

AFW ASSOCIATES LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2023

AFW ASSOCIATES LLC  
FINANCIAL STATEMENT  
DECEMBER 31, 2023

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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 1/1/2023 AND ENDING 12/31/2023  
MM/DD/YYYY MM/DD/YYYY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

AFW Associates LLC

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

152 West 57th Street, 36th Floor

(No. and Street)

NEW YORK

NY

10019

(City)

(State)

(Zip Code)

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

Michael Chung

(212)751-4422

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

Citrin Cooperman & Company LLP

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

180 Park Avenue, Suite 200

Florham Park

NJ

07932

(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).

SEC 1410 (06-02)

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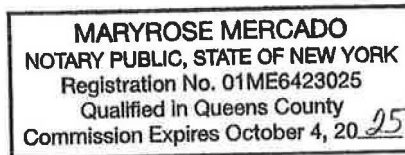
### OATH OR AFFIRMATION

I, Antonio Weiss, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AFW Associates LLC, as of December 31, 2023, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Antonio Weiss  
Signature  
Managing Partner  
Title

Maryrose Mercado  
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 Cash Flows
- ☐ (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.
- ☐ (o) Exemption report

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member  
AFW Associates LLC

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of AFW Associates 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 AFW Associates 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 AFW Associates LLC's management. Our responsibility is to express an opinion on AFW Associates 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 AFW Associates 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 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 AFW Associates LLC's auditor since 2018.  
Florham Park, New Jersey  
February 26, 2024

AFW ASSOCIATES LLC  
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DECEMBER 31, 2023

**ASSETS**

Cash and cash equivalents	\$ 470,459
Dividend receivable	3,381
Prepaid expenses	<u>3,608</u>
 Total assets	 <u><u>\$ 477,448</u></u>

**LIABILITIES AND MEMBER'S EQUITY**

Liabilities:	
Due to parent	\$ 9,699
Due to affiliate	7,099
Deferred revenue	133,333
Accounts payable and accrued expenses	<u>1,270</u>
 Total liabilities	 151,401
 Member's equity	 <u>326,047</u>
 Total liabilities and member's equity	 <u><u>\$ 477,448</u></u>

The accompanying notes are an integral part of this financial statement.

AFW ASSOCIATES LLC  
NOTES TO FINANCIAL STATEMENT  
DECEMBER 31, 2023

NOTE 1. ORGANIZATION AND BUSINESS ACTIVITY

AFW Associates LLC (the "Company"), a wholly owned subsidiary of AFWco LP ("AFWco"), is a Delaware limited liability company organized on June 19, 2017. On March 28, 2018, the Company became a registered broker-dealer with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA").

The Company provides financial advisory services including, but not limited to, mergers and acquisition advice and capital structure and restructuring advice.

The accompanying financial statement has been prepared from the separate records maintained by the Company and, due to certain transactions and agreements with AFWco and an affiliate, such financial statement 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Presentation* – This financial statement has been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

*Revenue Recognition* – The Company derives revenues from financial advisory services including mergers and acquisition advice and capital structure and restructuring advice. The Company typically receives fixed, nonrefundable retainer payments for contracts with customers for these advisory services. Such fees are recognized monthly over the term of the agreement as the Company satisfies its performance obligations under the contracts. The Company's contracts may also include success fees and other discretionary fees which may be fixed or variable amounts which are typically recognized upon completion of a transaction or a deal as specified in the contract. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time, how to allocate transaction prices where multiple performance obligations are identified in a contract, when to recognize revenue based on the appropriate measure of the Company's progress under the contract, and whether constraints on variable consideration should be applied due to uncertain future events. The Company accounts for revenue under ASC Topic 606, "Revenue from Contracts with Customers" ("ASC Topic 606"). The revenue recognition guidance requires that an entity recognize 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.

AFW ASSOCIATES LLC  
NOTES TO FINANCIAL STATEMENT  
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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Revenue Recognition (continued)* - 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.

*Accounts Receivable (Contract Assets) and Allowance for Credit Losses* – Accounts receivable are stated at the amount management expects to collect from the outstanding balances from contracts with customers. The Company accounts for estimated credit losses on financial instruments, such as trade receivables, in accordance with ASU 2016-13, “Financial Instruments – Credit Losses (Topic 326)”. The Company's management periodically estimates the allowance for doubtful accounts. Losses from uncollectible receivables shall be accrued when both of the following conditions are met: (a) information available before the financial statement is issued indicates that it is probable that an asset has been impaired at the date of the financial statement, and (b) the amount of the loss can be reasonably estimated. Those conditions may be considered in relation to individual receivables or in relation to groups of similar types of receivables. The Company reviews each trade receivable for collectability and performs on-going credit evaluations of its customers and determines the allowance for doubtful accounts based on historical write-off experience, customer specific facts and general economic conditions that may affect a client's ability to pay. As of December 31, 2023, no amounts were receivable from contracts with customers.

*Deferred Revenue (Contract Liabilities)* – Deferred revenue represents amounts received from customers in advance of the Company's performance obligations under its contracts with customers. As of December 31, 2023 and 2022, there was \$133,333 in deferred revenue for contracts with customers. During the year ended December 31, 2023, the Company recognized all amounts related to deferred revenue from contracts with customers as of December 31, 2022, totaling \$133,333.

*Income Taxes* - The Company is a limited liability company and accordingly, no provision has been made in the accompanying financial statement for any federal or state income taxes. All revenue and expenses retain their character and pass directly to AFWco's income tax returns. The Company is subject to New York City Unincorporated Business Tax (“UBT”). Given the Company is treated as a disregarded entity for tax purposes, AFWco assumes all tax liabilities.

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“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



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NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Income Taxes (continued)* - 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. The Company believes that it has no material uncertain income tax positions and accordingly, no liability has been recorded. The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings.

*Use of Estimates*- The preparation of the financial statement in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statement. Actual results could differ from those estimates.

*Cash and Cash Equivalents*- The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

NOTE 3. RELATED PARTY TRANSACTIONS

The Company has entered into an Expense Sharing Agreement with AFWco. Expenses, including but not limited to, rent, utilities, communications, market data, insurance, and payroll are allocated between the companies. At December 31, 2023, the Company owed \$9,699 to AFWco in connection with such agreement.

The Company has entered into an Expense Sharing Agreement with an affiliate. Advisory personnel salaries and benefits are allocated between the companies. At December 31, 2023, the Company owed \$7,099 to the affiliate in connection with such agreement.

NOTE 4. NET CAPITAL REQUIREMENT

The Company is subject to the SEC Uniform Net Capital Rule ("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. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the ratio exceeds 10 to 1. At December 31, 2023, the Company had net capital of \$310,306, which was \$300,213 in excess of its required net capital of \$10,093. The Company's ratio of aggregate indebtedness to net capital was 0.49 to 1.

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NOTE 5.      CONCENTRATIONS

Cash held by financial institutions which exceed the Federal Deposit Insurance Corporation ("FDIC") limits of \$250,000 expose the Company to concentrations of credit risk. Balances throughout the year usually exceed the maximum coverage provided by the FDIC on insured depositor accounts. Three advisory deals accounted for 100% of the Company's revenue for the year ended December 31, 2023. At December 31, 2023, 100% of deferred revenue was related to two clients.

NOTE 6.      INDEMNIFICATIONS

In the normal course of business, the Company may be subject to various claims, litigation, regulatory and arbitration matters. As of December 31, 2023, there were no such matters brought by or against the Company. The Company also enters into contracts that contain a variety of representations and warranties that provide indemnifications under certain circumstances. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of loss to be remote.

NOTE 7.      GUARANTEES

FASB ASC 460, "Guarantees", requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying factor (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an assets, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of the indebtedness to others. The Company has issued no guarantees at December 31, 2023.

NOTE 8.      COMMITMENTS AND CONTINGENCIES

An affiliate of the Company is the named lessor of the Company's office space, therefore there are no commitments to the Company for the office lease. AFWco subleases a portion of the office space from the affiliate. As of December 31, 2023, the Company had no other commitments or contingencies.

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NOTE 9. EXEMPTION FROM RULE 15c3-3

The Company limits its business activities pursuant to Footnote 74 of the SEC Release 34-70073, and as discussed in Q&A 8 of the related FAQ issued by the SEC staff. Accordingly, there are no items to report under the requirements of Rule 15c3-3.

NOTE 10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 26, 2024, the date the financial statement was available to be issued. No material subsequent events were identified that would require recognition or disclosure in the financial statement.