

## **BAYSHORE PARTNERS, LLC**

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Report Pursuant to Rule 17A-5 Under  
The Securities Exchange Act of 1934  
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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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 01/01/18 AND ENDING 12/31/18  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Bayshore Partners, LLC

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

401 East Las Olas Boulevard, Suite 2360

(No. and Street)

Fort Lauderdale

FL

33301

(City)

(State)

(Zip Code)

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

Michael Turner

954-358-3800

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Morrison, Brown, Argiz & Farra, LLC

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

301 East Las Olas Blvd., 4th Floor Fort Lauderdale

FL

33301

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

☒ Certified Public Accountant

☐ Public Accountant

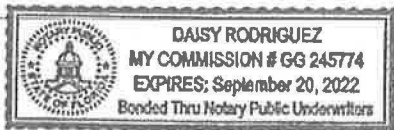
☐ Accountant not resident in United States or any of its possessions.

**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, Michael Turner, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Bayshore Partners, LLC, as of December 31, 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:



Daisy Rodriguez  
Notary Public

[Signature]  
Signature  
Managing Director  
Title

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).

## **BAYSHORE PARTNERS, LLC**

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### **CONTENTS:**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	1
FINANCIAL STATEMENTS:	
Statement of Financial Condition	2
Statement of Income	3
Statement of Changes in Members' Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 8
SUPPLEMENTAL SCHEDULES:	9
SCHEDULE I -     Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission as of December 31, 2018	10
SCHEDULE II -    Reconciliation of Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission to Company's Corresponding Unaudited Form X-17a-5, Part II Filing as of December 31, 2018	11
INFORMATION REGARDING COMPLIANCE WITH RULE 15C3-3:	
Report of Independent Registered Public Accounting Firm	12
Exemption Report under Rule 17a5(d)(4) of the Securities and Exchange Commission	13
Statement on Exemption from the Computation for Determination of Reserve Requirements and Information Relating to Possession or Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission as of December 31, 2018	14



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of  
Bayshore Partners, LLC

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Bayshore Partners, LLC (the "Company") as of December 31, 2018 and the related statements of income, changes in members' equity, and cash flows for the year December 31, 2018, 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 Bayshore Partners, LLC as of December 31, 2018, and the results of its operations and its cash flows for the year ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of Bayshore Partners, LLC's management. Our responsibility is to express an opinion on Bayshore Partners, LLC'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 Bayshore Partners, LLC 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. 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 supplemental information in schedules I and II which includes the Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission and the Reconciliation of Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission to Company's Corresponding Unaudited Form X-17a-5, part II Filling as of December 31, 2018, 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, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Morrison, Brown, Argiz & Farra*

We have served as Bayshore Partners, LLC's auditor since 2006.

Miami, Florida  
February 28, 2019

An independent member of Baker Tilly International

**BAYSHORE PARTNERS, LLC**

**STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2018**

**ASSETS**

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CURRENT ASSETS

Cash	\$ 119,133
Prepaid expenses - related party	<u>233,667</u>

TOTAL ASSETS **\$ 352,800**

**LIABILITIES AND MEMBERS' EQUITY**

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CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 35,703
Contract Liabilities	70,000

COMMITMENTS AND CONTINGENCIES (NOTE 6)

MEMBERS' EQUITY 247,097

TOTAL LIABILITIES AND MEMBERS' EQUITY **\$ 352,800**

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

**BAYSHORE PARTNERS, LLC**

**STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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REVENUES:	
Advisory fees	\$ 5,137,000
Interest income	<u>8</u>
TOTAL REVENUES	<u>5,137,008</u>
EXPENSES:	
Bad Debt	120,000
Professional fees	266,252
Regulatory expenses	32,108
Other general and administrative expenses	<u>285,294</u>
TOTAL EXPENSES	<u>703,654</u>
NET INCOME	<u><b>\$ 4,433,354</b></u>

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

**BAYSHORE PARTNERS, LLC**

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STATEMENT OF CHANGES IN MEMBERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2018

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MEMBERS' EQUITY – JANUARY 1, 2018	\$ 603,743
NET INCOME	4,433,354
DISTRIBUTIONS TO MEMBERS	<u>(4,790,000)</u>
MEMBERS' EQUITY – DECEMBER 31, 2018	<u>\$ 247,097</u>

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



**BAYSHORE PARTNERS, LLC**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income \$ 4,433,354

Adjustments to reconcile net income to net  
cash provided by operating activities:

    Provision for bad debt 120,000

Changes in operating assets and liabilities:

    Accounts receivable 112,500

    Prepaid expenses - related party 70,183

    Accounts payable and accrued expenses 77,160

        TOTAL ADJUSTMENTS 379,843

        NET CASH PROVIDED BY OPERATING ACTIVITIES 4,813,197

**CASH FLOWS FROM FINANCING ACTIVITIES**

    Distributions (4,790,000)

NET INCREASE IN CASH 23,197

        CASH - BEGINNING OF YEAR 95,936

        CASH - END OF YEAR **\$ 119,133**

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

## **BAYSHORE PARTNERS, LLC**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

#### **1. ORGANIZATION**

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Bayshore Partners, LLC (the "Company") is a Florida limited liability company based in Fort Lauderdale, Florida. The Company was organized to operate as a registered broker-dealer in securities in the United States of America and provides merger and acquisition advisory services to shareholders and owners of companies as well as engages in the distribution of debt and equity securities of corporations and other entities through the private placement of such securities on a best efforts basis. The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority ("FINRA").

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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##### **Basis of Financial Statement Presentation**

The accounting policies and reporting practices of the Company conform to the predominant practices in the broker-dealer industry and are in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

##### **Government and Other Regulation**

A broker-dealer of securities business is subject to significant regulation by various governmental agencies and self-regulatory organizations. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the applicable requirements of these organizations. As a registered broker-dealer, the Company is subject to the SEC's net capital rule (Rule 15c3-1) which requires that the Company maintain a minimum net capital, as defined.

##### **Cash**

The Company considers investments with an original maturity of three months or less to be cash equivalents. Financial instruments which potentially subject the Company to concentration of credit risk consist principally of cash deposits in excess of Federal Deposit Insurance Corporation ("FDIC") insured limit of \$250,000. At times, such balances exceed these insured limits.

##### **Revenue Recognition**

Advisory fee income is generally recognized at the point in time that performance under the arrangement is completed (the closing date of the transaction) or the contract is canceled. Retainers and other advisory fees received from customers prior to recognizing revenue are reflected as contract liabilities and are recognized at a point in time the performance under the arrangement is completed or the contract is canceled.

##### **Income Tax**

The Company is treated as a partnership for federal income tax purposes and, accordingly, generally would not incur income taxes or have any unrecognized tax benefits. Instead, its earnings and losses are included in the tax return of its members and taxed depending on the members' tax situation. As a result, the financial statements do not reflect a provision for income taxes.

The Company recognizes and measures tax positions taken or expected to be taken in its tax return based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Company files income tax returns. The Company is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2015.

## **BAYSHORE PARTNERS, LLC**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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### **Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that might affect certain reported amounts and disclosures in the financial statements and accompanying notes during the reporting period. Accordingly, actual results could differ from those estimates.

### **Accounts Receivable**

Accounts receivable are customer obligations due in connection with advisory services performed in the normal course of business. The Company performs continuing credit evaluations of its customers' financial condition, including review of the terms of credit, the amount of credit granted and management's past history with a customer to determine if any such amounts will potentially be uncollectible. The Company includes any accounts receivable balances that are determined to be uncollectible in its overall allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Total bad expense related to accounts receivable for the year ended December 31, 2018 was \$120,000, which is included in the statement of income. There was no Accounts Receivable as of December 31, 2018.

### **Concentration of Credit Risk**

Advisory fee income from the Company's two largest customers accounted for approximately 73% of advisory fee income for the year ended December 31, 2018.

### **Recently Adopted Accounting Standard**

In May 2014, the Financial Standards Accounting Board ("FASB") issued ASU 2014-09, Revenue from Contracts with Customers to clarify the principles of recognizing revenue from contracts with customers and to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. This ASU supersedes the revenue recognition requirements in ASC Topic 605, Revenue Recognition and most industry specific guidance. Entities are required to apply the following steps when recognizing revenue under ASU 2014-9: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when (or as) the entity satisfies a performance obligation. An entity may apply the amendments by using one of the following two methods: (1) retrospective application to each prior reporting period presented or (2) a modified retrospective approach, requiring the standard be applied only to the most current period presented, with the cumulative effect of initially applying the standard recognized at the date of initial application. ASU 2014-09 is effective for interim and annual reporting periods beginning after December 15, 2017. The Company adopted the new standard on January 1, 2018 using the modified retrospective method. Company management has completed its analysis of the Company's revenue streams and related underlying contracts with customers. Company management has concluded that the adoption of ASU 2014-09 did not have a material impact on the Company's financial condition, results of operations, or cash flows as the satisfaction of performance obligations under the new guidance is materially consistent with the Company's previous recognition policies. 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.

### **Subsequent Events**

The Company has evaluated subsequent events through February 28, 2019, which is the date the financial statements were available to be issued.

## **3. NET CAPITAL REQUIREMENT**

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The Company, as a registered broker-dealer in securities, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires that the Company maintain "Net Capital" equal to the greater of \$5,000 or 6 2/3% of "Aggregate Indebtedness," as defined, and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. At December 31, 2018, the Company had net capital of \$13,430 which was \$6,383 in excess of its required net capital of \$7,047. At December 31, 2018, the ratio "Aggregate Indebtedness" to "Net Capital" was 7.87 to 1.

## **BAYSHORE PARTNERS, LLC**

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### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

#### **4. RELATED PARTY TRANSACTIONS**

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The Company is party to a Services Agreement with a company under common ownership ("related party") effective Feb 1, 2018. Under this agreement, the Company reimburses the related party for overhead and salaries for shared personnel. For the year ended December 31, 2018, the Company paid \$316,800 for reimbursement of overhead and salaries which is included within professional fees and other general administrative expenses. As of December 31, 2018, the Company prepaid approximately \$233,667 of service fees to the related party which are included as "prepaid expenses - related party" in the accompanying statement of financial condition.

#### **5. MEMBERS' CAPITAL**

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The Company operates under an operating agreement ("Agreement") with a perpetual term, unless terminated under provisions of the Agreement. Membership capital is non-interest bearing and members are not entitled to withdraw or demand capital amounts, unless as provided for in the Agreement. Profit and losses are allocated principally based on each members pro rata share of total capital.

#### **6. COMMITMENTS AND CONTINGENCIES**

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The Company is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Company's financial position or results of operations.

## SUPPLEMENTAL SCHEDULES

**BAYSHORE PARTNERS, LLC**

**SCHEDULE I**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**AS OF DECEMBER 31, 2018**

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CREDITS	
Members' equity	\$ 247,097
DEBITS	
Prepaid expenses – related party	<u>233,667</u>
NET CAPITAL	13,430
MINIMUM NET CAPITAL REQUIREMENT 6-2/3%	
OF AGGREGATE INDEBTEDNESS OF \$105,703	
OR \$5,000, WHICHEVER IS GREATER	<u>7,047</u>
EXCESS NET CAPITAL	<u>\$ 6,383</u>
EXCESS NET CAPITAL @ 1000% (NET CAPITAL LESS	
120% OF MINIMUM NET CAPITAL REQUIREMENTS)	<u>\$ 4,974</u>
SCHEDULE OF AGGREGATE INDEBTEDNESS	
Accounts payable and accrued expenses	<u>105,703</u>
TOTAL AGGREGATE INDEBTEDNESS	<u>\$ 105,703</u>
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>7.87 to 1</u>

See Report of Independent Registered Public Accounting firm.

**BAYSHORE PARTNERS, LLC**

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SCHEDULE II  
RECONCILIATION OF COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION TO COMPANY'S  
CORRESPONDING UNAUDITED FORM X-17a-5, PART II FILING  
AS OF DECEMBER 31, 2018

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There are no material differences between the preceding computation and the Company's corresponding unaudited IIA of Form X-17a-5 as of December 31, 2018.

See Report of Independent Registered Public Accounting firm.



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of  
Bayshore Partners, LLC

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Bayshore Partners, LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which Bayshore Partners, LLC claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(i) (the "exemption provision") and (2) Bayshore Partners, LLC stated that Bayshore Partners, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. Bayshore Partners, LLC's management is responsible for compliance with the exemption provisions 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 Bayshore Partners, LLC's compliance with the exemption provisions. 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)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Morrison, Brown, Argiz & Farra*

Miami, Florida  
February 28, 2019

An independent member of Baker Tilly International



## BAYSHORE PARTNERS, LLC

### Bayshore Partners, LLC's Exemption Report

Bayshore Partners, LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

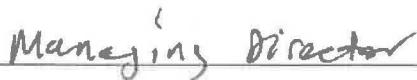
1. Bayshore Partners, LLC claimed an exemption 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k)(2)(i) for the fiscal year ended December 31, 2018.
2. Bayshore Partners, LLC met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k)(2)(i) throughout the most recent fiscal year of January 1, 2018 to December 31, 2018, without exception.

Bayshore Partners, LLC

I, Michael Turner, affirm that, to my best knowledge and belief, this Exemption Report is true and correct.



Signature



Title

Feb 28, 2019

Date

**BAYSHORE PARTNERS, LLC**

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AGREED-UPON PROCEDURES RELATED TO AN  
ENTITY'S SIPC ASSESSMENT RECONCILIATION

DECEMBER 31, 2018





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

To the Members  
Bayshore Partners, LLC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2018, which were agreed to by Bayshore Partners, LLC, the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC, and other specified parties, solely to assist you and the other specified parties in evaluating Bayshore Partners, LLC's compliance with the applicable instructions of Form SIPC-7. Bayshore Partners, LLC's management is responsible for Bayshore Partners, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by 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 amount reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2018 with the Total Revenue amount 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, the objective of which would be the expression of an opinion on compliance with the applicable instructions of the Form SIPC-7. Accordingly, we do not express such an opinion. 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 specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

*Morrison, Brown, Argiz & Farra*

Miami, Florida  
February 28, 2019

An independent member of Baker Tilly International