

AVALON WEALTH MANAGEMENT LLC

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION  
FOR THE  
YEAR ENDED DECEMBER 31, 2017  
AND REPORT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM

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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8-69066

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: AVALON WEALTH MANAGEMENT LLC

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

2929 ALLEN PKWY STE 3000

OFFICIAL USE ONLY

FIRM I.D. NO.

(No. and Street)

HOUSTON

TX

77019-7124

(City)

(State)

(Zip Code)

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

PEGGY E. LEBERT

(713) 238-2058

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

MELTON & MELTON, L.L.P.

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

6002 ROGERDALE RD STE 200 HOUSTON

TX

77072-1660

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



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

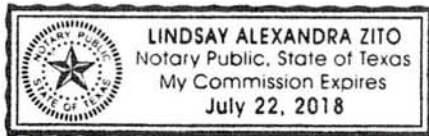
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, CHASE ROBISON, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AVALON WEALTH MANAGEMENT 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:

N/A



Lindsay Alexandra Zito  
Notary Public

Chen Pan

Signature

CHIEF FINANCIAL OFFICER, FINOP

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).

**AVALON WEALTH MANAGEMENT LLC**

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**MELTON & MELTON, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member of  
**Avalon Wealth Management LLC**

**Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Avalon Wealth Management LLC as of December 31, 2017, the related statements of income, 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 Avalon Wealth Management LLC 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 Avalon Wealth Management LLC's management. Our responsibility is to express an opinion on Avalon Wealth Management LLC'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 Avalon Wealth Management 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 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 information contained in Schedule I - Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission, Schedule II - Computation for Determination of Reserve Requirements under Rule 15c3-3 (exemption) of the Securities and Exchange Commission, and Schedule III - Information Relating to Possession or Control Requirements Under Rule 15c3-3 (exemption) of the Securities and Exchange Commission, (collectively referred to as the supplemental information) has been subjected to audit procedures performed in conjunction with the audit of Avalon Wealth Management LLC's financial statements. The supplemental information is the responsibility of Avalon Wealth Management LLC'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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as Avalon Wealth Management LLC's auditor since 2013.  
Houston, Texas  
February 21, 2018

**AVALON WEALTH MANAGEMENT LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**December 31, 2017**

**ASSETS**

Cash and cash equivalents	\$ 111,949
Receivables from non-customers	84,694
Prepaid regulatory fees	<u>40,547</u>
 Total assets	 <b><u>\$ 237,190</u></b>

**LIABILITIES AND MEMBER'S EQUITY**

**Liabilities:**

Accounts payable - related party	\$ 13,000
State income taxes payable	<u>25,851</u>
Total liabilities	38,851

**Commitments and Contingencies**

<b>Member's Equity</b>	<u>198,339</u>
 Total liabilities and member's equity	 <b><u>\$ 237,190</u></b>

(See Notes to Financial Statements)

**AVALON WEALTH MANAGEMENT LLC**  
**STATEMENT OF INCOME**  
**For the Year Ended December 31, 2017**

**Revenues:**

Commission fee income	\$ 2,926,890
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**Expenses:**

Employee compensation and benefits	1,123,200
Regulatory fees	33,113
General and administrative expenses	<u>568,848</u>
	<u>1,725,161</u>

Income before state income taxes	1,201,729
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<b>State Income Taxes</b>	<u>13,000</u>
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Net income	<u><b>\$ 1,188,729</b></u>
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(See Notes to Financial Statements)

**AVALON WEALTH MANAGEMENT LLC**  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
**For the Year Ended December 31, 2017**

<b>Balance, beginning of year</b>	\$ 689,833
Distributions	(1,680,223)
Net income	<u>1,188,729</u>
<b>Balance, end of year</b>	<b><u><u>\$ 198,339</u></u></b>

(See Notes to Financial Statements)



**AVALON WEALTH MANAGEMENT LLC**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2017**

**Cash Flows from Operating Activities:**

Net income	\$ 1,188,729
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Receivables from non-customers	(84,694)
Prepaid regulatory fees	(21,741)
Accounts payable - related party	(40,757)
State income taxes payable	<u>13,000</u>
Total adjustments	<u>(134,192)</u>
Net cash provided by operating activities	<u>1,054,537</u>

**Cash Flows from Financing Activities:**

Distributions	<u>(1,680,223)</u>
Net cash used in financing activities	<u>(1,680,223)</u>
Net decrease in cash and cash equivalents	(625,686)

<b>Cash and Cash Equivalents, beginning of year</b>	<u>737,635</u>
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<b>Cash and Cash Equivalents, end of year</b>	<u><b>\$ 111,949</b></u>
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(See Notes to Financial Statements)

**AVALON WEALTH MANAGEMENT LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE 1 - DESCRIPTION OF THE COMPANY**

**Nature of Operations**

Avalon Wealth Management LLC (the “Company”) is a Delaware limited liability company formed on February 8, 2012, as a limited purpose noncarrying broker-dealer. The Company completed its registration with the Securities Exchange Commission (“SEC”) and Financial Industry Regulatory Authority (“FINRA”) on January 14, 2013. Avalon Advisors, LLC (“AA”) is the sole member of the Company. The Company is engaged in private placements of investment funds. While it did not do so in 2017, the Company is also approved to serve as principal underwriter and distributor of unlisted, continuously offered, closed-end registered investment companies (“Closed-End Funds”). The Company does not hold or maintain funds or securities or provide clearing services for other broker-dealers.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

**Commission Revenue**

Commission revenue includes fee income, which is generally based on the value of the assets under management held by the fund sponsor. Fee income is calculated on a monthly or quarterly basis based on the beginning balance of all funds held during the month or quarter. These fees are recognized over the period during which the assets were held. Commission revenue also includes other fee income as noted in the placement fee agreements. These fees are computed in accordance with the underlying sponsors’ placement fee agreements and are recorded when the fees are determinable and collection is reasonably assured.

**Cash and Cash Equivalents**

The Company considers cash and cash equivalents to include all time deposits, certificates of deposit, and all highly liquid investments with original maturities of three months or less.

**Receivables**

Receivables for fees are shown net of allowances and are written off when they are determined to be uncollectible. An allowance for doubtful accounts is estimated through an analysis of the aging of receivables, assessments of collectibility based on historical trends and other qualitative and quantitative factors, including the Company’s relationship with the fund sponsor, the financial health of the fund sponsor, current economic conditions, and whether the account is closed or active. No allowance was considered necessary by management at December 31, 2017.

**Income Taxes**

The Company’s taxable earnings are included in the federal income tax return of AA; therefore, any taxable earnings are passed through to AA’s members and taxed depending on their individual tax situations. Accordingly, there is no provision for federal income taxes in the accompanying financial statements. The State of Texas has a gross margin tax that applies to the Company and is included in the consolidated state return filed by AA. State income taxes are calculated as if the companies filed on a separate return basis, and the amount of current tax is remitted to AA.

**AVALON WEALTH MANAGEMENT LLC**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements. The Company is subject to income tax examinations by the U.S. federal or state tax authorities for the tax years from 2014 through 2017. The Company reports tax-related interest and penalties in the provision for state income taxes. There were no tax-related interest or penalties in 2017.

**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. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

**Recent Accounting Pronouncement**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09 ("ASU 2014-09"), *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the Industry Topics of the Codification. ASU 2014-09, as further amended by ASU 2015-14, is effective for annual reporting periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Management is currently evaluating the impact ASU 2014-09 will have on the Company's financial statements.

**NOTE 3 - COMMITMENTS AND CONTINGENCIES**

**Credit Risks**

At December 31, 2017, and at various times throughout the year, the Company maintained cash balances in a financial institution in excess of federally insured limits.

**Concentration Risks**

The Company is engaged in various trading and brokerage activities in which counterparties primarily include fund sponsors, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

Three fund sponsors provided 94% of all commission fee income during 2017. At December 31, 2017, two fund sponsors represented 100% of the Company's receivable balance. Management believes the Company's relationship with these fund sponsors is satisfactory.

**AVALON WEALTH MANAGEMENT LLC**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2017**

**NOTE 4 – RELATED-PARTY TRANSACTIONS**

During 2017, the Company incurred \$1,630,284 in expenses related to an expense sharing agreement the Company has with AA to provide personnel and administrative services on behalf of the Company. At December 31, 2017, the Company had \$13,000 in payables to AA related to the reimbursement of direct expenses paid by AA on the Company's behalf. At December 31, 2017, the Company had \$25,851 in payables related to state income taxes remitted by AA on behalf of the Company.

During 2017, the Company received \$1,092,758 in commission fee income from one fund sponsor that is provided advisory services by AA. At December 31, 2017, 52% of the Company's receivable balance was from one fund sponsor that is provided advisory services by AA.

**NOTE 5 - NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum 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 \$73,098, which was \$68,098 in excess of its required net capital of \$5,000. The Company's net capital ratio was .53 to 1.

**NOTE 6 - SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through February 21, 2018, the date the financial statements were available to be issued.

**SCHEDULE I**

**AVALON WEALTH MANAGEMENT LLC**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**As of December 31, 2017**

**Computation of Net Capital:**

Total ownership equity from Statement of Financial Condition		\$	198,339
Deductions and/or charges:			
Prepaid regulatory fees	\$	40,547	
Receivables from non-customers	\$	84,694	
Total non-allowable assets from Statement of Financial Condition:			<u>125,241</u>
Net Capital		\$	<u>73,098</u>

**Computation of Basic Net Capital Requirement:**

Minimum net capital required	\$	2,590
[1] Minimum dollar net capital requirement of reporting broker or dealer	\$	5,000
Net capital requirement	\$	5,000
Excess net capital	\$	68,098
Net capital less greater of 10% of [2] or 120% of [1]	\$	67,098

**Computation of Aggregate Indebtedness:**

Accounts payable, accrued liabilities, expenses and other	\$	<u>38,851</u>	
Total A.I. liabilities from Statement of Financial Condition:		\$	38,851
[2] Total aggregate indebtedness		\$	<u>38,851</u>
Percentage of aggregate indebtedness to net capital			53.15%
Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)			0.00%

There are no material differences between the preceding computation and the Company's corresponding unaudited Part IIA of Form X-17A-5 as of December 31, 2017.

**SCHEDULE II**

**AVALON WEALTH MANAGEMENT LLC**  
**COMPUTATION FOR DETERMINATION**  
**OF RESERVE REQUIREMENTS UNDER RULE 15c3-3 (EXEMPTION)**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**As of December 31, 2017**

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, it is exempt from the provisions of Rule 15c3-3.

**SCHEDULE III**

**AVALON WEALTH MANAGEMENT LLC**  
**INFORMATION RELATING TO POSSESSION OR CONTROL**  
**REQUIREMENTS UNDER RULE 15c3-3 (EXEMPTION)**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**As of December 31, 2017**

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, it is exempt from the provisions of Rule 15c3-3.





**MELTON & MELTON, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member of  
**Avalon Wealth Management LLC**

We have reviewed management's statements, included in the accompanying Exemption Report Pursuant to SEC Rule 17a-5(d)(2), in which (1) Avalon Wealth Management LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which Avalon Wealth Management LLC claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(i) (exemption provisions) and (2) Avalon Wealth Management LLC stated that Avalon Wealth Management LLC met the identified exemption provisions throughout the most recent fiscal year without exception. Avalon Wealth Management 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 Avalon Wealth Management 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.

Houston, Texas  
February 21, 2018



### Exemption Report Pursuant to SEC Rule 17a-5(d)(2)

I, Chase Robison, Chief Financial Officer and FINOP of Avalon Wealth Management LLC ("AWM"), hereby state and report, to the best of my knowledge and belief, as follows:

1. Securities and Exchange Commission ("SEC") Rule 15c3-3 (17 C.F.R. §240.15c3-3), adopted by the SEC pursuant to the Securities Exchange Act of 1934, as amended, is entitled "Customer protection—reserves and custody of securities" and requires broker-dealers that carry customer funds and securities to adhere to certain custody, control, and reserve requirements.
2. AWM is exempt from the provisions of Rule 15c3-3 pursuant to the exemption in paragraph (k)(2)(i) of the Rule and met the exemption provisions throughout calendar year 2017, without exception, because it did not:
  - (a) Carry customer accounts of any kind;
  - (b) Receive customer funds or securities; or
  - (c) Otherwise hold funds or securities for, or owe money or securities to, customers.
3. If AWM ever comes into possession of customer funds or securities, it will continue to follow AWM's procedures and IMMEDIATELY turn them over to the Chief Compliance Officer for logging and determination of disposition, either return to the owner or forwarding to the appropriate party (bank, issuer, escrow account, etc.).

Avalon Wealth Management LLC

By: Chase Robison  
Chase Robison, Chief Financial Officer and FINOP

Date: 2.21.18



**MELTON & MELTON, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON  
APPLYING AGREED-UPON PROCEDURES**

To the Member of  
**Avalon Wealth Management LLC**

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below, which were agreed to by Avalon Wealth Management LLC and the Securities Investor Protection Corporation (SIPC) with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of Avalon Wealth Management LLC for the year ended December 31, 2017, solely to assist you and SIPC in evaluating Avalon Wealth Management LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Avalon Wealth Management LLC's management is responsible for Avalon Wealth Management LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
- 2) Compared the Total Revenue amount reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2017 with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2017, noting no differences;
- 3) Noted no adjustments reported in Form SIPC-7;
- 4) Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the applicable instructions of the Form SIPC-7. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Houston, Texas  
February 21, 2018



**SIPC-7**

(35-REV 6/17)

**SECURITIES INVESTOR PROTECTION CORPORATION**

P.O. Box 92185 Washington, D.C. 20090-2185

202-371-8300

**General Assessment Reconciliation****SIPC-7**

(35-REV 6/17)

For the fiscal year ended 12/31/2017

(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

69066 FINRA DEC  
 AVALON WEALTH MANAGEMENT LLC  
 2929 ALLEN PKWY STE 3000  
 HOUSTON, TX 77019-7124

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Peggy E. Lebert (713) 238-2058

2. A. General Assessment (item 2e from page 2) \$ 4,390
- B. Less payment made with SIPC-6 filed (exclude interest) ( 1,881 )  
07/28/2017  
 Date Paid
- C. Less prior overpayment applied ( 0 )
- D. Assessment balance due or (overpayment) 2,509
- E. Interest computed on late payment (see instruction E) for 0 days at 20% per annum 0
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 2,509
- G. PAYMENT: ☒ the box  
 Check mailed to P.O. Box ☒ Funds Wired ☐  
 Total (must be same as F above) \$ 2,509
- H. Overpayment carried forward \$( 0 )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

N/AN/A

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Avalon Wealth Management LLC

(Name of Corporation, Partnership or other organization)

Peggy E. Lebert

(Authorized Signature)

Dated the 0th day of February, 20 18Peggy E. Lebert, Chief Compliance Officer

(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER** Dates: Postmarked Received Reviewed

Calculations Documentation Forward Copy

Exceptions:

Disposition of exceptions:

# DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

Amounts for the fiscal period  
beginning 01/01/2017  
and ending 12/31/2017

Item No.	Eliminate cents
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)	\$ 2,926,890
2b. Additions:	
(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.	--
(2) Net loss from principal transactions in securities in trading accounts.	--
(3) Net loss from principal transactions in commodities in trading accounts.	--
(4) Interest and dividend expense deducted in determining item 2a.	--
(5) Net loss from management of or participation in the underwriting or distribution of securities.	--
(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.	--
(7) Net loss from securities in investment accounts.	--
Total additions	--
2c. Deductions:	
(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.	--
(2) Revenues from commodity transactions.	--
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.	--
(4) Reimbursements for postage in connection with proxy solicitation.	--
(5) Net gain from securities in investment accounts.	--
(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.	--
(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).	--
(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):	--
N/A	--
(Deductions in excess of \$100,000 require documentation)	--
(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.	\$ --
(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).	\$ --
Enter the greater of line (i) or (ii)	--
Total deductions	--
2d. SIPC Net Operating Revenues	\$ 2,926,890
2e. General Assessment @ .0015 Rate effective 1/1/2017	\$ 4,390
	(to page 1, line 2.A.)