

**Park Sutton Securities, LLC**  
**Report Pursuant to Rule 17a-5 of**  
**The Securities and Exchange Commission**  
**December 31, 2019**



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

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

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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 01/01/2019 AND ENDING 12/31/2019  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

**Park Sutton Securities, LLC**

OFFICIAL USE ONLY

FIRM I.D. NO.

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

**295 Madison Avenue, Suite 725**

(No. and Street)

**New York**

(City)

**NY**

(State)

**10017**

(Zip Code)

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

**Steven M. Levitt**

**646-727-4826**

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

**Knight Rolleri Sheppard, CPAS, LLP**

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

**1499 Post Road, PO Box 139**

(Address)

**Fairfield**

(City)

**CT**

(State)

**06824**

(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).

Potential persons who are to respond to the collection of information  
contained in this form are not required to respond unless the form  
displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, Steven M. Levitt, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Park Sutton Securities, 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 Member

Title

  
Notary Public

ANDREW JOSEPH SPINELL  
NOTARY PUBLIC, STATE OF NEW YORK  
Registration No. 02SP4778512  
Qualified in New York County  
Commission Expires May 31, 2022

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 Proprietor's 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).

**Park Sutton Securities, LLC**

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Knight • Rolleri • Sheppard, CPAS, LLP  
Michael J. Knight, CPA, CVA, CFE, ABV  
John M. Rolleri, CPA, CFE  
Ryan C. Sheppard, CPA, CFF

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

To the Member  
of Park Sutton Securities, LLC

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Park Sutton Securities, LLC as of December 31, 2019, 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 Park Sutton Securities, LLC as of December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

This financial statement is the responsibility of Park Sutton Securities, LLC’s management. Our responsibility is to express an opinion on Park Sutton Securities, 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 Park Sutton Securities, 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 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.

*KRS CPAS, LLP*

We have served as Park Sutton Securities, LLC’s auditor since 2010.

Fairfield, Connecticut  
February 28, 2020

**Park Sutton Securities, LLC**  
**Statement of Financial Condition**  
**December 31, 2019**

**Assets**

**Current assets**

Cash and equivalents	\$ 1,552,930
Accounts receivable	70,951
Prepaid expenses	92,300
Total current assets	<u>1,716,181</u>

**Property and equipment**

Office equipment and furniture	76,191
Leasehold improvements	11,845
Accumulated depreciation	(62,023)
Net property and equipment	<u>26,013</u>

**Other assets**

Security deposit	23,333
Right-of-use asset	208,584
Total other assets	<u>231,917</u>

Total assets	<u><u>\$ 1,974,111</u></u>
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**Liabilities and Members' Equity**

**Current liabilities**

Accounts payable	\$ 23,842
401K payable	19,000
Lease liability	97,016
Accrued liabilities	196,240
Total current liabilities	<u>336,098</u>

**Long term liabilities**

Lease liability	76,772
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<b>Total liabilities</b>	<u>412,870</u>
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<b>Members' Equity</b>	1,561,241
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Total liabilities and members' equity	<u><u>\$ 1,974,111</u></u>
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**See report of independent registered public accounting firm and notes to financial statements.**

**Park Sutton Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2019**  
**(See Report of Independent Registered Public Accounting Firm)**

**NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS**

Park Sutton Securities, LLC (the “Company”) is a registered broker-dealer with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority, Inc. (FINRA). The Company is an independent New York based boutique investment bank which provides an array of financial services to the asset and wealth management industry. The Company received its FINRA approval for membership in 2010. The Company is exempt from Rule 15c3-3 of the SEC under paragraph (k)(2)(i) of that rule.

The Company’s sole member is Park Sutton Holdings, LLC (“PSH”). In addition to the Company, PSH is 100% owner of Park Sutton Advisors, LLC (“PSA”). PSA shares common management with the Company. PSA is currently inactive.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting** - The Company maintains its books and records on the accrual basis of accounting for financial reporting purposes, which is in accordance with U.S. generally accepted accounting principles and is required by the SEC and FINRA. The financial statements include only the assets and liabilities of the Company and are not combined with the related companies. Regulatory requirements require that the broker-dealer of securities be reported separately.

**Cash and equivalents** – For the purposes of the statement of cash flows, the Company considers cash in banks and all highly liquid debt instruments with maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

**Revenue recognition** – The Company 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 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. 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 fees from investment banking and financial 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.

Revenue from investment banking success fees are generally recognized at the point in time that performance under the arrangement is completed (the closing date of the transaction). Revenue from financial advisory retainer fees are generally recognized over time in which the performance obligations are simultaneously provided by the Company and consumed by the customer.

**Park Sutton Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2019**  
**(See Report of Independent Registered Public Accounting Firm)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)**

**Revenue recognition** – Revenue from financial advisory valuation fees are generally recognized at the point in time that performance under the arrangement is completed. Retainers and other fees received from customers prior to recognizing revenue are reflected as contract liabilities. At December 31, 2019, contract liabilities were \$0. Disaggregation can be found on statement of operations for the year ended December 31, 2019.

**Use of accounting estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to the estimated amounts are recognized in the year in which such adjustments are determined.

**Accounts receivable** - Accounts receivables are carried at cost or have been written down to net realizable value. No allowance for uncollectable accounts is required at December 31, 2018. Management evaluates each receivable on a case-by-case basis for collectability and they write the receivable down to net realizable value.

**Property and equipment** - Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Asset lives range from three to five years for office automation equipment and furniture and fixtures. Leaseholds are amortized over the shorter of the asset life or the life of the lease. The Company follows the policy of capitalizing all major additions, renewals and betterments. Minor replacements, maintenance, and repairs are expensed currently.

**Advertising** – The Company policy is to expense advertising as incurred.

**Income taxes** – The Company is a limited liability company treated as a disregarded entity. Accordingly, in lieu of Federal and state income taxes, the member is taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for Federal or state taxes has been included in these financial statements.

The Company has adopted FASB Accounting Standards Codification 740 for accounting for uncertain tax positions. The standard prescribes how an entity should measure, recognize, present and disclose positions that it has taken or expects to take on its income tax returns. Park Sutton Holdings, LLC and the Company regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements and believes that in the event of an examination by taxing authorities, its positions would prevail based upon the technical merits of such positions. Therefore, the Company has concluded that no tax benefits or liabilities are required to be recognized. The Company's sole member's tax return remains subject to examination by the appropriate taxing jurisdiction for tax years ending after December 31, 2016.

**NOTE 3 – RETIREMENT PLANS**

**Defined benefit pension plan** – On December 29, 2016 the Company adopted a defined benefit pension plan (the Plan) with an effective date of January 1, 2016. The Plan covers all employees and members of the Company meeting certain eligibility requirements. As of December 31, 2019, the one member of the Company and four employees met the criteria for eligibility. The Company's funding policy is to contribute an amount equal to or greater than the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as determined under actuarial assumptions based upon percentage of payroll or self-employment income costs. The contributed amounts will not exceed the maximum tax-deductible limit.

**Park Sutton Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2019**  
**(See Report of Independent Registered Public Accounting Firm)**

**NOTE 3 – RETIREMENT PLANS(CONTINUED)**

**Defined benefit pension plan** – The Plan will invest primarily in publicly traded securities including equities and fixed income instruments, which are considered Level 1 assets. As of December 31, 2019, there are \$314,518 of plan net assets at fair value. The amount funded for the year ended December 31, 2019 is \$88,159 and is recorded as pension expense for the year.

The Company's share of the actuarially determined projected benefit obligation at December 31, 2019 is \$314,518 and the accumulated benefit obligation is \$314,518. This is based upon end of year valuations. These amounts were calculated using the following assumptions:

Pre-retirement interest rate	5%
Post retirement interest rate	5%

The total benefits payable as monthly annuities are expected to be as follows:

From 2020 through 2024	\$0
From 2025 through 2029	\$0
Lump sum payments at 2033	\$1,828,604

**Defined contribution pension plan** – In 2016 the Company adopted a defined contribution plan. The plan is a 401K/profit sharing plan and is eligible to all employees and members of the Company meeting certain eligibility. Eligibility employees can elect to defer a portion of their salary or guaranteed payment to the 401k plan, while the Company can contribute a discretionary amount for profit sharing. For the year ended December 31, 2019, the Company contributed \$65,788 to the plan.

**NOTE 4 – CONCENTRATIONS AND CREDIT RISK**

The Company has several contracts with clients that generate more than 10% of total annual revenues, while there are three clients that represented 60% of total revenue for 2019.

As of December 31, 2019, the Company's cash in bank exceeds federally insured limits by \$1,302,930.

**NOTE 5 – NET CAPITAL REQUIREMENT**

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of net capital and the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2019, the Company had net capital of \$1,445,848, which was \$1,438,709 in excess of its required net capital of \$7,139. The Company's ratio of indebtedness to net capital was 7.41%.

**NOTE 6 – SUBSEQUENT EVENTS**

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the Company has evaluated subsequent events to the Statement of Financial Position date of December 31, 2019 through February 28, 2020, which is the date the financial statements were issued. Management has determined that there are no subsequent events that require disclosure.

**Park Sutton Securities, LLC**  
**Notes to Financial Statements**

**December 31, 2019**

**(See Report of Independent Registered Public Accounting Firm)**

**NOTE 7 – LEASE COMMITMENTS**

The Company adopted ASC-842 – Leases effective January 1, 2019. The impact on opening equity was insignificant. The Company has recorded lease liability for the present value of the future lease payments, using a discount rate of 6% which is the Company's estimated incremental borrowing rate for loans with similar terms. A right-of-use asset has been recorded in the amount of the lease liability. Lease costs are being recognized on a straight-line basis over the term of the lease. Future lease payments under a non-cancellable operating lease with initial terms in excess of one year are as follows:

	2020	\$	109,090
	2021		<u>83,786</u>
Total future lease payments			<u>192,876</u>
Less imputed interest			<u>(19,088)</u>
Net liability as 12/31/2019		\$	<u><u>173,788</u></u>

The net lease liability at December 31, 2019 appears in the statement of financial condition as follows:

Current portion of lease payable	\$	97,016
Non-current portion		<u>76,772</u>
Total	\$	<u><u>173,788</u></u>