

**GLOBALIST CAPITAL, LLC**  
(A Limited Liability Company)

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2018**

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

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

OMB APPROVAL	
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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 01/01/18 AND ENDING 12/31/18  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Globalist Capital, LLC

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

100 Wilshire Blvd, Suite 750

(No. and Street)

Santa Monica

CA

90401

(City)

(State)

(Zip Code)

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

Neil Morganbesser

310 319 2000

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Schwartz & Company, LLP

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

2580 Sunrise Highway

Bellmore

NY

11710

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

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\*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, Neil Morganbesser, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Globalist Capital, LLC, as of December 31, 2018, 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:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



Notary Public



Signature

CEO

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.
- ☐ (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).**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of  
Globalist Capital, LLC

**Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Globalist Capital, LLC (the "Company") as of December 31, 2018, and the related notes to the financial statement. In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of Globalist Capital, LLC as of December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

The financial statement is the responsibility of Globalist Capital, LLC's management. Our responsibility is to express an opinion on the Company'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 Globalist Capital, 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 statement. 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 statement. We believe that our audit provides a reasonable basis for our opinion.

We have served as Globalist Capital, LLC's auditor since 2012

*Schwartz & Company, LLP*  
New York, New York  
February 26, 2019

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**ASSETS**

Cash	\$ 43,839
Prepaid expenses and other assets	<u>909</u>
<b>Total assets</b>	<b><u>\$ 44,748</u></b>

**LIABILITIES AND MEMBER'S EQUITY**

Liabilities:	
Accrued expenses	\$ 19,468
Due to affiliate	<u>16,632</u>
<b>Total liabilities</b>	<b>36,100</b>
 Member's equity	 <u>8,648</u>
<b>Total liabilities and member's equity</b>	<b><u>\$ 44,748</u></b>

See notes to the financial statement

**GLOBALIST CAPITAL, LLC**  
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**NOTES TO THE FINANCIAL STATEMENT**  
**DECEMBER 31, 2018**

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**1. ORGANIZATION AND DESCRIPTION OF BUSINESS**

Globalist Capital, LLC (the "Company"), is a limited liability company organized under the laws of the State of Delaware in November 2009. The Company has registered with the Securities and Exchange Commission ("SEC") as a broker-dealer in securities under the Securities Exchange Act of 1934, and operates under a membership agreement with the Financial Industry Regulatory Authority ("FINRA"). The Company is required to maintain minimum net capital pursuant to SEC Rule 15c3-1.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

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

***Revenue recognition***

The Company earns fees from consulting services and securities offerings in which the Company acts as a placement agent. Revenue is recognized as consulting services are rendered and placement transactions are consummated.

The Company does not carry accounts for customers or perform custodial functions related to securities.

***Cash***

Cash includes deposits in checking and savings accounts.

***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. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein. Actual results could differ from those estimates.

***Income taxes***

As a wholly-owned limited liability company, the Company is not subject to Federal, state or local income taxes. All items of income, expense, gains and losses are reportable by the member for tax purposes on its tax return. The Company is considered to be a disregarded entity and is thus not subject to Federal, state and local income taxes and does not file income tax returns in any jurisdiction.

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

***Uncertain tax positions***

In accordance with the FASB Accounting Standards Codification No. 740 ("ASC 740") Subtopic 05 "Accounting for Uncertainty in Income Taxes", the Company did not recognize any amounts from uncertain tax positions. The Company's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors.

Generally, federal, state and local authorities may examine the member's tax returns for three years from the date of filing; consequently, the respective tax returns for years prior to 2015 are no longer subject to examination by tax authorities.

***Adoption of new accounting standards***

On January 1, 2018, the Company adopted ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASC Topic 606") using the modified retrospective method (i.e., applied prospectively effective January 1, 2018 without revising prior periods), which had no impact on the Company's opening retained earnings.

Revenue from contracts with customers is recognized when, or as, the Company satisfies its performance obligations by transferring the promised services to the customers. A service is transferred to a customer when, or as, the customer obtains control of that service. A performance obligation may be satisfied at a point in time or over time. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time that the Company determines the customer obtains control over the promised service. Revenue from a performance obligation satisfied over time is recognized by measuring the Company's progress in satisfying the performance obligation in a manner that depicts the transfer of the services to the customer. The amount of revenue recognized reflects the consideration the Company expects to receive in exchange for those promised services (i.e., the "transaction price"). In determining the transaction price, the Company considers multiple factors, including the effects of variable consideration, if any.

The Company's revenues from contracts with customers are recognized when the performance obligations are satisfied at an amount that reflects the consideration expected to be received in exchange for such services. The majority of the Company's performance obligations are satisfied at a point in time and are typically collected from the client after such obligations are satisfied.

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**3. CONCENTRATION OF CREDIT RISK**

Periodically throughout the year and at December 31, 2018, the Company may have significant cash balances. Interest bearing and non-interest bearing accounts are insured by the FDIC up to \$250,000 per financial institution. As of December 31, 2018, the Company does not have any balances in excess of the FDIC insured limits. The Company has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk on cash.

**4. RELATED PARTY TRANSACTIONS**

Pursuant to an amended expense sharing agreement (the "Amended Agreement") between the Company and DelMorgan & Co., LLC ("DelMorgan"), DelMorgan will reimburse the Company for certain expenses at a mark-up of 15% and the Company reimburses DelMorgan for certain other expenses in accordance with the Amended Agreement. DelMorgan was charged \$78,005 for the year ended December 31, 2018 under the Amended Agreement and such amount is reflected as service income on the accompanying statement of income. DelMorgan charged the Company \$76,409 of which \$72,644 is occupancy expense and \$3,765 is included in general and administrative expense on the statement of income, for the year ended December 31, 2018. At December 31, 2018, the Company owes \$16,632 to DelMorgan as reflected on the statement of financial condition.

In addition, pursuant to the Amended Agreement, the Company had agreed to pay DelMorgan an annual business development and management fee, commencing July 24, 2017, of \$75,000. The annual fee will never exceed the amount of revenue earned by the Company from companies introduced by DelMorgan, in the twelve months preceding the payment date. For the year ended December 31, 2018, the Company recorded \$46,827 in expense, which is included in professional fees on the statement of income.

**5. CONTINGENCIES**

As a regulated securities broker dealer, from time to time the Company may be involved in legal proceedings and investigations. The Company is not currently involved in any legal proceedings or investigations.

**6. 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 and the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1.

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**6. NET CAPITAL REQUIREMENTS** *(continued)*

On April 25, 2018, the Company failed to maintain its minimum net capital requirement by \$4,025, as defined by the uniform net capital requirements of Rule 15c3-1 of the Securities and Exchange Act. The Company cured the situation on June 5, 2018.

On September 18, 2018, the Company failed to maintain its minimum net capital requirement by \$2,927, as defined by the uniform net capital requirements of Rule 15c3-1 of the Securities and Exchange Act. The Company cured the situation on October 5, 2018.

At December 31, 2018, the Company had net capital, as defined, of \$7,739, which exceeded the required minimum net capital of \$5,000 by \$2,739. Aggregate indebtedness at December 31, 2018 totaled \$36,100. The Company's percentage of aggregate indebtedness to net capital was 466%.

**7. EXEMPTION FROM SECURITIES INVESTOR PROTECTION CORPORATION – ASSESSMENT RECONCILIATION**

The Company is exempt from filing the assessment reconciliation with the Securities Investor Protection Corporation as its income does not exceed \$500,000 for the year ended December 31, 2018.

**8. SUBSEQUENT EVENTS**

Management of the Company has evaluated events and transactions that have occurred since December 31, 2018, through the date the financial statement was available to be issued and determined that there are no material events that would require adjustment to or disclosures in the Company's financial statements.