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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member  
of BHA Select Network, LLC

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of BHA Select Network, LLC as of December 31, 2023, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of BHA Select Network, LLC as of December 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

This financial statement is the responsibility of BHA Select Network, LLC's management. Our responsibility is to express an opinion on BHA Select Network, 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 BHA Select Network, 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.

*R & S CPAS, LLP*

Rolleri & Sheppard CPAS, LLP

We have served as BHA Select Network, LLC's auditor since 2019.

Fairfield, Connecticut  
March 23, 2024

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**BHA SELECT NETWORK, LLC**

**STATEMENT OF FINANCIAL CONDITION**

**December 31, 2023**

**ASSETS**

Cash	\$	50,000
Accounts receivable		306,200
Accounts receivable with related contract liabilities		113,800
Right-of-use asset		89,799
Deposits and prepaid expenses		<u>5,189</u>
Total Assets	\$	<u>564,988</u>

**LIABILITIES AND MEMBER EQUITY**

Accounts payable and accrued expenses	\$	134,232
Lease liability		<u>89,799</u>
Total Liabilities		224,031
Member equity		<u>340,957</u>
Total Liabilities and Member Equity	\$	<u>564,988</u>

**See notes to financial statements**

## **BHA Select Network, LLC**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2023**

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.

Note 2

#### **Summary of Significant Accounting Policies**

##### **Recently Adopted Accounting Guidance – Allowance for Credit Losses**

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren’t measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in FASB ASC 326 were trade accounts receivable. Management adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

##### **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.

##### **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

**BHA Select Network, LLC**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2023**

**Revenue Recognition (continued)**

a five-step model to (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) 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. The Company provides investment banking and advisory services. Revenue for investment banking success fees is generally recognized at the point in time that performance under the arrangement is completed (the closing date of the transaction). For certain contracts, the Company must evaluate the likelihood of significant reversal of revenue due to matters outside company control and only recognize revenue up to the amount that a significant revenue reversal is not probable. Revenue for financial advisory retainer fees is generally recognized over time in which the performance obligations are simultaneously provided by the Company and consumed by the customer. Retainers and other fees received from customers prior to recognizing revenue are reflected as contract liabilities. It also includes other liabilities to fulfill the contract. At December 31, 2023, contract liabilities were \$113,800. Disaggregation can be found on statement of operations for the year ended December 31, 2023.

**Accounts Receivable**

Accounts receivable represents amount earned but not yet received and are recorded at cost. Management assesses the need for any allowance for credit losses based on information regarding individual accounts and historical collection experience. An allowance for credit losses is determined based on management's best estimate of probable losses. Management has determined that there is no requirement for a credit loss reserve as of December 31, 2023.

**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, 2023.

**BHA Select Network, LLC**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2023**

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.

The Company's accounts receivable is from a single client. Revenue from this client represents 66% of total revenue.

Note 4

**Exemption from Rule 15c3-3**

The Company amended its membership agreement with FINRA on December 3, 2020 and will not claim exemption from the provisions of Rule 15c3-3 of the SEC, in reliance on footnote 74 to SEC Release 34-70073.

Note 5

**Right-of-Use Asset and Lease Liability**

The Company leases office space under a non-cancelable lease arrangement. The Company has determined that this lease is classified as an operating lease and it is included in operating lease right-of-use (ROU) assets, along with an operating lease liability on our statement of financial condition. The lease commenced on October 1, 2023 and expires on March 31, 2025. The Company used a 8% discount rate which is considered the Company's incremental borrowing rate. Future lease payments under the non-cancellable lease agreement are as follows:

Year-end December 31, 2024	\$83,711
March 31, 2025	<u>20,928</u>
Total payments	104,639
Discount	<u>(14,840)</u>
Total	<u>\$89,799</u>

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, 2023, the Company had net capital of \$29,568 which was \$20,619 greater than its minimum net capital required of \$8,949. As of December 31, 2023, the ratio of aggregate indebtedness to net capital was 4.54 to 1.

Note 7

**Retirement Plan**

The Company adopted a defined contribution plan under Section 401(k) of the Internal Revenue Code. The plan covers all employees meeting eligibility requirements based on age and length of service and is funded by employee payroll deferrals and Company contributions. The Company contribution to the plan for the year ended December 31, 2023 was \$4,154.

Note 8

**Subsequent events**

For purposes of preparing financial statements the Company considered events through March 23, 2024, the date the financial statements were available for issuance. There have been no material subsequent events that occurred during such period that would require disclosure in this report or would be required to be recognized in the financial statements as of December 31, 2023.