

Shelter Rock Capital Group, LLC

(fka Shelter Rock Capital Advisors, LLC)

Statement of Financial Condition

December 31, 2022

Shelter Rock Capital Group, LLC
(fka Shelter Rock Capital Advisors, LLC)
Table of Contents
December 31, 2022

	Page(s)
Report of Independent Registered Public Accounting Firm	1
Financial Statement	
Statement of Financial Condition	2
Notes to the Statement of Financial Condition	3-7

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

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Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/2022 AND ENDING 12/31/2022
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Shelter Rock Capital Group LLC

TYPE OF REGISTRANT (check all applicable boxes):

☒ Broker-dealer ☐ Security-based swap dealer ☐ Major security-based swap participant
☐ Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

10 EAST 53RD, SUITE 1200

(No. and Street)

NEW YORK

NY

10022

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

GENNARO J. FULVIO

(212) 490-3113

JFULVIO@FULVIOLLP.COM

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

RAPHAEL GOLDBERG NIKPOUR COHEN & SULLIVAN - CERTIFIED PUBLIC ACCOUNTANTS PLLC

(Name – if individual, state last, first, and middle name)

97 FROELICH FARM BOULEVARD

WOODBURY

NY

11797

(Address)

(City)

(State)

(Zip Code)

02/23/2010

5028

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

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* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

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, GENNARO JOHN FULVIO, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Shelter Rock Capital Group LLC, as of DECEMBER 31, 2022, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.



Notary Public

DAVID BARNETT ^{Signature:}
NOTARY PUBLIC-STATE OF NEW YORK
No. 01BA6399087 ^{Title:}
Qualified in New York County
My Commission Expires 10-15-2023

CFO

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

- ☒ (a) Statement of financial condition.
- ☒ (b) Notes to consolidated 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 cash flows.
- ☐ (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- ☐ (f) Statement of changes in liabilities subordinated to claims of creditors.
- ☐ (g) Notes to consolidated financial statements.
- ☐ (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- ☐ (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- ☐ (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- ☐ (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- ☐ (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- ☐ (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- ☐ (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- ☐ (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- ☐ (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- ☒ (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- ☐ (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☒ (t) Independent public accountant's report based on an examination of the statement of financial condition.
- ☐ (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- ☐ (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- ☐ (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- ☐ (z) Other: _____

****To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.**



Mark C. Goldberg, CPA
Mark Raphael, CPA
Floria Samii-Nikpour, CPA
Allan B. Cohen, CPA
Michael R. Sullivan, CPA

Anita C. Jacobsen, CPA

Founding Partner:
Melvin Goldberg, CPA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Managing Member of
Shelter Rock Capital Group, LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Shelter Rock Capital Group, LLC (the "Company") as of December 31, 2022, 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 the Company as of December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of the Company'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 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 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.

Raphael Goldberg Nikpour Cohen & Sullivan CPAs PLLC

Raphael Goldberg Nikpour Cohen & Sullivan
Certified Public Accountants PLLC

We have served as Shelter Rock Capital Group, LLC's auditors since 2013.

Woodbury, New York
February 27, 2023

Shelter Rock Capital Group, LLC
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Statement of Financial Condition
December 31, 2022

Assets	
Cash	\$ 868,519
Accounts receivable	2,862,503
Right of use lease asset	532,775
Prepaid expenses	73,556
Due from affiliated companies	189,968
Equipment, net of accumulated depreciation of \$19,574	31,519
Leasehold improvement, net of accumulated depreciation of \$400	6,600
Secured line of credit	55,547
Total Assets	\$ 4,620,987
Liabilities and Member's Equity	
Liabilities	
Accounts payable and accrued expenses	\$ 35,791
Lease obligation	573,983
Deferred revenue	120,000
Total Liabilities	729,774
Member's Equity	3,891,213
Total Liabilities and Member's Equity	\$ 4,620,987

The accompanying notes are an integral part of this statement.

Shelter Rock Capital Group, LLC
(fka Shelter Rock Capital Advisors, LLC)
Notes to the Statement of Financial Condition
December 31, 2022

1. Organization and Nature of Business

Shelter Rock Capital Group, LLC (fka Shelter Rock Capital Advisors, LLC) (the "Company") is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company markets and distributes specialized investment management strategies for institutional investors.

The Company is a wholly owned subsidiary of Shelter Rock Capital Holdings, LLC (the "Parent").

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's financial statement has been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

Use of Estimates

The preparation of financial statement in conformity with US 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 statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, receivable from affiliated company, and accounts payable. The fair value of cash is based upon the bank balance at December 31, 2022. The fair value of accounts receivable, receivable from affiliated company, and accounts payable is estimated by management to approximate their carrying value at December 31, 2022.

Equipment

Equipment and leasehold improvements are stated at cost less accumulated depreciation. Depreciation is based on the straight-line method over the estimated useful life as follows:

<u>Assets</u>	<u>Estimated Useful Life</u>
Equipment	5 Years
Leasehold improvements	Duration of lease

Accounts Receivable

Accounts receivable are recorded at the invoiced amount. In estimating any required allowance for doubtful accounts, management considers historical losses adjusted to take into account current market conditions and the Company's customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. The Company reviews its accounts receivable monthly. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Allowance for doubtful accounts was not required as of December 31, 2022.

Shelter Rock Capital Group, LLC
(fka Shelter Rock Capital Advisors, LLC)
Notes to the Statement of Financial Condition
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses

Effective January 1, 2020, the Company adopted ASC Topic 326, Financial Instruments – Credit Losses (“ASC 326”). ASC 326 impacts the impairment model for certain financial assets measured at amortized cost by requiring a current expected credit loss (“CECL”) methodology to estimate expected credit losses over the entire life of the financial asset, recorded at inception or purchase. Under the accounting update, the Company has the ability to determine there are no expected credit losses in certain circumstances.

The Company considers factors such as historical experience, credit quality, age of balances and current and future economic conditions that may affect the Company’s expectation of the collectability in determining the allowance for credit losses. The Company’s expectation is that the credit risk associated with fees receivables is not significant and expects collection in accordance with industry standards. Management does not believe that an allowance is required as of December 31, 2022.

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.

Revenues from investment banking and advisory services are recorded in accordance with the terms of the related investment banking and advisory service agreements. These agreements are generally recognized at the point in time that performance obligations under the arrangement is satisfied (the closing date of the transaction) or the contract is cancelled. However, for certain contracts, revenue is recognized over time for advisory arrangements in which the performance obligations are simultaneously provided by the Company and consumed by the client. In some circumstances, significant judgement is needed to determine the timing and measure of progress appropriate for revenue recognition under a specific contract. Retainers and other fees received from customers prior to recognizing revenue are reflected as deferred revenue on the balance sheet.

Income Taxes

The Company is a single member Limited Liability Company. As such, the Company is a disregarded entity for tax purposes and is not subject to federal or state income taxes on its income. The Internal Revenue Code provides that any income or loss is passed through to the member for federal and state income tax purposes.

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Notes to the Statement of Financial Condition
December 31, 2022

The Company is subject to New York City Unincorporated Business Tax for which it provides income taxes and the related accounts under the asset and liability method. During 2022, there is no income allocable to New York City and accordingly, a provision for income taxes is not reflected in the accompanying Statement of Operations.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB 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. At December 31, 2022, management has determined that the Company had no uncertain tax positions that would require financial statement recognition.

3. Equipment and leasehold improvements

Equipment and leasehold improvements at December 31, 2022 is as follows:

Equipment	\$ 51,093
Less: accumulated depreciation	(19,574)
	<u>\$ 31,519</u>
Leasehold improvements	\$ 7,000
Less: accumulated depreciation	(400)
	<u>\$ 6,600</u>

Depreciation expense for the year ended December 31, 2022 was \$6,312.

4. Exemption from SEC Rule 15c3-3

The Company has no possession or control obligations under SEA Rule 15c3-3(b) or reserve deposit obligations under SEA Rule 15c3-3(e) in reliance to footnote 74 because its business is limited to:

- Private placements of securities
- Merger and acquisition advisory services

5. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule 15c3-1. This rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that the equity capital may not be withdrawn if the resulting net capital ratio would exceed 10 to 1. At December 31, 2022, the Company's net capital was \$671,519, which was \$666,386 in excess of its minimum requirement of \$5,133. The Company's net capital ratio was 0.11 to 1.

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Notes to the Statement of Financial Condition
December 31, 2022

6. Related Party Transactions

For the year ended December 31, 2022, \$108,250 of expenses were incurred by the Company on behalf of the parent of the Company.

This amount is included in due from affiliated companies on the balance sheet.

7. Concentrations

During the year ended December 31, 2022, four customers accounted for 69% of the total revenue, and one customer accounted for 82% of the total accounts receivable.

The Company maintains all of its cash in one financial institution, which at times, may exceed federally insured limits. The Company has not experienced any loss in this account and believes it is not subject to any significant credit risk.

8. Commitments and Contingencies

The Company has entered into a lease for office space expiring in September 2025. The minimum rental commitments are set forth below:

<u>Year ending December 31,</u>	<u>Base Rent</u>
2023	223,722
2024	227,637
2025	173,128

The office lease charge, including utilities, was \$93,449 for the year ended December 31, 2022.

The Company has a secured letter of credit in the amount of \$55,547 in lieu of security deposit for the office space.

Amounts reported in the balance sheet in connection with the lease as of December 31, 2022 were as follows:

Right of use lease asset	\$ 532,775
Lease liability	\$ 573,983

The Company had no contingent liabilities and had not been named as a defendant in any lawsuit at December 31, 2022, or during the year then ended.

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Notes to the Statement of Financial Condition
December 31, 2022

9. Uncertainties due to Coronavirus

The outbreak of the novel coronavirus ("COVID-19") in many countries continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The World Health Organization has declared COVID-19 a "Public Health Emergency of International Concern." The global impact of the outbreak continues to evolve, and as cases of the virus have continued to be identified, many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19. Nevertheless, COVID-19 could have a material impact on the Company's financial statements.

10. Subsequent Events

Subsequent events have been evaluated through February 27, 2023, the date the financial statements were filed. There have been no subsequent events requiring recognition or disclosure in the financial statements.