

**BHA Select Network, LLC**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Year Ended December 31, 2017**

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

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

SEC FILE NUMBER
8- 69341

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 01/01/2017 AND ENDING 12/31/2017  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

**BHA Select Network, LLC**

OFFICIAL USE ONLY

FIRM I.D. NO.

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

**745 Atlantic Ave, 7<sup>th</sup> Floor**

(No. and Street)

**Boston**

**MA**

**02111**

(City)

(State)

(Zip Code)

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

**Daniel McDermott**

**508-786-0480**

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

**Wolf & Company, P.C.**

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

**99 High Street**

**Boston**

**MA**

**02110**

(Address)

(City)

(State)

(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, Daniel McDermott, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BHA Select Network, LLC, as of December 31, 20 17, 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

CEO

Title



Notary Public

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).

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## Report of Independent Registered Public Accounting Firm

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To the Member of BHA Select Network, LLC:

### *Opinion on the Financial Statements*

We have audited the accompanying statement of financial condition of BHA Select Network, LLC (the "Company") as of December 31, 2017, and the related statements of operations, changes in member 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 the Company, 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 the Company's management. Our responsibility is to express an opinion on the Company'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 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 statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risk 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.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations and has reduced capital balances. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

***Supplementary Information***

The Computation of Net Capital Pursuant to Rule 15c3-1 ("supplementary information") has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplementary information is the responsibility of the Company's management. Our audit procedures included determining whether the supplementary 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 supplementary information. In forming our opinion on the supplementary information, we evaluated whether the supplementary information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Company's auditor since 2014.

*Wolf & Company, P.C.*

Boston, Massachusetts

February 28, 2018

**BHA SELECT NETWORK, LLC**

**STATEMENT OF FINANCIAL CONDITION**

**December 31, 2017**

**ASSETS**

Cash	\$	10,025
Accounts receivable		3,000
Deposits and prepaid expenses		<u>982</u>
	\$	<u>14,007</u>

**LIABILITIES AND MEMBER EQUITY**

Accounts payable	\$	84
Member equity		<u>13,923</u>
	\$	<u>14,007</u>

**BHA SELECT NETWORK, LLC**

**STATEMENT OF OPERATIONS**

**Year Ended December 31, 2017**

Revenues:

Fee revenue	\$	126,634
Interest income		<u>1</u>
		<u>126,635</u>

Operating expenses:

Salaries and related	138,648
Professional fees	20,569
Office and related	18,483
Occupancy	10,489
Regulatory expenses	<u>14,530</u>
	<u>202,719</u>

Net loss	\$	<u><u>(76,084)</u></u>
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**BHA SELECT NETWORK, LLC**

**STATEMENT OF CHANGES IN MEMBER EQUITY**

**Year Ended December 31, 2017**

Balance, January 1, 2017	\$	12,507
Net loss		(76,084)
Contributions from Member		<u>77,500</u>
Balance, December 31, 2017	\$	<u><u>13,923</u></u>

**BHA SELECT NETWORK, LLC**

**STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2017**

Cash flows from operating activities:

Net loss \$ (76,084)

Adjustments to reconcile net loss to net cash

used by operating activities:

Accounts receivable (3,000)

Deposits and prepaid expenses (639)

Accounts payable and accrued expenses (9,646)

Net cash used by operating activities (89,369)

Cash flows from financing activities:

Contributions from member 77,500

Net cash provided by financing activities 77,500

Net decrease in cash during the year (11,869)

Cash, beginning of year 21,894

Cash, end of year \$ 10,025

## **BHA Select Network, LLC**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

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

Note 1

#### **Organization and Nature of Business**

BHA Select Network, LLC (the “Company”) is a broker-dealer registered with the United States Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”). The Company was founded in August 2008 under another name (previously known as Parker Point Capital, LLC) under the laws of the State of Massachusetts. The Company registered for broker-dealer status as BHA Select Network, LLC in July 2013 which was granted on March 5, 2014. The Company provides investment banking and related financial advisory services to alternative investment fund managers. It operates out of one office in Boston, Massachusetts.

The Company’s sole member is Brighton House Associates, LLC (the “Parent”), an investment banking firm located in Boston, Massachusetts.

#### **Going Concern and Liquidity Risk**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the continuation of operations, the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. For the year ended December 31, 2017, the Company reported a net loss of \$76,084 and relied on contributions from member of \$77,500 to fund its operation. These results and the \$10,025 of cash on hand at December 31, 2017 raise substantial doubt about the Company’s ability to continue as a going concern.

In 2018, the Company will focus on expanding its revenues from existing or new customers and implement further operating cost reductions if necessary. The Company will require greater revenues from its consulting service and success fee lines of business to achieve profitable results. If the Company achieves an increase in revenues, it is expected such funds will provide the working capital necessary to fund the Company’s operations in accordance with its currently planned business activities.

Note 2

#### **Summary of significant accounting policies**

##### **Basis of Presentation**

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All items of income and expense are accounted for on the accrual basis.

##### **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.



**BHA Select Network, LLC**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2017**

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

Note 2

**Summary of significant accounting policies (continued)**

**Revenue Recognition**

The Company has two revenue streams. Consulting service revenue is recognized when earned, which generally coincides with the launch of fundraising activities by the alternative investment fund manager. The Company also recognizes “success fee” revenue associated with the efforts of the licensed broker-dealer employees of the Company to raise capital on behalf of alternative investment fund managers. Success fees are recorded as revenue when they are determinable based on the terms in each agreement.

Accounts receivable represents amount earned but not yet received. Management assesses the need for any allowance for doubtful accounts based on information regarding individual accounts and historical collection experience. An allowance for doubtful accounts is determined based on management’s best estimate of probable losses. There was no allowance for doubtful accounts as of December 31, 2017.

**Cash and Cash Equivalents**

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less from the date of purchase to be cash equivalents.

**Income Taxes**

The Company consolidates its taxable income with its Parent, which files a partnership return for federal, state and city purposes. As a result, no federal or Massachusetts State income taxes are provided as they are the responsibility of the individual members.

Tax positions taken or expected to be taken in the course of preparing the Company’s tax returns, including the position that the Company qualifies as a pass-through entity, are required to be evaluated to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authorities. There were no uncertain tax positions at December 31, 2017.

**Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this Update create Topic 606, *Revenue from Contracts with Customers*, and supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. The core principle of Topic 606 is that an entity 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. To achieve the core principle, a company should apply a five step approach to revenue recognition.

**BHA Select Network, LLC**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2017**

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

**Recent Accounting Pronouncements (continued)**

For the Company, this ASU is effective for annual reporting periods, including interim periods, beginning after December 15, 2017. The Company is currently assessing the impact to success fee revenue and the financial statements.

Note 3

**Concentrations**

The Company maintains cash balances in one financial institution, which are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per institution. From time to time, the Company's balances may exceed these limits.

During 2017, one customer provided 74% of the total revenues.

Note 4

**Related Party Transactions**

The Company's utilities and office space is provided by the Parent. Prior to a downsizing in October 2017, the Company shared operating expenses with the Parent based on an expense sharing agreement dated July 1, 2015. For the year ended December 31, 2017, \$152,416 was paid to the Parent for shared operating expenses, including \$9,916 in rent expense.

Note 5

**Commitments**

The Company does not have any commitments, guarantees or contingencies including arbitration or other litigation claims that may result in a loss or future obligation. The Company is not aware of any threats or other circumstances that may lead to the assertion of a claim at a future date.

Note 6

**Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of a minimum net capital, as defined, of the greater of \$5,000 or one-fifteenth of aggregate indebtedness, as defined. At December 31, 2017, the Company had net capital of \$9,941 which is \$4,941 greater than the minimum net capital required at that date. As December 31, 2017, the ratio of aggregate indebtedness to net capital was .008 to 1.

Note 7

**Exemption from Rule 15c3-3**

The Company is exempt from the provisions of Rule 15c3-3 of the SEC, since the Companies activities are limited to those set forth in the conditions for exemption pursuant to subsection k(2)(i) of the Rule.



**BHA SELECT NETWORK, LLC  
SUPPLEMENTARY SCHEDULES**

**COMPUTATION OF NET CAPITAL PURSUANT TO  
UNIFORM NET CAPITAL RULE 15c3-1  
Year Ended December 31, 2017**

Capital		
Member equity	\$	13,923
Deductions and charges:		
Nonallowable assets:		
Accounts receivable	\$	(3,000)
Deposits and prepaid expenses		<u>(982)</u>
		<u>(3,982)</u>
Net capital	\$	<u><u>9,941</u></u>
Aggregate indebtedness		
Accounts payable and accrued expenses	\$	<u><u>84</u></u>
Computation of basic net capital requirement		
Minimum net capital required	\$	6
Minimum dollar net capital required		5,000
Net capital requirement		5,000
Excess net capital	\$	<u><u>4,941</u></u>
Net capital less 120% of minimum		
dollar net capital required	\$	<u><u>3,941</u></u>
Percentage of aggregate indebtedness to net capital		0.84%

**Reconciliation with Company's computation (included  
in part II of form X-17A-5 as of December 31, 2017)**

There are no material differences between the computations above and the computations included in the Company's corresponding unaudited Form X-17A-5 PartIIA filing.

BHA Select Network, LLC  
Exemption Report  
December 31, 2017

BHA Select Network, LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company claims an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 section k(2)(i)
- (2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3 (k)(2)(i) for the entire period January 1, 2017 through December 31, 2017 without exception.

I, Daniel McDermott, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

By:



Title: CEO

February 28, 2018



## Report of Independent Registered Public Accounting Firm

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To the Member of BHA Select Network, LLC:

We have reviewed management's statements, included in the accompanying Exemption Report, in which (a) BHA Select Network, LLC. (the "Company") identified the following provisions under 17 C.F.R. § 15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(i) (the "exemption provisions") and (b) the Company stated that it met the identified exemption provisions throughout the most recent fiscal year without exception. The Company'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, includes inquiries and other review procedures to obtain evidence about the Company'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.

*Wolf & Company, P.C.*

Boston, Massachusetts  
February 28, 2018