



17017748

SSION

OMB APPROVAL
OMB Number: 3235-0123
Expires: May 31, 2017
Estimated average burden hours per response..... 12.00

**ANNUAL AUDITED REPORT** <sup>SEG</sup>  
**FORM X-17A-5** <sup>Mail Processing Section</sup>  
**PART III** <sup>MAY 15 2017</sup>

SEC FILE NUMBER
8-51895

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 01/01/2016 AND ENDING 3/31/2017  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Ferretti Group, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

C/O Accounting & Compliance International – 40 Wall Street, Suite 1704  
(No. and Street)

New York New York 10005  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Gary Gettenberg (212)-668-8700  
(Area Code – Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Lerner & Sipkin, CPAs, LLP

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

132 Nassau Street, Suite 1023 New York NY  
(Address) (City) (State) (Zip Code)

RECEIVED  
 2017 MAY 15 10 38  
 PH 2:30  
 SEC / TM

**CHECK ONE:**

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

FOR OFFICIAL USE ONLY
-----------------------

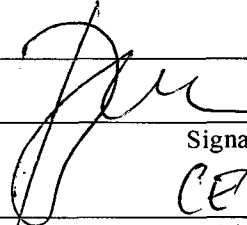
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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

OATH OR AFFIRMATION

I, Phyllis Woods, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Ferretti Group, Inc., as of March 31, 2017, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
\_\_\_\_\_  
Signature  
CEO  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public

MARGERY NELL MURRIEL  
Notary Public, State of New York  
No. 01MU6247130  
Qualified in Kings County  
Commission Expires Aug. 22, 2019

- This report \*\* contains (check all applicable boxes)
- X (a) Facing Page.
  - X (b) Statement of Financial Condition.
  - (c) Statement of Income (Loss).
  - (d) Statement of Cash Flows.
  - (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.
  - X (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).

**FERRETTI GROUP, INC**

**TABLE OF CONTENTS  
FOR THE PERIOD JANUARY 1, 2016 THROUGH MARCH 31, 2017**

	<u>Page</u>
Independent Auditors' Report	1
Statement of Financial Condition	2
Notes to Financial Statement	3-6



**LERNER & SIPKIN**  
CERTIFIED PUBLIC ACCOUNTANTS LLP

132 Nassau Street, New York, NY 10038 Tel 212.571.0064 / Fax 212.571.0074

Jay Lerner, C.P.A.  
jlerner@lernerstipkin.com

Joseph G. Sipkin, C.P.A.  
jsipkin@lernerstipkin.com

INDEPENDENT AUDITORS' REPORT

To the Stockholders of  
Ferretti Group, Inc.  
c/o Accounting and Compliance International  
40 Wall Street – 17<sup>th</sup> Floor  
New York, NY 10005

We have audited the accompanying statement of financial condition of Ferretti Group, Inc. (the Company) as of **March 31, 2017**. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

Management is responsible for the preparation and fair presentation of the statement of financial condition in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the statement of financial condition that is free from material misstatement, whether due to fraud or error.

We conducted our audit in accordance with the standards of Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Ferretti Group, Inc. as of **March 31, 2017** in conformity with accounting principles generally accepted in the United States.

*Lerner & Sipkin CPAs, LLP*  
Lerner & Sipkin CPAs, LLP  
Certified Public Accountants (NY)

New York, NY  
April 26, 2017

**FERRETTI GROUP, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**MARCH 31, 2017**

**ASSETS**

Cash	\$ 115,059
Due from broker	293,356
Commissions receivable	25,000
Other assets	<u>16,231</u>
Total assets	<u><u>449,646</u></u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Liabilities:**

Accounts payable and accrued expenses	<u>93,601</u>
	<u>93,601</u>

**Commitments and Contingencies** (Notes 4 and 5)

**Stockholders' equity** (Note 7)

Common stock, no par value, 200 shares authorized, 10 shares issued and outstanding.	10,000
Additional paid-in capital	266,002
Retained earnings	<u>80,043</u>
	<u>356,045</u>

Total liabilities and stockholders' equity	<u><u>\$ 449,646</u></u>
--	--------------------------

The accompanying notes are an integral part of this statement

**FERRETTI GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**MARCH 31, 2017**

**Note 1 - Nature of Business**

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

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

**Note 2 - Summary of Significant Accounting Policies**

**a) Revenue Recognition**

Securities transactions (and the recognition of related income and expenses) are recorded on a trade date basis.

**b) Income Taxes**

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

**b) Cash**

The Company maintains cash in bank account which, at times may exceed federally insured limits or where no insurance is provided. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

**d) Fair Value Measurements**

In accordance with ASC 820, Fair Value Measurements and Disclosures, the Company discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). This guidance provides three levels of the fair value hierarchy as follows:

**FERRETTI GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**MARCH 31, 2017**

**Note 2 - Summary of Significant Accounting Policies (Continued):**

**d) Fair Value Measurement (continued)**

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, at the measurement date, including inputs in markets that are not considered to be active;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Company. The Company considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

**e) Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses.

**FERRETTI GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**MARCH 31, 2017**

**Note 3 - Profit Sharing Plan**

The Company is a sponsor of a defined contribution profit sharing plan for its eligible employees. Contributions to the plan, if any, are determined by the employer and come out of its current accumulated profits. The employer's contribution for any fiscal year shall not exceed the maximum allowable as a deduction to the employer under the provisions of the IRS Code Section 404, as amended, or replaced from time to time.

The Company has no liability to the plan as of March 31, 2017.

**Note 4 - Financial Statement with Off-Balance Sheet Credit Risk**

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

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

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

**Note 5 - Commitments**

**Office Space**

The Company leased two office spaces pursuant to operating leases. One expired June 30, 2016 and the second expires July 31, 2018. The future minimum rental commitment through termination is:

<u>Year</u>	<u>Amount</u>
2018	\$15,890



**FERRETTI GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**MARCH 31, 2017**

**Note 6 - Leasehold Improvements:**

Fixed assets consisted of the following as of March 31, 2017:

Leasehold improvements	\$ 4,965
Less: Accumulated depreciation	<u>391</u>
	<u>\$ 4,574</u>

Depreciation expense for the year ended March 31, 2017 was \$2,868.

The estimated useful life of leasehold improvements is 39 years.

**Note 7 - Net Capital Requirement**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital 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 1500%. At March 31, 2017, the Company had Net Capital of \$335,798 which was \$329,558 in excess of its required net capital of \$6,240. The Company's percentage of net capital ratio to aggregate indebtedness was 27.87%

**Note 8 - Subsequent Events**

The company has evaluated events and transactions that occurred between April 1, 2017 and April 26, 2017, which is the date the financial statement was available to be issued, for possible disclosure and recognition in the financial statement.

**FERRETTI GROUP, INC**  
**STATEMENT OF FINANCIAL CONDITION**

**FOR THE PERIOD JANUARY 1, 2016 THROUGH MARCH 31, 2017**