

# RUBIO CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of  
H & L Equities, LLC

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of H & L Equities, LLC (the "Company") as of December 31, 2023, the related statements of operations, changes in members' equity, and cash flows for the year then ended and the related notes (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, 2023, 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 the Company in accordance with the U.S. federal securities laws and the 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement to 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.

### Supplemental Information

The information contained in Schedules I and II has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the information in Schedules I and II reconciles 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 accompanying schedules. In forming our opinion on the accompanying schedules, we evaluated whether the supplemental information, including its form and content, is presented

in conformity with 17 C.F.R. §240.17a-5. In our opinion, the aforementioned supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Company's auditor since 2013.

March 22, 2024  
Atlanta, Georgia

*Rubio CPA, PC*  
Rubio CPA, PC

**H&L Equities, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**December 31, 2023**

**ASSETS**

Cash	\$ 299,868
Commissions Receivable – Related Party	80,500
Prepaid Expenses	<u>2,288</u>
<b>Total Assets</b>	<b><u>\$ 382,656</u></b>

**LIABILITIES AND MEMBERS' EQUITY**

**Liabilities**

Commissions Payable	48,300
Due to Related Party	21,248
Accounts Payable and Accrued Expenses	<u>4,397</u>
<b>Total Liabilities</b>	<b>73,945</b>

<b>Members' Equity</b>	<b>308,711</b>
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<b>Total Liabilities and Members' Equity</b>	<b><u>\$ 382,656</u></b>
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See Accompanying Notes to the Financial Statements

**H&L Equities, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023**

**NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business:**

The Company, formed on May 30, 2001, operates as a broker-dealer in the private placements of Real Estate Investment Trusts ("REITs"). The Company is registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). As a limited liability company, the members' liability is limited to their investment.

**Income Taxes:**

The Company is treated as a partnership for federal income tax purposes. Consequently, income taxes are not payable by, or provided for, the Company. Members are taxed individually on their shares of the Company's earnings.

The Company has adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740-10, Accounting for Uncertainty in Income Taxes. Under FASB ASC 740-10, the Company is required to evaluate each of its tax positions to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. A tax position includes an entity's status, including its status as a pass-through entity, and the decision not to file a return. The Company has evaluated each of its tax positions and has determined that it has no uncertain tax positions for which a provision or liability for income taxes is necessary.

**Revenue Recognition:**

Revenue from contracts with customers includes private placements of REITs. 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 appropriate measure of the Company's progress under 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.

The Company recognizes revenue upon the closing of an offering with funds remitted to the REIT customer as this satisfies the only performance obligation identified by the Company.

**Cash**

The Company maintains its cash in a high credit quality bank. Balances at times may exceed federally insured limits.

**Use of Estimates:**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires reliance on accounting information based on estimates which may or may not reflect actual future results.



**Subsequent Events:**

Subsequent events were evaluated through the date the financial statements were issued.

**NOTE 2: RELATED PARTY TRANSACTIONS**

The Company has an expense allocation agreement with a company partially owned by one of its members. Under the agreement, the Company pays the related company monthly fees for personnel services, the use of office facilities, including office furniture and equipment, supplies, technology costs, and other administrative services. The amount expensed by the Company for 2023 under this agreement is approximately \$608,600. The balance due to related party of \$21,248 arises from this agreement.

In addition, the Company earns its revenues from private placements of REITs referred by the company partially owned by one of its members. The commissions receivable from the related party arose from these transactions as the related party collects and subsequently remits all amounts earned by the Company from the referred entities.

Financial position and results of operations could differ from the amounts in the accompanying financial statements if these related party transactions did not exist.

**NOTE 3: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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, 2023, the Company had net capital of \$274,223, which was \$269,223 in excess of its required net capital of \$5,000 and the ratio of aggregate indebtedness to net capital was 0.27 to 1.00.

**NOTE 4: CONTINGENCIES**

The Company is subject to litigation in the normal course of business. The Company has no litigation in progress as of December 31, 2023.