

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

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

SEC FILE NUMBER
8-67858

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: Enstream Capital Markets, LLC

OFFICIAL USE ONLY

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

FIRM I.D. NO.

5646 Milton Street, Suite 318

(No. and Street)

Dallas

Texas

75206

(City)

(State)

(Zip Code)

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

J. Daniel Mooney (214) 468-0900

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

McBee & Co., P.C.

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

718 Paulus Avenue

Dallas

TX

75214

(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, J. Daniel Mooney, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Enstream Capital Markets, 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:

J. Daniel Mooney  
Signature

FINOP and CCO

Title

R. DeLaCruz Jr  
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(e)(3).**

**ENSTREAM CAPITAL MARKETS, LLC**

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**DECEMBER 31, 2017**

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Director and Member of  
Enstream Capital Markets, LLC**

### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Enstream Capital Markets, LLC (the "Company") as of December 31, 2017, the related statements of operations, 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, 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**

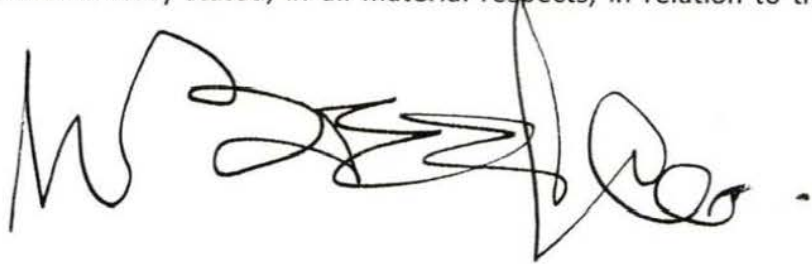
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") 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.



### Supplemental Information

The supplemental information contained in Schedule I, Computation of Net Capital Under SEC Rule 15c3-1 and Schedule II, Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission 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 contained in Schedule I, Computation of Net Capital Under SEC Rule 15c3-1, and Schedule II, Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission is fairly stated, in all material respects, in relation to the financial statements as a whole.



McBee & Co, PC

We have served as Enstream Capital Markets, LLC's auditor since 2007.

Dallas, Texas

February 16, 2018



**ENSTREAM CAPITAL MARKETS, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2017**

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**ASSETS**

Cash	\$ 10,990
Prepaid Expense	<u>4,000</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 14,990</u></b>

**LIABILITIES AND MEMBER'S EQUITY**

**Liabilities**

Accrued expenses	<u>\$ 2,192</u>
<b>Total Liabilities</b>	<b>2,192</b>

Member's Equity	<u>12,798</u>
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<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b><u>\$ 14,990</u></b>
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**ENSTREAM CAPITAL MARKETS, LLC**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**REVENUES**

Advisory and Retainer Fees	<u>\$ 5,000</u>
Total Revenues	<u>5,000</u>

**EXPENSES**

Regulatory	4,121
Occupancy, Operating and Overhead (Notes 6 and 7)	<u>18,989</u>
Total Expenses	<u>23,110</u>

<b>NET LOSS</b>	<u><u>\$ (18,110)</u></u>
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**ENSTREAM CAPITAL MARKETS, LLC**  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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<b>MEMBER'S EQUITY, BEGINNING OF YEAR</b>	<b>\$ 27,228</b>
Member's Contributions	11,130
Member's Distributions	(7,450)
Net Loss	<u>(18,110)</u>
<b>MEMBER'S EQUITY, END OF YEAR</b>	<b><u>\$ 12,798</u></b>



**ENSTREAM CAPITAL MARKETS, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net Loss	<u>\$ (18,110)</u>
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:	
Changes in operating assets and liabilities:	
Increase in accounts receivable	(4,000)
Decrease in accrued expenses	<u>(6,958)</u>
<b>Net Cash Provided By Operating Activities</b>	<u><b>(29,068)</b></u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Member's Contributions	11,130
Member's Distributions	<u>(7,450)</u>
<b>Net Cash Used by Financing Activities</b>	<u><b>3,680</b></u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS** **(25,388)**

Beginning of Year	<u>36,378</u>
End of Year	<u><u><b>\$ 10,990</b></u></u>

# **ENSTREAM CAPITAL MARKETS, LLC**

## **NOTES TO FINANCIAL STATEMENTS**

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### **1. ORGANIZATION AND NATURE OF BUSINESS**

Enstream Capital Markets, LLC (the “Company”), a wholly-owned subsidiary of Enstream Capital Management, LLC (the “Parent”), is a Texas Limited Liability Company formed in July 2006. The Company is a non-public broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). As an introducing broker-dealer, the Company does not hold customer funds or securities.

The Company operates under the provisions of Paragraph (k)(2)(i) of Rule 15c3-3 of the SEC and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(2)(i) provide that the Company will not hold customer funds or safe keep customer securities. The Company does not hold customer funds or securities.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

The Company is engaged in a single line of business as a securities broker-dealer dealing in financial advisory services, institutional securities private placements, and merger, acquisitions and divestiture transactions.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

#### **Use of Estimates**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the 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.

## **Revenue Recognition**

### ***Financial Advisory Fees***

The Company derives its revenue primarily by providing financial advisory services to U.S. oil and gas clients seeking to place private institutional securities. The Company is engaged by clients, on a success basis, to analyze company and oil and gas project information, design a financing structure, prepare placement marketing materials, coordinate investor presentations and meetings, and assist clients with definitive document negotiations to close an institutional private placement securities transaction. Advisory fee revenue is earned upon successful closing of a transaction and generally paid based on a percentage of capital dollars received by clients. Revenue may be earned beyond an initial closing as clients receive capital as part of a larger capital commitment and/or line of credit arrangement.

### ***Retainer Fees***

Retainer fees are received monthly and are recognized as earned.

### ***Prepaid Out of Pocket Expenses***

Prepaid Out of Pocket Expenses are non-refundable and recognized as earned when received.

## **Fair Value of Financial Instruments**

Cash and accrued expenses are short-term in nature and accordingly are reported in the statement of financial condition at fair value or carrying amounts that approximate fair value.

## **Statement of Cash Flows**

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

## **Income Tax**

The Company is taxed as a partnership for Federal income tax purposes. Accordingly, Federal income is taxed at the member level. As a result, the net taxable income of the Company and any related tax credits, for federal income tax purposes, are deemed to pass to the individual member and are included in the member's personal tax return even though such net taxable income or tax credits may not actually have been distributed. Accordingly, no tax provision has been made in the financial statements since the income tax is a personal obligation of the individual member. The Company is subject to state income tax.



The Company recognizes and measures any unrecognized tax benefits in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, "Income Taxes". Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change. As of December 31, 2017, the Company believes there are no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

### **3. NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC uniform net capital rule (Rule 15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2017, the Company had net capital of \$8,798, which was \$3,798 in excess of its required net capital of \$5,000. The Company's net capital ratio was 0.25 to 1 as of December 31, 2017.

### **4. SIPC SUPPLEMENTAL REPORTING**

The Company is exempt from the filing of the SIPC Supplemental Report as net operating revenues are less than \$500,000.

### **5. CONCENTRATION OF CREDIT RISK**

The Company's business is influenced by the U.S. and World Economy and it operates primarily within the oil and gas industry which is dependent upon related commodity prices. The Company targets private oil and gas companies seeking to place \$20 to \$200 million of capital to fund the acquisition, development and/or monetization of oil and gas properties. Further, the Company primarily provides financial advisory securities private placement services which are dependent upon U.S. credit and capital markets. This lack of diversification may cause the Company's financial results to be volatile. In addition, the Company's financial performance is dependent upon the consummation of relatively few transactions per year, thereby potentially increasing financial volatility. The Company's financial instruments that are subject to concentrations of credit risk primarily consist of cash. The Company places its cash with a high credit quality institution. At times, such cash may be in excess of the FDIC insurance limits. The Company believes that it is not exposed to any significant risk related to cash.

## **6. COMMITMENTS AND CONTINGENCIES**

### **Operating Leases**

The Company's Parent leases office space in Dallas, Texas under non-cancelable lease agreement classified as an operating lease. The monthly rental fees are paid by the Parent in accordance with the terms set forth in the Office and Administrative Services Agreement (the "Services Agreement") between the Company and the Parent. Rental fees of the Parent approximated \$6,418 for 2017.

### **Litigation**

In the ordinary course of conducting its business, the Company may be subjected to loss contingencies arising from lawsuits. Management believes that the outcome of such matters, if any, will not have a material impact on the Company's financial condition or results of future operations.

## **7. RELATED PARTY TRANSACTIONS**

The Company has an agreement with the Parent whereby the Parent will provide certain management and back-office services to the Company indefinitely, unless there is dissolution of the Company or a breach of contract, in return for a monthly fee of \$1,000 plus other agreed-upon potential overhead expenses. The Company's Managing Director is also the Managing Director and principal shareholder of the Parent. The services provided include consultation and direct management assistance with respect to operations, furnishing office space, equipment and supplies, and assisting other aspects of the business of the Company. For the year ended December 31, 2017, the Company paid management fees to the Parent of \$12,000, which is reflected as occupancy, operating and overhead expenses in the accompanying Statement of Operations. The existence of this association creates operating results and a financial position significantly different than if the companies were autonomous.

## **8. LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS**

During the year ended December 31, 2017, there were no subordinated liabilities to the claims of general creditors. Accordingly, a statement of changes in liabilities subordinated to claims of general creditors has not be included in these financial statements.

## **9. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

Recently issued accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Fund's



financial position or results of operations

#### **10. EXEMPTION FROM RULE 15c3-3**

The Company operates under the provisions of Paragraph (k)(2)(i) of Rule 15c3-3 of the SEC and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(2)(i) provide that the Company will not hold customer funds or safe keep customer securities. Under these exemptive provisions, the Computation for Determination of Reserve Requirements and the disclosure of Information Relating to Possession or Control Requirements are not required.

During the year ended December 31, 2017 and for the period from January 1, 2018 to February 16, 2018, in the opinion of management, the Company has maintained compliance with the conditions for the exemption specified in paragraph(k)(2)(i) of Rule 15c3-3.

#### **11. SUBSEQUENT EVENTS**

Upon evaluation, the Company notes that there were no material subsequent events between the date of the financial statements and February 16, 2018, the date that the financial statements were issued or available to be issued.

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**ENSTREAM CAPITAL MARKETS, LLC**  
**SCHEDULE I**  
**COMPUTATION OF NET CAPITAL UNDER SEC RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**AS OF DECEMBER 31, 2017**

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**NET CAPITAL**

Total Member's Equity Qualified for Net Capital	\$ 12,798
Less Non-allowable Assets	<u>4,000</u>
Net Capital	<u><u>\$ 8,798</u></u>

**AGGREGATE INDEBTEDNESS**

Total Aggregate Indebtedness	<u><u>\$ 2,192</u></u>
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**NET CAPITAL REQUIREMENT**

Minimum Net Capital Required	<u><u>\$ 146</u></u>
Minimum Dollar Net Capital Requirement of Reporting Broker or Dealer	<u><u>\$ 5,000</u></u>
Excess (Deficient) Net Capital	<u><u>\$ 3,798</u></u>
Excess (Deficient) Net Capital at 1000%	<u><u>\$ 2,798</u></u>

**RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL**

0.25 TO 1

No material differences existed between the audited computation of net capital pursuant to Rule 15c3-1 as of December 31, 2017 and the corresponding unaudited filing of part IIA of the FOCUS Report/ form X-17A-5 filed by Enstream Capital Markets, LLC.

# **ENSTREAM CAPITAL MARKETS, LLC**

## **SCHEDULE II**

### **COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION**

**AS OF DECEMBER 31, 2017**

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#### **EXEMPTIVE PROVISIONS**

The Company operates under the provisions of Paragraph (k)(2)(i) of Rule 15c3-3 of the SEC and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(2)(i) provide that the Company will not hold customer funds or safe keep customer securities. Under these exemptive provisions, the Computation for Determination of Reserve Requirements is not required.



McBee & Co.

A Professional Corporation  
Certified Public Accountants

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Member of  
Enstream Capital Markets, LLC**

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Enstream Capital Markets, LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which Enstream Capital Markets, LLC claimed an exemption from 17 C.F.R. §240.15c3-3: (2)(i) (the "exemption provisions") and (2) Enstream Capital Markets, LLC stated that Enstream Capital Markets, LLC met the identified exemption provisions throughout the most recent fiscal year, December 31, 2017, without exception. Enstream Capital Markets, 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 Enstream Capital Markets, 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.

McBee & Co., PC  
Dallas, Texas  
February 16, 2018

On behalf of Enstream Capital Markets, LLC, I, as FinOp and CCO, attest to the following as required by the SEC in conjunction with our annual audit report for the period ending DECEMBER 31, 2017:

- ENSTREAM CAPITAL MARKETS, LLC claims an exemption from SEC Rule 15c3-3 under the K(2)(i) provision.
- ENSTREAM CAPITAL MARKETS, LLC did not hold any customer funds or securities at any time during the year.
- ENSTREAM CAPITAL MARKETS, LLC met the identified exemption provisions throughout the reporting period of January 1, 2017, thru December 31, 2017 without exception.

 2/12/18  
James Daniel Mooney  
FinOp and CCO  
ENSTREAM CAPITAL MARKETS, LLC