ 16,764
Bonds	\$ 4,607	\$ -	\$ -	\$ 4,607
Total	<u>\$ 21,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,371</u>

For Public Disclosure

**BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE**  
Notes to Consolidated Financial Statements (cont'd)  
December 31, 2016

Note 4 - Property and equipment

Property and equipment consists of the following as of December 31, 2016:

Furniture and equipment	\$ 208,830
Leasehold improvements	<u>176,863</u>
	385,693
Less: accumulated depreciation	<u>(242,414)</u>
	<u>\$ 143,279</u>

For the year ended December 31, 2016, depreciation and amortization expense amounted to \$7,815.

Note 5 - Subordinated loans

Subordinated loans consist of the following as of December 31, 2016:

	<u>Maturity</u> <u>date</u>	<u>Interest</u> <u>rate</u>	<u>2016</u>
Unsecured subordinated loan agreement with stockholder	02/28/18	8%	\$140,000
Unsecured subordinated loan agreement with affiliate	07/31/19	10%	25,000
Unsecured subordinated loan agreement	07/31/19	8%	60,000
Unsecured subordinated loan agreement	07/31/19	10%	125,000
Unsecured subordinated loan agreement	12/21/18	10%	50,000
Unsecured subordinated loan agreement	06/01/17	Libor plus 4%	<u>60,000</u>
			<u>\$ 460,000</u>

Interest expense charged to operations for the year ended December 31, 2016 for all subordinated loan agreements amounted to \$44,526.

For Public Disclosure

*BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE*  
Notes to Consolidated Financial Statements (cont'd)  
December 31, 2016

Note 6 - Other Receivables - Stockholders

For the year ended December 31, 2016, included in other receivables is \$244,334 of advances made to the stockholders of the Company, respectively. The advances are payable over the normal course of business.

Note 7 - Note receivable - stockholder and secured demand note - stockholder

Effective February 28, 2013, the Company entered into a Secured Demand Note Collateral Agreement with one of the Company's stockholders. Under the agreement, the Company may demand up to \$80,000 from the stockholder. This agreement was terminated with FINRA approval on March 4, 2016.

Note 8 - Income taxes

The provision for income taxes as determined in accordance with FASB ASC 740 is summarized as follows:

Expense for the year ended December 31, 2016:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	-	-	-
States	<u>3,405</u>	<u>-</u>	<u>3,405</u>
	<u>\$3,405</u>	<u>\$ -</u>	<u>\$ 3,405</u>

The components of deferred tax assets at December 31, 2016 are as follows:

	<u>Federal</u>	<u>State</u>
Net operating loss carryforwards	\$ 23,066	\$ 11,547
Book to tax differences for depreciation	\$ (2,443)	\$ (629)
Less: valuation allowance	<u>(20,623)</u>	<u>(10,918)</u>
	<u>\$ -</u>	<u>\$ -</u>

The Company has Federal and state net operating loss carryforwards of approximately \$79,000 and \$224,000, respectively. The above net operating loss carryforwards expire at various times through 2033.

Realization of the deferred tax assets is dependent upon generating sufficient future taxable income. Management is of the opinion that it is more likely than not that future taxable income will not be sufficient to realize the above tax assets and have, therefore, provided a full valuation allowance.

The Company is no longer subject to federal tax examinations by taxing authorities for years prior to 2013. State jurisdictions have various statutes of limitations ranging from one and a half to four years. The Company is no longer subject to tax examinations by the various state taxing authorities for years prior to 2012.

For Public Disclosure

*BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE*  
Notes to Consolidated Financial Statements (cont'd)  
December 31, 2016

Note 9 - Lease commitments

The Company occupies its office facilities and uses certain equipment under various operating leases. The Company has entered into a lease with a related party for its New Jersey Office which expires in 2035. Rent expense charged to operations under the aforementioned lease agreements in New Jersey amounted to \$238,762 in 2016. The Company had a security deposit with the New Jersey landlord of \$35,000. Rental payments made to the New Jersey landlord (related party) in 2016 were \$192,610.

The Company also entered into a new lease for its Florida Office, which runs through April 2021. Rent expense charged to operations for the lease agreement in Florida amounted to \$47,003 in 2016.

The annual minimum rental payment commitments under non-cancelable leases are as follows:

	New Jersey	Florida
2017	\$200,314	\$ 38,755
2018	\$194,480	\$ 39,917
2019	\$194,480	\$41,115
2020	\$194,480	\$42,348
2021	<u>\$194,480</u>	<u>\$14,467</u>
	\$978,234	\$176,602
Thereafter	\$2,528,329	-

Note 10 - Litigation

The Company is involved in various claims, counterclaims and lawsuits, arising in the normal course of business. Excluding one action described below, management believes that any financial responsibility that may be incurred in settlement of such actions would not be material to the Company's financial position.

The Company is currently engaged in a civil action filed by EFT Holdings, Inc. The trial is scheduled for July 2017. Potential damages are not ascertainable at this time, but could be material to the Company's financial position.

The Company is a registered broker-dealer and as such is subject to the continuous review and supervision of those who regulate its industry, including FINRA, the United States Securities and Exchange Commission, and the various securities commissions of the states and jurisdictions in which it operates.

For Public Disclosure

*BUCKMAN, BUCKMAN & REID, INC. AND AFFILIATE*  
Notes to Consolidated Financial Statements (cont'd)  
December 31, 2016

Note 10 - Litigation (cont'd)

As part of the regulatory process, the Company is subject to routine examinations, the purpose of which is to determine the Company's compliance with rules and regulations promulgated by the examining regulatory authority. It is not uncommon for the regulators to assert, upon completion of an examination, that the Company has violated certain of these rules and regulations. Where possible, the Company endeavors to correct such asserted violations as soon as possible. In certain circumstances, and depending on the nature and extent of the violations, the Company may be subject to disciplinary action, including fines. In this regard, the Company's financial statements at December 31, 2016 reflect a \$40,000 fine levied by FINRA for trading violations that occurred during 2014.

Note 11 - Net capital requirements

The clearing agreement with RBC requires the Company to maintain net capital (calculated in accordance with SEC Rule 15c3-1) of \$100,000. At December 31, 2016 the Company is in compliance with this requirement.

For Public Disclosure