

## **SELALU PARTNERS, LLC**

### **NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2016**

#### **NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

##### **Organization and Nature of Business**

The Company was organized on July 28, 2000 as a Delaware limited liability company to conduct business as a registered broker-dealer under the Securities Exchange Act of 1934. The Company is a limited purpose broker-dealer whose primary activity is the marketing of hedge fund programs. As a limited liability company the members' liability is limited to their investment.

##### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of 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.

##### **Furniture and Equipment**

Acquisitions of furniture and equipment are recorded at cost. Improvements and replacements of furniture and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of furniture and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statements of income and retained earnings. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Depreciation expense for the year ended March 31, 2016 was \$331.

#### **NOTE 2 - NET CAPITAL**

As a broker-dealer, the Company is subject to the Securities and Exchange Commission's regulations and operating guidelines, which require the Company to maintain a specified amount of net capital, as defined, and a ratio of aggregate indebtedness to net capital, as derived, not exceeding 15 to 1. The Company's net capital, as computed under Rule 15c3-1, was \$21,233 at March 31, 2016, which exceeded required net capital of \$5,000 by \$16,233. The ratio of aggregate indebtedness to net capital at March 31, 2016 was .10 to 1.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**MARCH 31, 2016**

**NOTE 3 - INCOME TAXES**

The Company has chosen to be treated as a partnership for federal and state income tax purposes. A partnership is not a taxpaying entity for federal or state income tax purposes. Accordingly, no income tax expense has been recorded in the statements. All income or losses will be reported on the individual members' income tax returns.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company's management believes it is no longer subject to income tax examinations for years prior to 2013.

**NOTE 4 - CONCENTRATION OF BUSINESS RISK**

During the year ended March 31, 2016 one customer accounted for 62% of sales. The Company expects to continue to conduct business with this client during fiscal 2017.

**NOTE 5 – SUBSEQUENT EVENTS**

Events of the Company subsequent to March 31, 2016 have been evaluated through May 19, 2016, which is the date the financial statements were available to be issued, for the purpose of identifying events requiring recording or disclosure in the financial statements for the year ended March 31, 2016. No such events were identified.