

**REEF RESOURCES, LLC**

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017

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

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ANNUAL AUDITED REPORT

FORM X-17A-5

PART III

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, 2017 AND ENDING December 31,  
2017

MM/DD/YY

MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: REEF RESOURCES, LLC

OFFICIAL USE ONLY

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

FIRM I.D.NO.

140 LAKESIDE AVENUE

SEATTLE WA 98122

(City) (State) (Zip Code)

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

JEFF FEINGLAS (206) 686-6661

Number) (Area Code - Telephone

B. ACCOUNTANT IDENTIFICATION

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

PETERSON SULLIVAN LLP

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

601 UNION ST, STE 2300 SEATTLE WA 98101

(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 240.17 a-5(e)(2)

SEC 1410 (06.02)

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### OATH OR AFFIRMATION

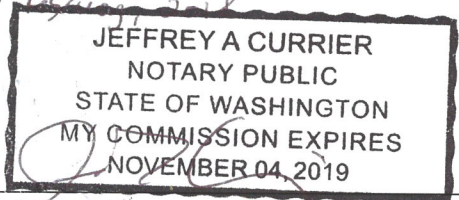
I, JEFF FEINGLAS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of REEF RESOURCES, LLC, as of DECEMBER 31, 2017, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*Sworn to before me this 6th day  
of February, 2018*



Notary Public

  
Signature

Financial & Operations  
Principal  
Title

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. (CASH FLOWS)
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors. (NOT APPLICABLE)
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3. (NOT APPLICABLE)
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3. (NOT APPLICABLE)
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 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. (NOT APPLICABLE)
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report. (NOT APPLICABLE)
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit. (NOT APPLICABLE)

\* RESERVE REQUIREMENT IS NOT APPLICABLE

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

☒ (o) Exemption Report Required by Rule 17a-5

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member  
Reef Resources, LLC  
Seattle, Washington

**Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Reef Resources, LLC ("the Company") as of December 31, 2017, the related statements of income, changes in member's equity, and cash flows for the year then ended, and the related notes and schedules (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, 2017, 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.

**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 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 following supplemental information has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements:

- Schedule I, Computation of Net Capital Under Rule 15c3-1
- Schedule II, Reconciliation Between the Computation of Net Capital Per the Broker's Unaudited FOCUS Report, Part IIA, and the Audited Computations of Net Capital

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.

We have served as the Company's auditor since 2005.

A handwritten signature in blue ink that reads "Peterson Sullivan LLP". The signature is written in a cursive, flowing style.

Seattle, Washington  
February 6, 2018

**REEF RESOURCES, LLC**

STATEMENT OF FINANCIAL CONDITION

December 31, 2017

ASSETS

Cash	\$ 14,751
Accounts receivable	74,053
Prepaid expenses	<u>7,286</u>
Total Assets	<u><u>\$ 96,090</u></u>

LIABILITIES

0

MEMBER'S EQUITY

Member's equity	<u>\$ 96,090</u>
Total Liabilities and Equity	<u><u>\$ 96,090</u></u>

See Notes to Financial Statements



**REEF RESOURCES, LLC**

STATEMENT OF INCOME

For the Year Ended December 31, 2017

Revenue	
Fee income	\$139,553
Expenses	
Regulatory fees	10,430
Taxes	561
Professional fees	6,600
License and permits	481
Office expense	147
Insurance	756
Miscellaneous expenses	<u>173</u>
Total Expenses	<u>19,148</u>
<b>Net Income</b>	<b><u><u>\$120,405</u></u></b>

See Notes to Financial Statements

**REEF RESOURCES, LLC**

STATEMENT OF CHANGES IN MEMBER'S EQUITY

For the Year Ended December 31, 2017

Balance, December 31, 2016	\$ 19,103
Net Income	120,405
Member Distributions	(47,818)
Member Contribution	<u>4,400</u>
Balance, December 31, 2017	<u><u>\$ 96,090</u></u>

See Notes to Financial Statements

**REEF RESOURCES, LLC**

STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2017

Cash Flows from Operating Activities	
Net Income	\$ 120,405
Adjustments to reconcile net income to net cash flows from operating activities	
Change in accounts receivable	(74,053)
Change in prepaid expenses	633
	<hr/>
Net cash flows from operating activities	\$46,985
Cash Flow from Financing Activities	
Member Distributions	(47,818)
Member Contribution	<hr/> 4,400
Net Cash Flows from financing activities	(44,318)
Net increase in cash	3,567
Cash, beginning of year	<hr/> 11,184
Cash, end of year	<hr/> <hr/> \$ 14,751

See Notes to Financial Statements

## **NOTES TO FINANCIAL STATEMENTS**

### **Note 1. Organization and Significant Accounting Policies**

#### **Organization**

Reef Resources, LLC ("the Company") is a securities broker and dealer as approved by the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority. The Company's offices are located in Seattle, Washington. The Company locates investors for other companies and refers customers to other companies.

The Company is a limited liability company (or "LLC"), and as an LLC, the liability to the owner is generally limited to amounts invested.

#### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts during the reporting period. Actual results could differ from the estimates that were used.

#### **Cash**

Cash includes cash in banks. On occasion, the Company has deposits in excess of federally insured limits.

#### **Revenue and Accounts Receivable**

Fees associated with locating investors for companies are recognized as funds are raised. In addition, the Company can receive monthly payments to fund ongoing efforts to locate these investors (these amounts are recognized as the services are provided). Fees associated with customer referral services are recognized as the referred customers pay for services to the company where they have been referred.

The Company earned 100% of its fee income from two sources.

Accounts receivable are stated at principal amounts and are primarily comprised of amounts contractually due from referral services. The Company provides an allowance for doubtful accounts based on an evaluation of customer past due account balances. When an account is deemed uncollectible, it is generally written off against the allowance. In determining whether to record an allowance for a specific customer, the Company considers a number of factors, including prior payment history and financial information for the customer. As of December 31, 2017, the Company has determined that no allowance for doubtful accounts is necessary.

As of December 31, 2017, 100% of accounts receivable is from one source.

#### **Income Taxes**

As an LLC, the Company is not taxed at the reporting level. Instead, its items of income, loss, deduction, and credit are passed through to its member owner. The Company does not file federal tax returns at the Company level as it is owned by a single member.

### **Subsequent Events**

The Company has evaluated subsequent events through the date these financial statements were available to be issued, which was February 6, 2018.

### **Note 2. Related Party Transactions**

The Company has an expense sharing agreement with its member owner whereby the member owner pays for the majority of the Company's general and administrative expenses, including occupancy and payroll expenses. Due to limited activity in 2017, there were no charges to the Company under this agreement in 2017.

The expense sharing agreement also states the member owner will pay certain expenses for the Company (filing fees and direct operating expenses) for which he will be reimbursed. The Company did not owe the member owner any amounts under this arrangement at December 31, 2017.

### **Note 3. Commitments, Contingencies, and Guarantees**

Management of the Company believes that there are no commitments, contingencies, or guarantees that may result in a loss or future obligation as of December 31, 2017.

### **Note 4. Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1). Accordingly, the Company is required to maintain a minimum level of net capital (as defined) of 6 2/3% of total aggregate indebtedness or \$5,000, whichever is greater. At December 31, 2017, the required minimum net capital was \$5,000. The Company had computed net capital of \$88,804 at December 31, 2017, which was in excess of the required net capital level by \$83,804. In addition, the Company is not allowed to have a ratio of aggregate indebtedness to net capital (as defined) in excess of 15 to 1. At December 31, 2017, the Company's ratio of aggregate indebtedness to net capital was 0.000 to 1.

S U P P L E M E N T A R Y   I N F O R M A T I O N

**REEF RESOURCES, LLC**

**SCHEDULE I**  
**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1**  
December 31, 2017

**COMPUTATION OF NET CAPITAL**

Member's equity	\$96,090
Deductions	
Prepaid expenses	<u>(7,286)</u>
Net capital	88,804
Minimum net capital	<u>5,000</u>
Excess net capital	<u><u>\$83,804</u></u>

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

Accounts payable and total aggregate indebtedness	<u><u>\$ 0</u></u>
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**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Minimum net capital required (6 2/3% of total aggregate indebtedness or \$5,000, whichever is greater)	<u><u>\$5,000</u></u>
Percentage of aggregate indebtedness to net capital	0.00%
Ratio of aggregate indebtedness to net capital	0.0000 to 1

Reef Resources, LLC is exempt from the computation of reserve requirements pursuant to Rule 15c3-3 under paragraph K(2)(i).



**REEF RESOURCES, LLC**

SCHEDULE II  
RECONCILIATION BETWEEN  
THE COMPUTATION OF NET CAPITAL PER THE BROKER'S UNAUDITED  
FOCUS REPORT, PART IIA, AND THE AUDITED COMPUTATION OF NET CAPITAL  
December 31, 2017

Net Capital per the broker's amended and unaudited Focus Report, Part IIA as per audited financial statements	\$ 86,528
Adjustments due to audit Increase in receivables	<u>2,276</u>
Net Capital as audited	<u><u>\$88,804</u></u>

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member  
Reef Resources, LLC  
Seattle, Washington

We have reviewed management's statements, included in the accompanying Exemption Report – 2017, in which (1) Reef Resources, LLC ("the Company") (a limited liability 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:(2)(i) ("the exemption provisions") and (2) the Company stated that it has met the identified exemption provisions throughout the most recent fiscal year without exception. The Company'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 the Company'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.

*Peterson Sullivan LLP*

Seattle, Washington  
February 6, 2018



**Reef Resources LLC's  
Exemption Report – 2017**

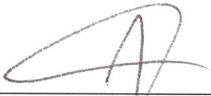
Reef Resources LLC (the “Company”) is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. Section 240.17a-5, “Reports to be made by certain brokers and dealers”). This Exemption Report was prepared as required by 17 C.F.R. Section 240.17a-5(d)(1)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

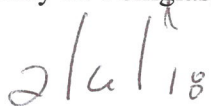
- (1) The Company claimed an exemption from 17 C.F.R. Section 240.15c3-3 (“Customer protection – reserves and custody of securities”) under the provision of 17 C.F.R. Section 240.15c3-3(k)(2)(i).
- (2) The Company met the exemption provision in 17 C.F.R. Section 240.15c3-3(k)(2)(i) during the period of January 1, 2017 through December 31, 2017 without exception.

The Company believes this is the most applicable exemption to claim as we hold no customer accounts or securities and are considered to be a private placement broker-dealer. Since its inception as a FINRA member, the Company has functioned solely as a capital introduction broker-dealer solely to private investment funds and as a brokerage referral broker-dealer.

Reef Resources LLC

I, Jeffrey K. Feinglas, affirm that, to the best of my knowledge and belief, this Exemption Report is true and correct.

  
By: Jeffrey K. Feinglas, Chief Compliance Officer

  
Date