

**Keane Financial, LLC**  
**(a wholly-owned subsidiary of Keane UPRR, LLC)**

Statement of Financial Condition  
(Confidential Pursuant to Rule 17a-5(e)(3))  
Year Ended December 31, 2018

**Keane Financial, LLC**  
**(a wholly-owned subsidiary of Keane UPRR, LLC)**

**Contents**

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Facing Page to Form X-17A-5	2A
Affirmation of Officer	2B
Report of Independent Registered Public Accounting Firm	3
Financial Statement:	
Statement of Financial Condition as of December 31, 2018	4
Notes to Statement of Financial Condition	5-9

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 01/01/2018 AND ENDING 12/31/2018  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Keane Financial, LLC**

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

**450 Seventh Avenue, Suite 905**

(No. and Street)

**New York**

**NY**

**10123**

(City)

(State)

(Zip Code)

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

**Richard Yates, (646) 564-9227**

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

**WIPFLI LLP.**

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

**2 West Baltimore Avenue, Suite 210**

**Media**

**PA**

**19063**

(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-3(e)(2)

### OATH OR AFFIRMATION

I, Richard Yeates, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Keane Financial, 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:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Richard Yeates  
Signature

President

Title

Jennifer Marie DiFalo  
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).

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Managers and Managing Member  
of Keane Financial, LLC

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Keane Financial, LLC as of December 31, 2018, 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 Keane Financial, LLC as of December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

This financial statement is the responsibility of Keane Financial, LLC's management. Our responsibility is to express an opinion on Keane Financial, LLC'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 Keane Financial, 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 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 statement. 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 statement. We believe that our audit provides a reasonable basis for our opinion.

*Wipfli LLP*

We have served as Keane Financial LLC's auditor since 2016.

Media, Pennsylvania  
February 27, 2019

**Keane Financial, LLC**  
**(a wholly-owned subsidiary of Keane UPRR, LLC)**

**Statement of Financial Condition**

*December 31, 2018*

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**Assets**

Cash segregated under Federal and other regulations	\$814,120
Cash and cash equivalents	589,351
Due from Parent	201,758
Accounts receivable	400
Other assets	3,607
	<hr/> \$1,609,236

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**Liabilities and Member's Equity**

**Liabilities:**

Outstanding checks due to customers	\$301,754
Bank account overdrafts	9,653
Accrued expenses and other liabilities	126,039
Due to Parent	67,168

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<b>Total Liabilities</b>	<b>504,614</b>
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**Commitments (Notes 3 and 6)**

<b>Member's Equity</b>	<b>1,104,622</b>
	<hr/> \$1,609,236

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*See accompanying notes to statement of financial condition.*

**Keane Financial, LLC**  
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**Notes to Statement of Financial Condition**

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**1. Business**

Keane Financial, LLC ("Company"), is engaged in assisting the Company's indirect parent Venio LLC ("Venio"), to update security holder accounts, exchange, or tender shares registered to inactive, deceased, untendered or lost security holders. Venio performs its services at the request of transfer agents or issuers. The Company is registered as a broker/dealer under the provisions of the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Company is a wholly-owned subsidiary of Keane UPRR, LLC (the "Parent"), which is a wholly owned subsidiary of Venio.

**2. Summary of 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").

***Cash and Cash Equivalents***

The Company considers all highly liquid investments, with original maturities of 90 days or less when purchased as cash equivalents.

***Concentrations of Credit Risk***

Cash and cash equivalents held at financial institutions, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation. Management believes that it limits its credit exposure by placing its temporary cash investments in, what it believes to be, high credit quality institutions.

***Revenue Recognition***

The Company recognizes revenue from its services as provided to Venio under the terms of its Brokerage Service Agreement. Under the Brokerage Service Agreement, the Company's revenue is in the form of a monthly administrative fee plus per item or value based processing fees (depending on which transfer agent the item is processed through).

**Keane Financial, LLC**  
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**Notes to Statement of Financial Condition**

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**2. Summary of Significant Accounting Policies (Continued)**

*Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could significantly differ from those estimates.

*Income Taxes*

No provision for Federal, state and local income taxes has been made in the accompanying financial statements, as the Company is a disregarded entity for income tax purposes. The ultimate responsibility for the provision of income taxes is with Keane Holdings Inc. and its wholly owned subsidiary Venio Holdings Corp. the 100% owner of Venio, which, as stated previously is the 100% owner of the Parent.

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents. If this threshold is met, the Company measures the tax benefit as the largest amount of benefit that is more likely than not being realized upon ultimate settlement. The Company is subject to potential examination by taxing authorities in various jurisdictions. The open tax years under potential examination vary by jurisdiction. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statement of income. As of December 31, 2018, there was no impact to the financial statements related to accounting for uncertain income tax positions.

*Commissions*

The Company does not earn commissions, but rather all revenue is earned from Venio under the Brokerage Service Agreement more fully described under the Revenue Recognition and Related Party Transactions sections. Commissions the Company pays, and related expenses, are recorded on a trade-date basis as securities transactions occur.

**3. Regulatory Net Capital Requirements**

The Company is subject to the Securities Exchange Commission ("SEC") Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum regulatory net capital and requires that the ratio of aggregate indebtedness to regulatory net capital, both as defined under Rule 15c3-1, shall not exceed 15 to 1. The rule of "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting aggregate indebtedness to regulatory net capital ratio would exceed 10 to 1. Regulatory net capital and aggregate indebtedness may fluctuate on a daily basis.

The Company has a minimum regulatory net capital requirement of \$250,000. As of December 31, 2018, the Company had regulatory net capital of \$899,255. The regulatory net capital ratio was .21 to 1 at December 31, 2018. See Statement of Financial Condition.



**Keane Financial, LLC**  
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**Notes to Statement of Financial Condition**

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**4. Cash Segregated Under Federal and Other Regulations**

At December 31, 2018, cash of \$814,120 has been segregated in a special reserve account for the exclusive benefit of customers under Rule 15c3-3 of the SEC.

**5. Related Party Transactions**

Under a written Support Service Agreement ("Agreement"), Venio provides certain administrative, operating and other services (including serving as the employer of all full-time and shared Company employees) for which the costs are allocated to the Company. Venio also pays expenses of or attributable to the Company under the Agreement and the Company reimburses Venio. As of December 31, 2018, \$67,168 is due to Venio and is included in the statement of financial condition related to the Agreement.

Under a written Brokerage Service Agreement which took effect on June 1, 2015, the Company provides such services as are necessary for Venio to fulfill the obligations of its agreement with shareholders or legal claimants. These services may include, but not be limited to, performing quality control checks to ensure transfer instructions are complete and accurate; providing Medallion Signature Guarantees on shareholder or legal claimant transfer instructions; delivering instructions to transfer agents; facilitating the re-registration or transfer of shares with the appropriate transfer agent; engaging a third-party clearing broker and delivering instructions to electronically transfer shares into the Company's omnibus account with the clearing broker; providing trade instructions to a clearing broker; and taking receipt of sale proceeds, re-issued dividends and proceeds that represent only Venio's fee in the Company's cash account; segregating Venio's fees from customer funds and delivering the fees to Venio on a recurring basis; issuing checks to shareholders or legal claimants; addressing complaints arising out of the liquidation of shares and processing requests for refunds, buy-backs of shares; and issuing Form 1099 statements to shareholders and legal claimants for all sales of shares executed by the Company. As of December 31, 2018, \$201,758 is included in Due from Parent in the statement of financial condition related to the Agreement.

Under a written Sublease Agreement dated June 26, 2017, Venio sublet approximately 1,656 square feet of its office space in New York City to Lovell Minnick Partners, Inc. ("LMP"). LMP is the parent company of Lovell Minnick Equity Partners III and Lovell Minnick Equity Partners III-A which owns substantially all of Keane Holdings Inc. The Sublease Agreement provided sublease rent to Venio of approximately \$98,000 in 2018 and is expected to provide approximately \$41,000 in 2019. A portion of Venio's net rent is allocated to the Company through the Support Service Agreement. The Sublease Agreement expires on May 30, 2019.

**6. Lease Commitment**

The Company shares the office space as a joint tenant with an affiliate under a sublease agreement with its Parent expiring in May 2019. The Company's share of the future minimum annual rental payments including the sublease rent from LMP, and excluding other rent-related expenses, approximates \$63,750 for 2019.

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**Notes to Statement of Financial Condition**

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**7. Member's Equity**

The Company has 1,000 authorized membership units, all of which are owned by Keane UPRR, LLC.

**8. Subsequent Events**

Management has evaluated the possibility of subsequent events existing in the Company's financial statements through February 27, 2019, the date the financial statement was available to be issued. Management has determined that there are no material events that would require disclosure in the Company's financial statement.

**9. Indemnifications**

In the normal course of its business, the Company indemnifies and guarantees certain service providers, such as clearing and custody agents, against specified potential losses in connection with their acting as an agent of, or providing services to, the Company or its affiliates. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely that it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statement for these indemnifications.

**10. New Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board, or the "FASB", issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers, or ASU 2014-09. The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance, including industry-specific guidance. The core principle of ASU 2014-09 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying the new guidance, an entity will (1) identify the contract (s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the contract's performance obligations; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new guidance is effective for annual reporting periods (including interim periods within those periods) beginning after December 15, 2017 for broker-dealers.

The Company adopted ASU 2014-09 effective January 1, 2018. The Company provides services to its customer, Venio, under a Brokerage Service Agreement, and provides such services as are necessary for Venio to fulfill the obligations of its agreement with shareholders or legal claimants. See Note 5 Related Party Transactions for a description of the Company's performance obligations which are comprised of multiple services, bundled together, because no one service is distinct. The transaction price is a monthly administrative fee of \$150,000 plus per item fees (depending on the transfer agent) or transactional processing fees of .9% of the net asset value of all cash received by the Company in its cash account from providing such services. The Company recognizes revenue when it satisfies the performance obligations to Venio.

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**Notes to Statement of Financial Condition**

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In February 2016, the FASB issued Accounting Standards Update 2016-02, Leases, which creates a new Topic ASC 842, Leases. Under the new guidance, a lessee will be required to recognize on the balance sheet a liability to make lease payments and a right-to-use asset representing its right to use the underlying asset for the lease term for both finance and operating leases. For leases with a term of 12 months or less, an entity can elect to not recognize lease assets and lease liabilities and expense the lease over a straight-line basis for the term of the lease. The updated standard will replace current lease guidance in US GAAP when it becomes effective. Also, the guidance requires new disclosures that depict the amount, timing, and uncertainty of cash flows pertaining to an entity's leases. The update is effective for annual reporting periods beginning after December 15, 2018. The Company plans to adopt and apply the guidance for its year ending December 31, 2019. Management has not yet determined the effect this Statement will have on the Company's financial statements.