# CAPITAL VALUE ADVISORS, LLC

## STATEMENT OF FINANCIAL CONDITION INCLUDING REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

## DECEMBER 31, 2019

The report is filed in accordance with Rule 17a-5(e)(3) under the Securities Exchange Act of 1934 as a **PUBLIC DOCUMENT.**

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

| OMB APPROVAL | |
|---|---|
| OMB Number: | 3235-0123 |
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# ANNUAL AUDITED REPORT
# FORM X-17A-5
# PART III

| SEC FILE NUMBER |
|---|
| 8-68068 |

## 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 1/1/2019 (MM/DD/YY) AND ENDING 12/31/2019 (MM/DD/YY)

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: CapitalValue Advisors, LLC

| OFFICIAL USE ONLY |
|---|
| FIRM I.D. NO. |

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

101 University Boulevard, Suite 400
(No. and Street)

| Denver | CO | 80206 |
|---|---|---|
| (City) | (State) | (Zip Code) |

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

Chris Younger 303 243 5601
(Area Code – Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

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

| One Westbrook Corp. Ctr, Suite 520 | Westchester | IL | 60154 |
|---|---|---|---|
| (Address) | (City) | (State) | (Zip Code) |

**CHECK ONE:**

- [x] 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, Chris Younger, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CapitalValue Advisors, LLC, as of December 31, 20 19, 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

Managing Director

Title

DALYCE YOUNG
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20054020883
MY COMMISSION EXPIRES SEP 27, 2020

Notary Public

This report ** contains (check all applicable boxes):

- [x] (a) Facing Page.
- [x] (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.
- [x] (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).*

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WIPFLI

1 North Wacker Drive
Suite 1700
Chicago, IL 60606

312 341 0100
wipfli.com

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of CapitalValue Advisors, LLC

**Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of CapitalValue Advisors, LLC (the "Company") as of December 31, 2019, and the related notes (collectively referred to as the "statement of financial condition"). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of the Company as of December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

**Adoption of New Accounting Standard**

As discussed in Note 1 to the financial statement, the Company changed its method of accounting for leases in 2019 due to the adoption prospectively of ASU No. 2016-02, Leases (Topic 842), as amended,

**Basis for Opinion**

The statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's statement of financial condition 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 statement of financial condition 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 statement of financial condition, 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 statement of financial condition. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of financial condition. We believe that our audit provides a reasonable basis for our opinion.

Wipfli LLP

**Wipfli LLP**

We have served as CapitalValue Advisors, LLC auditor since 2018

Chicago, IL
February 25, 2020

## CAPITALVALUE ADVISORS, LLC

### STATEMENT OF FINANCIAL CONDITION
### DECEMBER 31, 2019

### ASSETS

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash and Cash Equivalents | | $ 1,483,453 |
| Accounts Receivable | | 87,000 |
| Due from Related Party | | 48,063 |
| Prepaid Expenses | | 150,039 |
| Property and Equipment - At Cost | | |
| Office Furniture and Equipment | $ 149,304 | |
| Leasehold Improvements | 168,715 | |
| | 318,019 | |
| Less: Accumulated Depreciation | 225,491 | |
| Property and Equipment - Net | | 92,528 |
| Right of Use Asset - Net | | 972,767 |
| Deposits | | 30,156 |
| **TOTAL ASSETS** | | $ 2,864,006 |

### LIABILITIES AND MEMBERS' EQUITY

| | |
|---|---|
| **LIABILITIES** | |
| Accounts Payable | $ 58,870 |
| Accrued Payroll | 35,734 |
| Lease Liability | 980,690 |
| **TOTAL LIABILITIES** | 1,075,294 |
| **MEMBERS' EQUITY** | 1,788,712 |
| **TOTAL LIABILITIES AND MEMBERS' EQUITY** | $ 2,864,006 |

The accompanying notes are an integral part of the financial statement.

## 1 Company History, Use of Estimates, and Significant Accounting Policies.

**Company History.** CapitalValue Advisors, LLC (the "Company") was organized in November 2008 as a Colorado Limited Liability Company and began operations in January 2010. The Company is a licensed broker-dealer registered with the Securities and Exchange Commission (SEC) and is a registered member of the Financial Industry Regulatory Authority (FINRA). The Company provides advisory services to corporations who are engaged in merger and acquisition activities and the issuance of debt and equity securities to institutional investors and other corporations. The Company is not engaged in any underwriting activities.

As a registered broker-dealer, the Company is subject to regulatory oversight within the industry, including FINRA, the SEC, and the various securities commissions of the States and jurisdictions in which it operates. As part of the regulatory process, the Company is subject to routine examinations, the purpose of which is to determine the Company's compliance with the rules and regulations promulgated by the examining regulatory authority.

The Company is exempt from Rule 15c3-3 under subsection (k) and does not hold, nor does it plan to hold, any customers' securities or funds. Under this exemption, "Computation for Determination of Reserve Requirements" and "Information Relating to Possession or Control Requirements" are not required.

**Use of Estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) 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. Significant estimates include management's belief that accounts receivable are full collectible and long-lived assets are recoverable. Actual results could differ from those estimates.

**Revenue Recognition.** Effective January 1, 2018, the Company adopted Accounting Standards Codification (ASC) Topic 606 Revenue from Contracts with Customers ("ASC Topic 606"). The new revenue recognition guidance requires that an entity recognize 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 requires an entity to follow a five step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c)determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation.

## 1 Company History, Use of Estimates, and Significant Accounting Policies. (Cont'd.)

### Revenue Recognition. (Continued)

In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

Revenue from contracts with customers includes commission fees and service fees from transaction-based and strategic advisory services. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgement is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events. Our principal sources of revenue are derived from two distinct services: a commission fee and a service fee, as more fully described below.

*Commission Fee.* Commission fees are due in accordance with the terms of the executed agreement. Commission revenues are recognized when services for the transactions are complete, except when future contingencies exist, in accordance with terms set forth in individual agreements. Commission revenues are dependent on the successful completion of a transaction. Performance obligations are satisfied as these events are completed.

*Service Fee.* Service fees are due in accordance with the terms of the executed engagement agreement, which often includes monthly or quarterly payments for a set period. Performance obligations in these arrangements vary depending on the contract, but are typically satisfied over time under the arrangement.

**Cash Equivalents.** The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2019, cash equivalents consisted of amounts held in money market funds.

**Accounts Receivable.** Accounts receivable are recorded when invoices are issued. Receivables are written-off when they are determined to be uncollectible. The allowance for doubtful accounts is estimated based on the Company's historical losses, the existing economic conditions, and the financial stability of its customers. The Company believes no allowance for doubtful accounts is necessary at December 31, 2019.

## 1 Company History, Use of Estimates, and Significant Accounting Policies. (Cont'd.)

**Financial Instruments and Concentrations of Credit Risk.** The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities. The fair value of these financial instruments approximates their carrying amounts based on current market indicators such as prevailing interest rates and their short-term nature.

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist primarily of cash, cash equivalents, and accounts receivable. The Company periodically monitors its positions with, and the credit quality of, the financial institutions in which it maintains cash deposits. At times throughout the year, balances in various bank accounts may have exceeded Federally insured limits. The Company has not experienced any losses in such accounts.

The Company performs ongoing credit evaluations of its customers and generally does not require collateral, as management believes they have collection measures in place to limit the potential for significant losses. At December 31, 2019, Accounts Receivable consist of amounts due from nine customers.

**Advertising Expenses.** Advertising costs are expensed in the period incurred.

**Depreciation.** Depreciation of property and equipment is recorded on the straight-line method for financial statement purposes over the estimated useful lives of the assets, which varies from three to ten years.

**Income Taxes.** The Company is a Limited Liability Company and has elected to be treated as a partnership for Federal and State income tax reporting purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of its members and any resulting tax liability is the responsibility of the members. Therefore, no provision for income taxes has been recorded in the accompanying financial statements.

GAAP requires the Company to disclose any material uncertain tax positions that management believes does not meet a "more-likely-than-not" standard of being sustained under an income tax audit and to record a liability for any such taxes including penalties and interest. Management of the Company has not identified any uncertain tax positions that require the recording of a liability mentioned above or further disclosure. The Company evaluates the validity of its conclusions regarding uncertain income tax positions on an annual basis, including its status as a pass-through entity, to determine if facts or circumstances have arisen that might cause management to change its judgment regarding the likelihood of a tax position's sustainability under examination. The Company files income tax returns in the U.S. Federal and State of Colorado jurisdictions.

**1 Company History, Use of Estimates, and Significant Accounting Policies. (Cont'd.)**

**New Accounting Pronouncements - Leases.** The Company adopted the new guidance for leases prospectively effective January 1, 2019. The new guidance requires that the Company determine if an arrangement is a lease at inception of the transaction. Operating lease assets are included in right-of-use (ROU) assets while the corresponding lease liabilities are included in operating lease liabilities in the Statement of Financial Condition. Finance leases are included in property and equipment while the related liabilities are included in loans payable in the Statement of Financial Condition.

A ROU asset represents the Company's right to use an underlying asset for the lease term while the related operating lease liability represents the obligations to make future lease payments arising from the lease. A ROU asset and related operating lease liability are recognized at least commencement date, based on the present value of lease payments over the lease term. The Company does not borrow funds and does not have a determinable incremental borrowing rate, however, determined a rate of 5% is appropriate.

The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Company exercise that option. The lease expense for a ROU asset is recognized on a straight-line basis over the lease term.

There are several elections the Company may choose to utilize, simplifying the adoption process. They are the practical expedients, the hindsight expedient, combining lease and non-lease components, and utilizing the short-term lease option.

The package of practical expedients has three components. The Company has specific elections it may utilize: (i) not to reassess historical lease classification, (ii) not to recognize short-term leases on the Statement of Financial Position, and (iii) not to separate lease and non-lease components. The practical expedient is an all or nothing election; the Company elected to use the package of practical expedients.

The Company may elect the hindsight practical expedient to: (i) reassess the likelihood that a lease renewal, termination, or purchase option will be exercised, and (ii) reassess the impairment of ROU assets. The Company elected to use the hindsight practical expedient.

The Company may elect to include both lease and non-lease components of a lease as a single component, by asset class, and account for both components as part of the lease payment. This election relieves the Company from the obligation to perform a pricing allocation. The Company elected to include both the lease and non-lease components as a single component.

## 1 Company History, Use of Estimates, and Significant Accounting Policies. (Cont'd.)

**Subsequent Events.** In preparing its financial statements, the Company has evaluated subsequent events through February 25, 2020, which is the date the financial statements were available to be issued. Management of the Company has not identified any subsequent events that require reporting or disclosure.

## 2 Property and Equipment.

A summary of the investment in property and equipment as of December 31, 2019, net of accumulated depreciation, is as follows:

| | |
|---|---|
| Office Furniture and Equipment | $ 8,047 |
| Leasehold Improvements | 84,481 |
| Property and Equipment - Net | $ 92,528 |

## 3 Net Capital Requirement.

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital of the greater of 6-2/3% of aggregate indebtedness or $5,000, and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1, and provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. The Company had net capital of $1,380,926, which was $1,374,091in excess of its required minimum. The Company's ratio of aggregate indebtedness to net capital did not exceed the requirement.

## 4 Leases.

Effective October 1, 2014, the Company has entered into a long-term lease agreement for office space, expiring on December 31, 2024, with an option to renew for an additional five-year period. The lease requires monthly rent payments of approximately $14,000, and the additional payment of certain operating expenses, as defined in the lease agreement.

On September 21, 2018, an amendment was added to the long-term lease agreement to add additional square footage with monthly rents beginning in October 2018, until the term of the existing lease expiring on December 31, 2024, with an option to renew for an additional five-year period. The amendment requires monthly rent payments of approximately $3,600, and additional payment of certain operating expenses, as defined in the first amendment to the office building lease.

**4 Leases. (Continued)**

At December 31, 2019, right-of-use assets consisted of the following:

| | |
|---|---|
| Operating Leases: | |
| Right of Use Assets | $ 1,144,389 |
| Accumulated Amortization | ( 171,622) |
| Right of Use Assets – Net | $ 972,767 |

At December 31, 2019, maturities of operating lease liabilities are as follows:

| | |
|---|---|
| 2020 | $ 215,492 |
| 2021 | 218,661 |
| 2022 | 221,830 |
| 2023 | 224,999 |
| 2024 | 228,168 |
| Total Lease Payments | 1,109,150 |
| Less: Imputed Interest | ( 128,460) |
| | $ 980,690 |

The Company subleases a portion of its office space to a related party on a month to month basis for approximately $3,600 per month.

**5 Retirement Plan.**

The Company has a 401(k) profit sharing plan that covers all employees over the age of 21 who have completed one year of service. The Company makes safe harbor matching contributions to the plan, and at its discretion, may authorize additional matching and/or profit sharing contributions to the plan.