

# **GLOBAL SHARES FINANCIAL SERVICES INC.**

## **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: Global Shares Financial Services Inc.

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

111 Town Square Place, 14th Floor

(No. and Street)

Jersey City

NJ

07310

(City)

(State)

(Zip Code)

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

Chad Kirschenblatt

(516)-222-9111

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Berkower, LLC

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

517 Route One

Iselin

NJ

08830

(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**

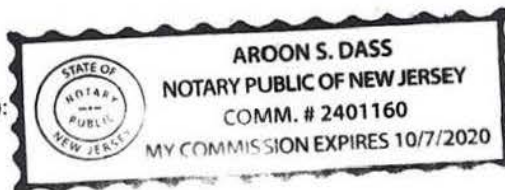
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, Edward Lopusznick, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Global Shares Financial Services Inc., 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:

Edward Lopusznick  
Signature  
CEO  
Title

[Signature]  
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 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).**

# GLOBAL SHARES FINANCIAL SERVICES INC.

DECEMBER 31, 2018

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Sole Shareholder of  
Global Shares Financial Services, Inc.

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition Global Shares Financial Services, Inc. (the "Company") as of December 31, 2018 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 the Company as of December 31, 2018, 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.

We have served as the Company's auditor since 2018.



Berkower LLC

Iselin, New Jersey  
February 22, 2019



# GLOBAL SHARES FINANCIAL SERVICES INC.

## STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2018

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### ASSETS

Cash	\$ 285,957
Prepaid expenses	<u>11,542</u>
<b>Total assets</b>	<b><u>\$ 297,499</u></b>

### LIABILITIES AND SHAREHOLDER'S EQUITY

#### Liabilities:

Due to affiliates	\$ 259,685
<b>Total liabilities</b>	<u>259,685</u>

#### Shareholder's equity:

Common stock, \$.01 par value, 5000 shares authorized, issued and outstanding	50
Additional paid in capital	314,696
Retained earnings	<u>(276,932)</u>
<b>Total shareholder's equity</b>	<b>37,814</b>

<b>Total liabilities and shareholder's equity</b>	<b><u>\$ 297,499</u></b>
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See notes to the financial statements

# GLOBAL SHARES FINANCIAL SERVICES INC.

## NOTES TO FINANCIAL STATEMENT DECEMBER 31, 2018

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### 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Global Shares Financial Services Inc. (the "Company") is a wholly-owned subsidiary of Global Shares, PLC (the "Parent"). The Company is a registered broker-dealer, effective as of August 9, 2017 ("registration date"), with the U.S. Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934 and is a member of both the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). The Company will earn fees from investment banking transactions.

The Company is a non-exchange member arranging for transactions in listed securities by exchange members. The Company will enter into agreements with issuers whose shares are listed on an exchange and with its employees to facilitate employee share purchases and sales through an online portal which will not be accessible by the public. As such, both the issuers and employees will be customers of the Company.

The accompanying financial statements have been prepared from the separate records maintained by the Company and, due to certain transactions and agreements with the affiliated entities, such financial statements may not necessarily be indicative of the financial condition that would have existed or the results that would have been obtained from operations had the Company operated as an unaffiliated entity. The parent intends to continue to provide financial support to the Company through its start-up process.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Basis of presentation***

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

#### ***Recent accounting pronouncements***

In February 2016, the FASB issued ASU 2016-02, "Leases Topic 842." The amendments in this update require, among other things, that lessees recognize the following for all leases (with the exception of leases with a duration of less than 12 months) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-to-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessees and lessors must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The standard is effective beginning after December 15, 2018. The Company is currently evaluating the new guidance to determine the impact it will have on its financial statements and has elected not to adopt this ASU early in these financial statements. The standard is not expected to have a material effect on the Company's financial statements.



# GLOBAL SHARES FINANCIAL SERVICES INC.

## NOTES TO FINANCIAL STATEMENT DECEMBER 31, 2018

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

#### ***Concentration of risk***

The Company maintains cash with a single financial institution. The balances are insured by the FDIC up to \$250,000. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

#### ***Use of estimates***

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

#### ***Income taxes***

The Company files its income tax returns as a C Corporation. For income tax purposes substantially all start-up expenditures have been capitalized, resulting in insignificant net operating losses as of December 31, 2018.

### 3. RELATED PARTY TRANSACTIONS

Through two expense sharing agreements with Global Shares Inc. and Global Shares Ireland Limited (the "Affiliates"), the Company may be allocated certain operating expenses. Additionally, for the year ended December 31, 2018, the Affiliates paid or will pay certain Company expenses on its behalf. That amount is reflected in the accompany statement of operations. As of December 31, 2018, the Company had \$259,685 payable balance, which is non-interest bearing, due to the Affiliates.

### 4. 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.

At December 31, 2018, the Company had net capital, as defined, of \$26,272, which exceeded the required minimum net capital of \$17,312 by \$8,960. Aggregate indebtedness at December 31, 2018 totaled \$259,685. The Company's percentage of aggregate indebtedness to net capital was 988%.

See independent auditors' report



## **GLOBAL SHARES FINANCIAL SERVICES INC.**

### **NOTES TO FINANCIAL STATEMENT DECEMBER 31, 2018**

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#### **5. SUBSEQUENT EVENTS**

Management of the Company has evaluated events and transactions that have occurred since December 31, 2018, through the date of the report and determined that there are no material events that would require disclosures in the Company's financial statements.

See independent auditors' report