

HASTINGS CAPITAL GROUP, LLC

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017

CONFIDENTIAL

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

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

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	August 31, 2020
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-67517

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 01/01/17 AND ENDING 12/31/17
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Hastings Capital Group, LLC

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

527 Madison Avenue, 16th Floor

(No. and Street)

New York

NY

10022

(City)

(State)

(Zip Code)

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

Robert Phillips

212 485.3107

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Eisner Amper LLP

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

750 Third Avenue

New York

NY

10017

(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, Raymond Nolte, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Hastings Capital Group, LLC, as of December 31, 20 17, 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

CEO

Title

Eric Alper

Notary Public

ERIC ALPER

Notary Public, State of New York

No. 02AL5009296

Qualified in Nassau County

Commission Expires March 08, 2019

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(e)(3).

HASTINGS CAPITAL GROUP, LLC

DECEMBER 31, 2017

TABLE OF CONTENTS

Report of Independent Registered Public Accounting Firm

Financial Statements:	Page
Statement of Financial Condition	1
Statement of Operations	2
Statement of Changes in Members' Equity	3
Statement of Cash Flows	4
Notes to Financial Statements	5-7
Supplementary Information:	
I - Computation of Net Capital Pursuant to Rule 15c3-1	8
Other Information	
II - Computation for Determination of the Reserve Requirements Pursuant to Rule 15c3-3	9
III - Information Relating to the Possession or Control Requirements Pursuant to Rule 15c3-3	9
Report of Independent Registered Public Accounting Firm regarding Rule 15c3-3 Exemption Report	
Exemption Report Pursuant to Rule 17a-5	10

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
Hastings Capital Group, LLC

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Hastings Capital Group, LLC (the "Company") as of December 31, 2017, and the related statements of operations, changes in members' 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, 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 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 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.

Report on Supplemental Information

The information contained in Schedules I, II and III (the "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, the information contained in Schedules I, II and III 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 2008.

EISNERAMPER LLP
New York, New York
February 23, 2018

CONFIDENTIAL

HASTINGS CAPITAL GROUP, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2017

ASSETS

Assets:

Cash equivalents	\$ 366,275
Fees receivable	132,185
Prepaid expenses and other assets	<u>66,873</u>
Total assets	<u>\$ 565,333</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ 75,992
Due to affiliate	<u>33,000</u>

Total liabilities	108,992
--------------------------	----------------

Members' equity	<u>456,341</u>
-----------------	----------------

Total liabilities and members' equity	<u>\$ 565,333</u>
--	--------------------------

See notes to the financial statements

HASTINGS CAPITAL GROUP, LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

Revenues:

Fee income	\$ 4,032,135
Interest income	<u>1,697</u>
Total revenues	<u>4,033,832</u>

Expenses:

Compensation expense	2,330,000
Travel and entertainment	864,449
Occupancy	192,000
Office and communication	159,395
License and registration fees	132,343
Professional fees	108,825
Other expenses	<u>70,559</u>
Total expenses	<u>3,857,571</u>

Net income	<u>\$ 176,261</u>
------------	-------------------

See notes to the financial statements

HASTINGS CAPITAL GROUP, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

Balance - January 1, 2017	\$ 607,230
Withdrawals by members	(327,150)
Net income	<u>176,261</u>
Balance - December 31, 2017	<u>\$ 456,341</u>

CONFIDENTIAL

See notes to the financial statements

HASTINGS CAPITAL GROUP, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities:	
Net income	\$ 176,261
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Fees receivable	27,800
Due from affiliate	40,889
Prepaid expenses and other assets	7,613
Accounts payable and accrued expenses	(34,501)
Due to affiliate	33,000
Net cash flow provided by operating activities	<u>251,062</u>
Cash used in financing activities:	
Withdrawals by members	<u>(327,150)</u>
Net decrease in cash equivalents	(76,088)
Cash equivalents, beginning of year	<u>442,363</u>
Cash equivalents, end of year	<u><u>\$ 366,275</u></u>

See notes to the financial statements

HASTINGS CAPITAL GROUP, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Hastings Capital Group, LLC (the "Company") is registered under the Securities Exchange Act of 1934 as a broker-dealer in securities and operates under a membership agreement with the Financial Industry Regulatory Authority ("FINRA"). The Company claims an exemption from the Securities Exchange Commission Customer Protection Rule 15c3-3 pursuant to Section (k)(2)(i) and does not effect any transactions with customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Company earns fees from securities offerings in which the Company acts as a mutual fund underwriter on a best effort basis and engages in private placements, in each case with respect to securities issued by investment funds managed by an affiliate. Fee revenue is recognized as earned. Included in fee income are trail fees earned by the Company based on a percentage of assets held under management by an affiliate with respect to investors placed by the Company.

Cash equivalents

The Company considers cash equivalents to be highly liquid, short-term investments with original maturities of three months or less. The Company maintains its cash equivalents in one bank account, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash equivalents.

Use of estimates

The preparation 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

No provision for federal or state income taxes has been made for the Company since, as a limited liability company, it is not subject to federal or state income taxes. The Company is subject to New York City unincorporated business tax.

Uncertain tax positions

Tax laws are complex and subject to different interpretations by the taxpayer and taxing authorities. Significant judgment is required when evaluating tax positions and related uncertainties. Future events such as changes in tax legislation could require a provision for income taxes. Any such changes could significantly affect the amounts reported in the statement of operations.

HASTINGS CAPITAL GROUP, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Uncertain tax positions *(continued)*

The Company has not recognized in these financial statements any interest or penalties to income taxes, and has no material unrecognized tax benefits. There are currently no income tax returns under audit.

Recent accounting pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), as subsequently amended, that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most recent current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model 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. The guidance also specifies the accounting for certain incremental costs of obtaining a contract, and costs to fulfill a contract with a customer. Entities have the option of applying either a full retrospective approach to all periods presented, or a modified approach that reflects differences prior to the date of adoption as an adjustment to equity. In April 2015, the FASB deferred the effective date of this guidance until January 1, 2018. The Company is not early adopting this standard.

The Company completed its implementation analysis, including identification of revenue streams and reviews of customer contracts under ASU 2014-09's framework. The analysis included reviewing current accounting policies and practices to identify potential differences that would result from applying the requirements under this new standard. The Company has evaluated the new guidance and the adoption is not expected to have a significant impact on the Company's financial statements and a cumulative effect adjustment under the modified retrospective method of adoption will not be necessary.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The recorded amounts of the Company's cash equivalents, fees receivable, other assets, accounts payable and accrued expenses, and due to affiliate approximate their fair values, principally based on the short-term nature of these items.

HASTINGS CAPITAL GROUP, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

4. RELATED PARTY TRANSACTIONS

Pursuant to an amended and restated cost sharing agreement with an entity affiliated through common ownership (the "Affiliate"), the Company reimburses the Affiliate for rent, compensation, travel, entertainment and general operating expenses paid by the Affiliate. Included in the expenses reflected in the Statement of Operations is \$3,525,000 charged by the Affiliate for the year ended December 31, 2017, of which \$33,000 is payable at December 31, 2017.

The Company acts as a mutual fund underwriter on a best efforts basis. The Company receives monthly placement fees from the Affiliate and underwriting fees from investment funds (the "Investment Funds") managed by the Affiliate. The Company also earns trail fees from the Affiliate, payable monthly in arrears, based on various terms, with respect to investors that are introduced by the Company to the Investment Funds managed by the affiliate. The total monthly service and trail fees earned for the year ended December 31, 2017 were \$4,032,135 of which \$132,185 is receivable at December 31, 2017 and is included in fees receivable in the accompanying Statement of Financial Condition.

5. NET CAPITAL REQUIREMENTS

The Company is subject to the uniform net capital requirements of Rule 15c3-1 of the Securities and Exchange Act, as amended, which requires the Company to maintain, at all times, sufficient liquid assets to cover indebtedness. In accordance with the Rule, the Company is required to maintain defined minimum net capital of the greater of \$5,000 or 6 2/3% of aggregate indebtedness.

At December 31, 2017, the Company had net capital, as defined, of \$249,957, which exceeded the required minimum net capital of \$7,266, by \$242,691. Aggregate indebtedness at December 31, 2017 totaled \$108,992. Rule 15c3-1 also requires that the ratio of aggregate indebtedness to net capital shall not exceed 1500%. The Company's percentage of aggregate indebtedness to net capital was 43.60%.

6. SUBSEQUENT EVENTS

On January 17, 2017, the members of the Company entered into a Membership Interest Purchase Agreement with an unrelated third party and a current minority member of an affiliated entity to sell their ownership interests in the Company. The proposed transaction, which is still pending, if consummated will not result in any material changes in the business operations or current lines of business of the Company.

HASTINGS CAPITAL GROUP, LLC

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017

CONFIDENTIAL

HASTINGS CAPITAL GROUP, LLC
SCHEDULE I - COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2017

Total member's equity	<u>\$ 456,341</u>
Deductions and/or charges:	
Fees receivable	132,185
Prepaid expenses and other assets	<u>66,873</u>
Total non-allowable assets	<u>199,058</u>
Net capital before haircuts	257,283
Haircuts on cash equivalents	<u>(7,326)</u>
Net capital	<u>\$ 249,957</u>
Computation of basic net capital requirement:	
Minimum net capital requirement, greater of 6-2/3%	
of aggregate indebtedness (\$108,992)	<u>\$ 7,266</u>
Statutory minimum net capital required	<u>\$ 5,000</u>
Net capital requirement (greater of the minimum calculation or	
the statutory amount)	<u>\$ 7,266</u>
Excess net capital	<u>\$ 242,691</u>
Computation of aggregate indebtedness:	
Accounts payable and accrued expenses	<u>\$ 108,992</u>
Total aggregate indebtedness	<u>\$ 108,992</u>
Percentage of aggregate indebtedness to net capital	<u>43.60%</u>

There were no material differences existing between the above computation and the computation included in the Company's corresponding unaudited Form X-17A-5 Part IIA filing. Accordingly, no reconciliation is necessary.

HASTINGS CAPITAL GROUP, LLC
OTHER INFORMATION
DECEMBER 31, 2017

Schedule II - Computation for Determination of the Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission:

The Company operates under the exemptive provisions of paragraph (k)(2)(i) of SEC Rule 15c3-3.

Schedule III - Information Relating to Possession or Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission:

The Company is subject to the exemptive provisions of paragraph (k)(2)(i) of SEC Rule 15c3-3 and did not maintain possession or control of any customer funds or securities at December 31, 2017 or for the year then ended.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
Hastings Capital Group, LLC

We have reviewed management's statements, included in the accompanying Exemption Report in which (1) Hastings Capital Group, LLC (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: (2)(i) (the "exemption provisions") and (2) the Company stated that it 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.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
February 23, 2018

CONFIDENTIAL

HASTINGS CAPITAL GROUP, LLC
EXEMPTION REPORT
DECEMBER 31, 2017

Hastings Capital Group, 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. The Company claimed an exemption from 17 C.F.R. §240.15c3-3 under the following provisions of 17 C.F.R. §240.15c3-3 (k)(2)(i)
2. The Company met the identified exemption provisions of 17 C.F.R. §240.15c3-3 (k)(2)(i) throughout the most recent fiscal year without exception.

Hastings Capital Group, LLC

I, Raymond Nolte, affirm that, to the best of my knowledge and belief, this Exemption Report is true and correct.

By: 

Title: CEO

Dated: February 23, 2018