

SPOKE REAL ESTATE FINANCIAL, LLC

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

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

ANNUAL REPORTS
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PART III

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Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/21 AND ENDING 12/31/21
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Spoke Real Estate Financial, LLC

TYPE OF REGISTRANT (check all applicable boxes):

- ☒ Broker-dealer ☐ Security-based swap dealer ☐ Major security-based swap participant
☐ Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

2500 Bryden Road

(No. and Street)

Columbus

OH

43209

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Michael Levin

614-296-3587

mlevin@spokerecap.com

(Name)

(Area Code - Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Raines & Fischer LLP

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

555 Fifth Avenue, 9th floor

New York

NY

10017

(Address)

(City)

(State)

(Zip Code)

11-5-2009

3760

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

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* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

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, Michael Levin, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Spoe Real Estate Financial, LLC, as of December 31, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.



Melissa A Garland
Notary Public
In and For the State of Ohio
My Commission Expires
02 November 2022

Signature: _____

Title: _____

CCB/CCO

This filing** contains (check all applicable boxes):

- ☒ (a) Statement of financial condition.
- ☐ (b) Notes to consolidated statement of financial condition.
- ☒ (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- ☒ (d) Statement of cash flows.
- ☒ (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- ☐ (f) Statement of changes in liabilities subordinated to claims of creditors.
- ☒ (g) Notes to consolidated financial statements.
- ☒ (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- ☐ (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- ☒ (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- ☐ (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- ☐ (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- ☒ (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- ☐ (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- ☒ (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- ☐ (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- ☒ (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- ☐ (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☒ (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (t) Independent public accountant's report based on an examination of the statement of financial condition.
- ☒ (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- ☐ (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☒ (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- ☐ (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- ☐ (z) Other: _____

**To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

SPOKE REAL ESTATE FINANCIAL, LLC

DECEMBER 31, 2021

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Member of Spoke Real Estate Financial, LLC:

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Spoke Real Estate Financial, LLC (the “Company”), as of December 31, 2021, and the related statements of operations, changes in members’ equity, and cash flows for the year then ended, and the related notes, and schedules of computation of net capital under SEC Rule 15c3-1 and information relating to possession or control requirements under SEC Rule 15c3-3, (collectively referred to as the financial statements). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, 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. 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 schedules of computation of net capital and information relating to possession or control requirements have been subjected to audit procedures performed in conjunction with the audit of the Company’s financial statements. The supplemental information is the responsibility of management of the Company. 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 Rule 17a-5 of the Securities Exchange Act of 1934. 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 the Company’s auditor since 2021.

New York, New York
February 23, 2022

SPOKE REAL ESTATE FINANCIAL, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2021

Cash	\$ 128,779
Prepaid expenses	<u>6,617</u>
Total assets	<u><u>\$ 135,396</u></u>
 LIABILITIES AND MEMBER'S EQUITY	
Liabilities:	
Accounts Payable	\$ 24,568
Due to affiliate	<u>1,876</u>
Total liabilities	<u><u>26,444</u></u>
Member's equity	<u>108,952</u>
Total liabilities and member's equity	<u><u>\$ 135,396</u></u>

The accompanying notes are an integral part of these financial statements

SPOKE REAL ESTATE FINANCIAL, LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

Revenues:	
Fee income	\$ 175,000
Total income	<u>175,000</u>
Expenses:	
Professional fees	\$ 102,645
Expense sharing expenses	22,511
Regulatory fees	7,687
Communications	1,338
Other expenses	<u>10,933</u>
Total expenses	<u>145,114</u>
Net Income	<u>\$ 29,886</u>

The accompanying notes are an integral part of these financial statements

SPOKE REAL ESTATE FINANCIAL, LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

Member's equity - January 1, 2021	\$ 79,066
Net income	<u>29,886</u>
Member's equity - December 31, 2021	<u><u>\$ 108,952</u></u>

The accompanying notes are an integral part of these financial statements

SPOKE REAL ESTATE FINANCIAL, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash flows from operating activities:	
Net income	29,886
Prepaid expenses	(769)
Accounts payable	(6,457)
Due to affiliate	1,876
Net cash provided by operating activities	<u>24,537</u>
 Net increase in cash	 24,537
 Cash, beginning of period	 104,242
 Cash, end of period	 <u><u>\$ 128,779</u></u>

SPOKE REAL ESTATE FINANCIAL, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Spoke Real Estate Financial, LLC (the "Company"), a Delaware Corporation was established on May 13, 2019 and is a wholly owned subsidiary of Spoke Real Estate Enterprises LLC (the "Parent"). The Company is a registered broker-dealer with the Securities and Exchange Commission (the "SEC") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), as of October 15, 2019.

The Company acts as a private placement agent for real estate investment syndications that are structured as direct participation programs. The Company works with investment offerings that are structured and managed by one of its affiliates, Spoke Management LLC. A separate limited liability company is formed for each investment opportunity and controlled by Spoke Management LLC. The syndications are sold pursuant to the private placement exemption under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D. All transactions are effected through a subscription document on an agency basis and funds are held in a bank escrow account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Use of estimates

The preparation of financial statements in conformity with U.S. 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.

Revenue recognition

In accordance with ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASC Topic 606") revenues from contracts with customers is recognized when, or as, the Company satisfies its performance obligations by transferring the promised services to the customers. A service is transferred to a customer when, or as, the customer obtains control of that service. A performance obligation may be satisfied at a point in time or over time. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time that the Company determines the customer obtains control over the promised service. Revenue from a performance obligation satisfied over time is recognized by measuring the Company's progress in satisfying the performance obligation in a manner that depicts the transfer of the services to the customer.

SPOKE REAL ESTATE FINANCIAL, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

The amount of revenue recognized reflects the consideration the Company expects to receive in exchange for those promised services (i.e., the “transaction price”). In determining the transaction price, the Company considers multiple factors, including the effects of variable consideration, if any. This amount is disclosed in each Private Placement Memorandum. Revenue is recognized at a point in time once the contingency is removed and the transaction is closed.

Uncertain tax positions

The Company applies the provisions of ASC 740 “Income Taxes” as they relate to uncertain tax positions. The Company was not required to recognize any amounts from uncertain tax positions as of December 31, 2021.

The Company's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors. In the event that tax authorities assess interest and penalties on unrecognized tax benefits, the Company will reflect such amounts in tax expense and income taxes payable.

3. CONCENTRATION OF CREDIT RISK

The Company's cash deposits are held by one financial institution and therefore, are subject to credit risk to the extent those balances exceeded the Federal Deposit Insurance Corporation (“FDIC”) insurance limit of \$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.

4. RELATED PARTY TRANSACTIONS

The Company earns all revenue from investment syndications with related party affiliates. Pursuant to an expense sharing agreement, the Company reimburses the Parent for allocated administration fees, office space, insurance and other services. These expenses were paid for by the Parent. These charges are updated periodically, and determined based on percentages of personnel time and other factors. For the year ended December 31, 2021, the Parent charged the Company \$22,511 for such expenses.

SPOKE REAL ESTATE FINANCIAL, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. NET CAPITAL REQUIREMENTS

The Company is subject to the uniform net capital requirements of Rule 15c3-1 ("The Rule") 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, 2021, the Company had net capital, as defined, of \$102,335, which exceeded the required minimum net capital of \$5,000 by \$97,335. Aggregate indebtedness at December 31, 2021 totaled \$26,444. The Company's percentage of aggregate indebtedness to net capital was 25.84%.

6. SUBSEQUENT EVENTS

Management of the Company has evaluated events and transactions that have occurred through the date the financial statements are available to be issued, and determined that there are no material events that would require disclosures in the Company's financial statements.

7. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International concern" and on March 2020, declared it to be a pandemic. Action taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the company operates. On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act, (CARES Act), was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Company. To date, the Company is not experiencing any decline in revenue.

SPOKE REAL ESTATE FINANCIAL, LLC

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

SPOKE REAL ESTATE FINANCIAL, LLC
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2021

SCHEDULE I:

Total member's equity	\$ 108,952
Deductions and/or charges:	
Prepaid expenses	<u>6,617</u>
Net capital	<u>\$ 102,335</u>
Computation of basic net capital requirement:	
Minimum net capital requirement, greater of 6 2/3%	
of aggregate indebtedness (\$26,444)	<u>\$ 1,763</u>
Statutory minimum net capital required	<u>\$ 5,000</u>
Net capital requirement (greater of the minimum calculation or	
the statutory amount)	<u>\$ 5,000</u>
Excess net capital	<u>\$ 97,335</u>
Net capital less greater of 10% of aggregate indebtedness or 120% of minimum	
net capital	<u>\$ 96,335</u>
Computation of aggregate indebtedness:	
Accounts payable	\$ 24,568
Due to affiliate	<u>1,876</u>
Aggregate indebtedness	<u>\$ 26,444</u>
Percentage of aggregate indebtedness to net capital	<u>25.84%</u>

There were no material differences existing between the above computation and the computation included in the Company's corresponding unaudited Form X-17A-5 Part IIA filing, as of December 31, 2021. Accordingly, no reconciliation is necessary.

SPOKE REAL ESTATE FINANCIAL, LLC
OTHER INFORMATION
DECEMBER 31, 2021

Schedule II:

Computation for Determination of the Reserve Requirements Pursuant to Rule 15c3-3 of the Securities and Exchange Commission:

The Company does not claim an exemption from SEA Rule 15c3-3, in reliance on Footnote 74 to SEC Release 34-70073.

Schedule III:

Information Relating to the Possession or Control Requirements Pursuant to Rule 15c3-3 of the Securities and Exchange Commission:

The Company does not claim an exemption from SEA Rule 15c3-3, in reliance on Footnote 74 to SEC Release 34-70073 and did not maintain possession or control of any customer funds or securities as of December 31, 2021.



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Member of Spoke Real Estate Financial, LLC:

We have reviewed management's statements, included in the accompanying Rule 15c3-3 Exemption Report pursuant to SEC Rule 17a-5, in which Spoke Real Estate Financial, LLC (the Company) did not claim an exemption under paragraph (k) of 17 C.F.R. §15c3-3 and the Company is filing this Exemption Report relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because the Company limits its business activities exclusively to: effecting securities transactions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and not to the Company. In addition, the Company did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, other than money or other consideration received and promptly transmitted in compliance with paragraph (a) or (b)(2) of Rule 15c2-4 and/or funds received and promptly transmitted for effecting transactions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and not to the Company; did not carry accounts of or for customers; and did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.

Management of Spoke Real Estate Financial, LLC 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 Spoke Real Estate Financial, 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 Company's business activities contemplated by Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5, and related SEC Staff Frequently Asked Questions.

New York, New York
February 23, 2022

SPOKE REAL ESTATE FINANCIAL, LLC
EXEMPTION REPORT
DECEMBER 31, 2021

Spoke Real Estate Financial, 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 does not claim an exemption under paragraph (k) of 17 C.F.R. §240.15c3-3 and
2. The Company is filing this Exemption Report relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. §240.17 a-5, because the Company limits its business activities exclusively to effecting securities transactions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and to the Company, and the Company (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, (other than money or other consideration received and promptly transmitted in compliance with paragraph (a) or (b)(2) of Rule 15c2-4 and/or funds received and promptly transmitted for effecting transactions via subscriptions on a subscription way basis where funds are payable to the issuer or its agent and not to the Company); (2) did not carry accounts of or for customers; and (3) did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.

Spoke Real Estate Financial, LLC

I, Michael Levin, affirm that, to the best of my knowledge and belief, this Exemption Report is true and correct.

By: _____



Title: CEO/CCO

Dated: 2/23/22