

**Backstrom McCarley Berry & Co., LLC**  
**Report Pursuant to Rule 17a-5(d)**  
**Financial Statements**  
**For the Year Ended December 31, 2018**

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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Estimated average burden hours per response...	12.00

SEC FILE NUMBER
8- 65679

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 January 1, 2018 AND ENDING December 31, 2018  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Backstrom McCarley Berry & Co., LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
115 Sansome Street, Mez. A

OFFICIAL USE ONLY
FIRM I.D. NO.

San Francisco California 94104  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Vincent E. McCarley

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Dave Banerjee CPA, A Professional Accountancy Corp.

21860 Burbank Blvd., Ste 150 Woodland Hills CA 91367  
(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)

# OATH OR AFFIRMATION

I, Vincent E. McGarley, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Backstrom McGarley Berry & Co., LLC, as of December 31, 20 2018, 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]  
Signature

CFO  
Title

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

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.

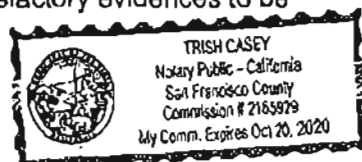
\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(c)(3).

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of San Francisco  
Subscribed and sworn to (or affirmed) before me on this 14<sup>th</sup> day of February 2011 by

Vincent McGarley proved to me on the basis of satisfactory evidences to be the person who appeared before me.

Notary Public Trish Casey, Notary Public





**DAVE BANERJEE, CPA**

*An Accountancy Corporation - Member AICPA and PCAOB*

21860 Burbank Blvd., Suite 150, Woodland Hills, CA 91367 • (818) 657-0288 • FAX (818) 657-0299 • (818) 312-3283

**Report of Independent Registered Public Accounting Firm**

To the Members of Backstrom McCarley Berry & Co., LLC

**Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Backstrom McCarley Berry & Co., LLC (the "Company") as of December 31, 2018, the related statement of income, changes in member's 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, 2018, 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 audits 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. Our audit included performing procedures to assess the risks of material misstatement of 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 Schedule I, II, and III ("Supplemental Information") 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 Supplemental Information 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 Supplemental Information. In forming our opinion on the Supplemental Information, 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, Schedules I, II, and III are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Dave Banerjee CPA, an Accountancy Corporation  
We have served as the Company's auditor since 2018.  
Woodland Hills, California  
February 22, 2019

**BACKSTROM MCCARLEY BERRY & CO., LLC**  
**Statement of Financial Condition**  
**December 31, 2018**

**Assets**

Cash	\$ 217,120
Deposit With Clearing Organization	807,666
Customer Accounts Receivable	25,104
Prepaid Expenses	43,437
<b>Total assets</b>	<b><u>\$ 1,093,327</u></b>

**Liabilities and Members' Equity**

**Liabilities**

Accounts Payable And Accrued Expenses	\$ 33,546
Pension Payables	400,000
	<u>-</u>
<b>Total liabilities</b>	<b>433,546</b>

Commitments and contingencies

**Members' Equity**

Members' Equity	659,781
	<u>-</u>
<b>Total Members' Equity</b>	<b><u>659,781</u></b>
<b>Total Liabilities And Members' Equity</b>	<b><u>\$ 1,093,327</u></b>

*The accompanying notes are an integral part of these financial statements.*

**BACKSTROM MCCARLEY BERRY & CO., LLC**  
**Statement of Income**  
**For The Year End December 31, 2018**

**Revenues**

Underwriting fees	\$ 728,465
Financial advisory fees	1,512,832
Commissions	200,831
Interest income	2,603
Other income	22,769
<b>Total revenues</b>	<u>2,487,500</u>

**Expenses**

Employee compensation and benefits	1,358,875
Commission expenses	178,184
Communication and data processing	100,228
Occupancy	119,399
Professional fees	202,975
Insurance	137,701
Travel expenses	167,578
Other operating expenses	191,396
<b>Total expenses</b>	<u>2,456,336</u>

**Net income (loss) before income tax provision** 11,164

**Income tax provision** 6,800

**Net Income (loss)** \$ 4,364

*The accompanying notes are an integral part of these financial statements.*

**BACKSTROM MCCARLEY BERRY & CO., LLC**  
**Statement of changes in Members' Equity**  
**For the Year Ended December 31, 2018**

	<b>Total Members' Equity</b>
<b>Balance at December 31, 2017</b>	<b>\$ 705,417</b>
Capital distributions	(50,000)
Net income (loss)	<u>4,364</u>
<b>Balance at December 31, 2018</b>	<b><u>\$ 659,781</u></b>

*The accompanying notes are an integral part of these financial statements.*

**BACKSTROM MCCARLEY BERRY & CO., LLC**  
**Statement of Cash Flows**  
**December 31, 2018**

**Cash flow from operating activities:**

Net Income (loss)		\$ 4,364
Adjustments to reconcile net income (loss) to net cash and cash equivalents provided by (used in) operating activities:		
(Increase) decrease in :		
Deposit at clearing firm	\$ (40,943)	
Accounts receivable	50,833	
Prepaid expenses	(6,815)	
(Decrease) increase in :		
Accounts payable and accrued expenses	(1,130)	
Pension payables	(155,000)	
Total adjustments		<u>(153,055)</u>

**Net cash and cash equivalents used in operating activities** (148,691)

**Net cash and cash equivalents provided by (used in) Investing activities** -

**Cash flow from financing activities**

Capital distributions	<u>(50,000)</u>	
<b>Net cash and cash equivalents used in financing activities</b>		<u>(50,000)</u>

**Net increase (decrease) in cash and cash equivalents** (198,691)

**Cash and cash equivalents at December 31, 2017** 415,811

**Cash and cash equivalents at December 31, 2018** \$ 217,120

**Cash paid during the year for:**

Interest	\$ -
Income taxes	\$ 6,800

*The accompanying notes are an integral part of these financial statements.*



**BACKSTROM MCCARLEY BERRY & CO., LLC**  
**Notes to Financial Statements**  
**December 31, 2018**

**NOTE 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

Backstrom McCarley Berry & Co., LLC (the "Company") was organized in the State of California on June 4, 2002. The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934. The Company is a member of the Financial Industry Regulatory Authority ("FINRA"), and the Securities Investor Protection Corporation ("SIPC"), and is registered with the Municipal Securities Rulemaking Board ("MSRB").

The Company provides public finance services as a municipal securities broker-dealer, government securities broker-dealer, non-profit securities broker-dealer, and financial advisor. Regarding municipal fixed income securities, the Company services primarily major institutional clients and specializes in selling bonds to small and medium sized institutional buyers, in addition to retail clients of bank trust departments, money managers, and advisors.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2)(ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

*Summary of Significant Accounting Policies*

The presentation of 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

For purposes relating to the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months, that are not held for sale in the ordinary course of business.

*The accompanying notes are an integral part of these financial statements.*

**BACKSTROM MCCARLEY BERRY & CO., LLC**  
**Notes to Financial Statements**  
**December 31, 2018**

**NOTE 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Accounts receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Securities transactions are recorded on a trade date basis with related commission income and expenses also recorded on a trade date basis. Underwriting fees are recorded at the time the underwriting is completed and the income is reasonably determined. Financial advisory fees are recognized as earned on a pro rata basis over the term of the contract.

Advertising costs are expensed as incurred. For the year ended December 31, 2018, advertising expense was \$4,249.

The Company, with the consent of its Members, has elected to be a California Limited Liability Company. For tax purposes the Company is treated like a partnership, therefore in lieu of business income taxes, the Members are taxed on the Company's taxable income. Accordingly, no provision or liability for Federal Income Taxes is included in these financial statements.

**NOTE 2: DEPOSIT AT CLEARING FIRM**

The Company has a brokerage agreement with its clearing firm to carry its account and the accounts of its clients as customers of the clearing firm. The clearing firm has custody of the Company's cash balances which serve as collateral for any amounts due to the clearing firm as well as collateral for securities sold short or securities purchased on margin. Interest is paid monthly on these cash deposits at the average overnight repurchase rate. The balance at December 31, 2018 was \$807,666.

**NOTE 3: INCOME TAXES**

As discussed in the Summary of Significant Accounting Policies (Note 1), all tax effects of the Company's income or loss are passed through to the members. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements.

*The accompanying notes are an integral part of these financial statements.*

**BACKSTROM MCCARLEY BERRY & CO., LLC**  
**Notes to Financial Statements**  
**December 31, 2018**

The Company is subject to a limited liability company gross receipts tax, with a minimum franchise tax. As of December 31, 2018, the income tax provision consists of the following:

Franchise tax	\$ 800
Gross receipts tax	<u>6,000</u>
Total income tax provisions	<u>\$ 6,800</u>

**NOTE 4: PENSION PLAN**

The Company provides certain retirement benefits to its eligible employees. In accordance with Financial Accounting Standard Board ASC 712, such costs are to be accounted for on the accrual basis. Effective January 1, 2012, the Company adopted a qualified 401(K) Profit Sharing Plan (the "Plan"). All employees, 18 years of age or older, are eligible to participate in the Plan, provided they have been employed for more than a year with the Company. The employer's non-elective profit sharing contributions vest 100% after three years. The Company profit sharing contributions are discretionary and are determined each year by the Company. At December 31, 2018, the Company has accrued \$400,000 of contributions.

**NOTE 5: COMMITMENTS AND CONTINGENCIES**

*Contingencies*

The Company maintains bank accounts at financial institutions. These accounts are insured either by the Federal Deposit Insurance Commission ("FDIC"), up to \$250,000, or the Securities Investor Protection Corporation ("SIPC"), up to \$500,000. At times during the year, cash balances held in financial institutions were in excess of the FDIC and SIPC's insured limits. The Company has not experienced any losses in such accounts and management believes that it has placed its cash on deposit with financial institutions which are financially stable.

*Commitments*

The Company has obligations under a operating lease with initial non-cancelable terms in excess of one year. The current lease agreement expires in 2022. Throughout the year of 2018 the company has paid rent of \$119,399, which includes utilities and other related expenses. As of December 31, 2018, the approximate aggregate annual payments under this lease agreement are as follows:

*The accompanying notes are an integral part of these financial statements.*

**BACKSTROM MCCARLEY BERRY & CO., LLC**  
**Notes to Financial Statements**  
**December 31, 2018**

Year Ending December 31,	
2019	\$ 91,315
2020	94,054
2021	96,876
2022	49,154

**NOTE 6: GUARANTEES**

FASB ASC 460, Guarantees, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying factor (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of indebtedness of others.

The Company has issued no guarantees at December 31, 2018 or during the year then ended.

**NOTE 7: CONCENTRATION OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

**NOTE 8: SUBSEQUENT EVENTS**

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued on February 22, 2019. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

*The accompanying notes are an integral part of these financial statements.*

**BACKSTROM MCCARLEY BERRY & CO., LLC**  
**Notes to Financial Statements**  
**December 31, 2018**

**NOTE 9: RECENTLY ISSUED ACCOUNTING STANDARDS**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers: Topic 606, to supersede nearly all existing revenue recognition guidance under GAAP. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date, which deferred the effective date for implementation of ASU 2014-09 by one year and is now effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted but not earlier than the original effective date. ASU 2014-09 also requires new qualitative and quantitative disclosures, including disaggregation of revenues and descriptions of performance obligations. The new standard was adopted January 01, 2018 using the modified retrospective method. The Company has performed an assessment of its revenue contracts as well as worked with industry participants on matters of interpretation and application and has not identified any material changes to the timing or amount of its revenue recognition under ASU 2014-09. The Company's accounting policies did not change materially as a result of applying the principles of revenue recognition from ASU-2014-09 and are largely consistent with existing guidance and current practices applied by the Company.

**NOTE 10: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. Net capital and aggregate indebtedness change day to day, but on December 31, 2018, the Company had net capital of \$991,240 which was \$891,240 in excess of its required net capital of \$100,000; and the Company's ratio of aggregate indebtedness of \$33,546 to net capital was 0.03 to 1.

*The accompanying notes are an integral part of these financial statements.*

**BACKSTROM MCCARLEY BERRY & CO., LLC**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of December 31, 2018**

**Computation of net capital**

Members' Equity	\$ 659,781	
<b>Total Members' Equity</b>	<u>659,781</u>	\$ 659,781
<b>Add:</b>		
Other allowable credits		<u>400,000</u>
<b>Total Members' Equity qualified for net capital</b>		1,059,781
Account receivable, net	(25,104)	
Prepaid expenses	<u>(43,437)</u>	
<b>Total non-allowable assets</b>		<u>(68,541)</u>
<b>Net Capital</b>		991,240

**Computation of net capital requirements**

Minimum net capital requirement		
6 2/3 percent of net aggregate indebtedness	\$ 2,236	
Minimum dollar net capital required	<u>\$ 100,000</u>	
Net capital required (greater of above)		<u>100,000</u>
<b>Excess net capital</b>		<u>\$ 891,240</u>
Aggregate indebtedness		<u>\$ 33,546</u>

Ratio of aggregate indebtedness to net capital 0.03 : 1

There was no material difference between net capital computation showned here and the net capital computation shown on the Company's unaudited Form X-17A-5 reported dated December 31, 2018.

**BACKSTROM MCCARLEY BERRY & CO., LLC**

**Schedule II and Schedule III- Computation for Determination of the Reserve  
Requirements and Information Relating to Possession or Control Requirements For  
Brokers and Dealers Pursuant to SEC Rule 15c3-3**

**as of December 31, 2018**

The Company is exempt from the provision of Rule 15c3-3 under paragraph (k)(2)(ii) in that the Company carries no accounts, does not hold funds or securities for, or owe money or securities to customers. The Company will effectuate all financial transactions on behalf of its customers on a fully disclosed basis. Accordingly, there are no items to report under the requirements of this Rule.



**DAVE BANERJEE, CPA**

*An Accountancy Corporation – Member AICPA and PCAOB*

21860 Burbank Blvd., Suite 150, Woodland Hills, CA 91367 • (818) 657-0288 • FAX (818) 657-0299 • (818) 312-3283

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of Backstrom McCarley Berry & Co., LLC

We have reviewed management's statements, included in the accompanying Backstrom McCarley Berry & Co., LLC ("the Company") Exemption Report in which (1) the Company identified the following provisions of 17 C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(ii) (the "exemption provision") and (2) the Company stated that it met the identified exemption provision throughout the most recent fiscal year of 2018, without exception. Company's management is responsible for compliance with the exemption provision and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provision. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Dave Banerjee CPA, an Accountancy Corporation  
We have served as the Company's auditor since 2018.  
Woodland Hills, California  
February 22, 2019





## Backstrom McCarley Berry & Co., LLC

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### Assertions Regarding Exemption Provisions

We, as members of management of Backstrom McCarley Berry & Co., LLC ("the Company"), are responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with the Securities Exchange Commission (SEC) and the broker or dealer's designated examining authority (DEA). One of the reports to be included in the annual filing is an exemption report prepared by an independent public accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, the management of the Company hereby makes the following assertions:

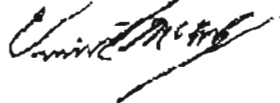
#### Identified Exemption Provision:

The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, Paragraph(k)(2)(ii).

#### Statement Regarding Meeting Exemption Provision:

The Company met the identified exemption provision without exception throughout the period January 1, 2018 through December 31, 2018.

Backstrom McCarley Berry & Co., LLC

By: 

Vincent E. McCarley, C.E.O

Date: 2/15/19



**DAVE BANERJEE, CPA**

*An Accountancy Corporation – Member AICPA and PCAOB*

21860 Burbank Blvd., Suite 150, Woodland Hills, CA 91367 • (818) 657-0288 • FAX (818) 657-0299 • (818) 312-3283

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
ON APPLYING AGREED UPON PROCEDURES**

To the Members of Backstrom McCarley Berry & Co., LLC

We have performed the procedures included in Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and in the Securities Investor Protection Corporation (SIPC) Series 600 Rules, which are enumerated below, and were agreed to by Backstrom McCarley Berry & Co., LLC (Company) and the SIPC, solely to assist you and the SIPC in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2018. Management of the Company is responsible for its Form SIPC-7 and for its compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed, and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
2. Compared the Total Revenue amounts reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2018, with the Total Revenue amounts reported in Form SIPC-7 for the year ended December 31, 2018 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences.

We were not engaged to, and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's compliance with the applicable instructions of the Form SIPC-7 for the year ended December 31, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Company and the SIPC and is not intended to be and should not be used by anyone other than these specified parties.

Dave Banerjee CPA, an Accountancy Corp.  
Woodland Hills, CA  
February 22, 2019

SIPC-7

(36-REV 12/18)

**AMENDED**  
**SECURITIES INVESTOR PROTECTION CORPORATION**  
 P.O. Box 92195 Washington, D.C. 20090-2195  
 202-371-8300  
**General Assessment Reconciliation**

SIPC-7

(36-REV 12/18)

For the fiscal year ended 12/31/2018  
 (Read carefully the instructions in your Working Copy before completing this form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

1714 1620 AMENDED AADC 220  
 85479 FARRA DEC  
 BACKSTROM MCCARTHY BERRY & CO LLC  
 115 EAMONG ST NEZ  
 SAN FRANCISCO, CA 94104-3601

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on this form filed.

Name and telephone number of person to contact respecting this form.

2. A. General Assessment (Item 26 from page 2)

B. Less payment made with SIPC-6 filed (exclude interest)

7/25/2018 \$1,999  
 Date Paid

Prior SIPC-7 payment \$ 3,607  
 on 2/20/19 \$1,434

C. Less prior overpayment applied

D. Assessment balance due or (overpayment)

E. Interest computed on late payment (see Instruction E) for \_\_\_\_\_ days at 20% per annum

F. Total assessment balance and interest due (or overpayment carried forward)

G. PAYMENT: ☒ the box

Check mailed to P.O. Box ☒ Funds Wired ☐ ACH ☐ 173  
 Total (must be same as F above)

H. Overpayment carried forward

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

None

The SIPC member submitting this form and the person by whom it is executed represent hereby that all information contained herein is true, correct and complete.

Backstrom, McCarthy, Berry & Co, LLC  
 (Name of company or partnership or other organization)  
[Signature]  
 (Authorized Signature)

Dated the 21st day of February, 20 19.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates:

Postmarked

Received

Reviewed

Calculations

Documentation

Forward Copy

Exceptions:

Disposition of exceptions:

# **DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning 1/1/2018  
and ending 12/31/2018

Eliminate cents

Item No

2s Total revenue (FOCUS Line 12/PART IIA Line 9, Code 4039)

\$ 2,407,500

7s Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2s.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

8s Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy collection.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in: (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with sales revenue related to the securities business (revenue defined by Section 12(b)(1) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.  
(See instruction C).

(Deductions in excess of \$100,000 require documentation)

- (9) (i) Total interest and dividend expenses (FOCUS Line 22/PART IIA Line 13, Code 4875 plus line 20(s) above) but not in excess of total interest and dividend income.

\$ \_\_\_\_\_

- (ii) 40% of margin interest earned on customer securities accounts (40% of FOCUS Line 5, Code 5939).

\$ \_\_\_\_\_

Enter the greater of line (i) or (ii)

Total deductions

62,892

2,404,608

2d. SIPC Net Operating Revenues

\$ 3,607

2c. General Assessment @ .06%

(to page 1, line 2A.)