

# Weston Financial Services LLC

Statement of Financial Condition  
For the Year Ended December 31, 2019

# **Weston Financial Services LLC**

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# FULVIO & ASSOCIATES, L.L.P.

*Certified Public Accountants*

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members' of  
Weston Financial Services LLC

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Weston Financial Services LLC (the "Company") as of December 31, 2019, and the related notes (collectively referred to as the "financial statement"). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of the Company as of December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement 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 statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, 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.

**Explanatory paragraph**

The accompanying financial statement has been prepared assuming that the Company will continue as a going concern. As discussed in Note 8 to the financial statement, the Company has received its last payment from its main source of revenue. The fact that the Company is losing 96% of its annual revenue and has no plans to replace it raises substantial doubt about its ability to continue as a going concern. Management's plans regarding this matter is also described in Note 8. The financial statement does not include any adjustments that might result from filing Form BDW and liquidating. Our opinion is not modified with respect to this matter.

*Julio & Associates, LLP*

2019 is our first year serving as the Company's auditor.

New York, NY

February 26, 2020

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

OMB APPROVAL	
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SEC FILE NUMBER
8-53617

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 01/01/2019 AND ENDING 12/31/2019  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Weston Financial Services, LLC

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

100 Park Avenue, 16th Floor

(No. and Street)

New York

NY

10017

(City)

(State)

(Zip Code)

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

James McCann

(914) 588-8965

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Fulvio & Associates, LLP

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

5 West 37th Street

New York

NY

10018

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



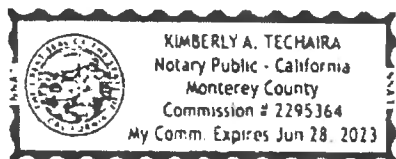
Accountant not resident in United States or any of its possessions.

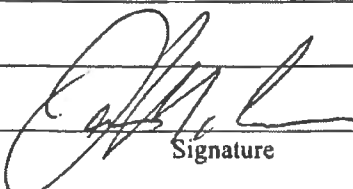
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, Jame McCann, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Weston Financial Services LLC, as of December 31, 2019, 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  
General Principal  
Title

  
Notary Public

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

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☐ (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).**

**Weston Financial Services LLC**  
**Statement of Financial Condition**  
**At December 31, 2019**

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**ASSETS:**

Cash	\$ 120,061
Fees receivable	221,000
Prepaid expenses	<u>6,221</u>
Total Assets	<u><u>\$ 347,282</u></u>

**LIABILITIES AND MEMBERS' EQUITY:**

**LIABILITIES:**

Accrued expenses	\$ 18,248
Commissions payable	7,650
Subordinated loan	<u>75,000</u>
Total Liabilities	<u>100,898</u>

**MEMBERS' EQUITY**

	<u>246,384</u>
Total Liabilities and Members' Equity	<u><u>\$347,282</u></u>

*See accompanying notes to financial statements.*

# Weston Financial Services LLC

## Notes to Statement of Financial Condition

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### 1. Business

Weston Financial Services LLC ("Company"), a Delaware limited liability company, is a registered broker-dealer in securities under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is engaged primarily in selling limited partnerships in primary distributions and private placement of securities.

The Company does not hold funds or securities for customers and does not carry accounts of customers. Accordingly, the Company operates under the exemptive provisions of Securities and Exchange Commission ("SEC") Rule 15c3-3(k)(2)(i).

### 2. Significant Accounting Policies

#### *Basis of Presentation*

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

#### *Recently Adopted Accounting Pronouncements*

Effective January 1, 2018, the Company adopted the recently effective standards under Revenue from Contracts with Customers (Topic 606), which is applicable to all companies that enter into contracts with customers to transfer goods or services. These standards are effective for public business entities for interim and annual reporting periods beginning after December 15, 2017. Entities have the choice to apply these ASU's either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying these standards at the date of the initial application and not adjusting comparative information.

The Company has elected the modified retrospective method (i.e., cumulative method) which did not result in a cumulative-effect adjustment at the date of adoption. The implementation of this new standard had no material impact on the Company's financial statements for the year ended December 31, 2019. The new revenue recognition guidance does not apply to revenue associated with financial instruments, interest income and expense, leasing and insurance contracts.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-02 (ASU 2016-02), Leases (Topic 842). ASU 2016-2 will require the recognition of lease assets and lease liabilities on the balance sheet related to the rights and obligations created by lease agreements, inclusive of those leases classified as operating leases under previous U.S. GAAP, along with the disclosure of key information about leasing arrangements. ASU 2016-02 is effective for certain companies (including the Company) for fiscal years beginning after December 15, 2018. Early adoption was permitted.

The Company has adopted, as of January 1, 2019, ASU 2016-02 Leases – (Topic 842). For the year ended December 31, 2019, ASU 2016-02 has no material impact on the financial condition and results of operations of the Company (See Note 7).



# Weston Financial Services LLC

## Notes to Statement of Financial Condition

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### 2. Significant Accounting Policies, continued

#### *Cash*

The Company maintains its cash balances at one financial institution. At times, the amount on deposit at this institution may exceed the maximum balance insured by the Federal Deposit Insurance Corporation ("FDIC").

#### *Revenue Recognition*

Revenue from contracts with customers includes asset management fees and investment advisory fees. 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 the appropriate measure of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events.

The primary sources of revenue for the Company are as follows:

#### *Asset Management Fees*

The Company receives a contractual amount from one client based on assets under management in accordance with a service termination agreement. Based on this agreement, the Company earns a fixed amount every quarter through December 31, 2019. Each such payment is deemed to be earned evenly over the applicable quarter because the client is receiving and consuming the benefits as time passes over such quarter. With respect to a particular investor introduced by the Company to such client, the Company receives quarterly variable payments attributable to the assets under management of such introduced investor. Each such investor-based payment is deemed to be earned evenly over the applicable quarter because the client is receiving and consuming the benefits related to that investor as time passes over such quarter.

#### *Compensation and Commissions*

Registered representatives of the Company have agreed with the Company to receive a negotiated portion of the fees received by the Company with respect to transactions worked on by the registered representative.

#### *Fees Receivable*

Fees receivable are stated at the amount the Company expects to collect. The Company records allowances for doubtful accounts resulting from the inability of clients to make required payments when considered necessary. At December 31, 2019, no allowances were necessary and fees receivable totaled \$221,000. Approximately 96% of fees receivable is from one client.

# Weston Financial Services LLC

## Notes to Statement of Financial Condition

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### 2. Significant Accounting Policies, continued

#### *Use of Estimates*

The preparation of the financial statements in conformity with U.S. GAAP requires Company 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.

#### *Income Taxes*

No Federal or State income tax provision has been made in the accompanying financial statements since the members are required to report their respective share of the Company's income in their individual income tax returns. The Company is subject to New York City unincorporated business tax. No provision was required for the year ended December 31, 2019. The Company applies the provisions of ASC 740, "Income Taxes", which clarifies the accounting for and reporting of income tax uncertainties, and requires additional disclosures related to uncertain income tax positions. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 requires that the Company determines whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, the Company presumes that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information.

There were no unrecognized tax benefits for the year ended December 31, 2019. Each of the Company's Federal tax returns filed in the 3-year period ended December 31, 2019 remains subject to examination by the Internal Revenue Service. As of December 31, 2019, there was no impact to the financial statements relating to accounting for uncertainty in income taxes.

### 3. Revenue

Fee income earned by the Company from one client, amounted to \$850,000 (96% of total fee income) for the year ended December 31, 2019. A portion of the fee income is designated as payable to Weston Capital Partners Master Fund II, Ltd. pursuant to a settlement agreement, (See note 6).

*Revenue consists of the following:*

<u>Revenue Item Breakdown</u>	<u>Amount</u>	<u>Timing of Recognition</u>
(a.) Asset management fees-Fixed	\$ 850,000	Recorded as earned
(b.) Investment advisory fees	<u>34,826</u>	Recorded as earned
Total	<u>\$ 884,826</u>	

# Weston Financial Services LLC

## Notes to Statement of Financial Condition

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### 3. Revenue, continued

- (a) The Company has an amended and restated services termination agreement (the “Agreement”) with White Oak Global Advisors, LLC and White Oak Partners, LLC (collectively, “White Oak”). Per the agreement, White Oak agrees to pay Weston Financial Services, LLC \$212,500 within 30 days after the end of each calendar quarter beginning with the first quarter of 2013 and continuing through December 31, 2019, with respect to investments under management.
- (b) The Company is paid as compensation for its solicitation services, a percentage of the fees received by an investment fund in connection with a client having assets so managed. These fees are paid to the Company and then a portion paid to the registered representatives as commissions.

### 4. Related Party Transactions

On December 19, 2014, the Company received a subordinated loan from a member of the Company in the amount of \$75,000. The loan is subordinated to all claims of creditors of the Company. The loan matures on December 19, 2020. There is an extension of maturity clause in the agreement that extends the subordinated loan an additional year each year. Interest is payable quarterly at a rate of 10% per annum. For the year ended December 31, 2019, interest expense of \$7,500 has been charged to operations.

### 5. Regulatory Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum regulatory net capital and a specified ratio of aggregate indebtedness to regulatory net capital, both as defined, which shall not exceed 15 to 1. Regulatory net capital and aggregate indebtedness may fluctuate on a daily basis. As of December 31, 2019, the Company had net capital of \$101,813 which was \$96,813 in excess of its required net capital of \$5,000. The Company's aggregate indebtedness to net capital ratio was 0.25 to 1 at December 31, 2019.

### 6. Settlement Agreement

The Company has entered into a settlement agreement (“Settlement Agreement”) with Wimbledon Financing Master Fund Ltd., as assignee of Weston Capital Partners Master Fund II, Ltd. (Partners II). The Company will make payments to Wimbledon Financing Master Fund, Ltd. as assignee of Weston Capital Partners Master Fund II, Ltd. (Partners II) through February 4, 2020. Payments totaling \$455,000 were made during 2019, and the Company is obligated to make payments of \$115,000 in 2020. The Company may be obligated to make a residual payment to Wimbledon according to procedures set out in the Settlement Agreement. Based on these procedures there was no residual payment for 2019.

# **Weston Financial Services LLC**

## **Notes to Statement of Financial Condition**

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### **7. Commitments and Contingent Liabilities**

On September 1, 2018, the Company entered into a lease agreement for office space that terminated on June 30, 2019. The monthly rent under this agreement was \$1,500 per month. On September 1, 2019, the Company entered into a new lease agreement. The agreement renews on a month-to-month basis, unless and until canceled at the end of any month, upon no less than thirty days prior written notice from either party. The monthly base rent under this agreement is approximately \$453.

For the year ended December 31, 2019, the total rent expense amounted to \$11,208, which is included on the statement of operations.

### **8. Subsequent Events**

During January 2020, under the Settlement Agreement, the Company received its last payment of \$212,500 which was its main source of revenue. The Company is considering filing Form BDW with the Securities and Exchange Commission and FINRA, and liquidating the Company by the end of June 30, 2020. The Company has determined that sufficient cash is available to meet all of its obligations during this time period. The Company has performed an evaluation of events that have occurred subsequent to December 31, 2019 and through February 26, 2020, which is the date the financial statements were available to be issued. No events were identified which require disclosure.