

**Zimbalist Smith Investments, LLC**  
**Report Pursuant to Rule 17a-5 (d)**  
**Financial Statements**  
**For The Year End December 31, 2016**

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

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

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	May 31, 2017
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-28971

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 01/01/2016 AND ENDING 12/31/2016  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Zimbalist Smith Investments, LLC

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

547 SW 13th Street, Ste 201

(No. and Street)

Bend

Oregon

97702

(City)

(State)

(Zip Code)

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

Linda Zimbalist Smith

541.330-6300

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Breard & Associates, Inc., Certified Public Accountants

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

9221 Corbin Avenue, Suite 170

Northridge

CA

91324

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

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\*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(c)(2)

## OATH OR AFFIRMATION

I, Linda Zimbalist Smith, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Zimbalist Smith Investments, LLC, as of December 31, 2016, 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:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Linda Zimbalist Smith  
Signature  
member/owner  
Title

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).

State of OREGON  
County of DESCHUTES

Subscribed and sworn to (or affirmed) before me on this 26th day of JANUARY, 2017 by Linda Zimbalist Smith proved to me on the basis of satisfactory evidences to be the person who appeared before me.

Notary Public

Juanita M Hyde



**Report of Independent Registered Public Accounting Firm**

**Members**

**Zimbalist Smith Investments, LLC**

We have audited the accompanying statement of financial condition of Zimbalist Smith Investments, LLC as of December 31, 2016, and the related statements of income, changes in members' equity, and cash flows for the year then ended. These financial statements are the responsibility of Zimbalist Smith Investments, LLC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation of the overall financial statement presentation. We believe that our audit provides a basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Zimbalist Smith Investments, LLC as of December 31, 2016, 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.

The information contained in Schedule I and II (supplemental information) has been subjected to audit procedures performed in conjunction with the audit of Zimbalist Smith Investments, LLC's financial statements. The supplemental information is the responsibility of Zimbalist Smith Investments, LLC's management. 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 17 C.F.R. § 240.17a-5. In our opinion, Schedules I and II are fairly stated, in all material respects, in relation to the financial statements as a whole.



**Breard & Associates, Inc.**  
**Certified Public Accountants**

**Seattle, Washington**  
**January 19, 2017**

**Zimbalist Smith Investments, LLC**  
**Statement of Financial Condition**  
**December 31, 2016**

**Assets**

Cash	\$ 8,391
Receivable from clearing organization	13,940
Deposit at clearing firm	51,921
Prepaid expenses	365
<b>Total assets</b>	<b><u>\$ 74,617</u></b>

**Liabilities and Members' Equity**

**Liabilities**

Account payable and accrued expenses	\$ 540
<b>Total liabilities</b>	<b><u>540</u></b>

Commitments and contingencies

**Members' equity**

Members' equity	74,077
<b>Total members' equity</b>	<b><u>74,077</u></b>
<b>Total liabilities and members' equity</b>	<b><u>\$ 74,617</u></b>

*The accompanying notes are an integral part of these financial statements.*

**Zimbalist Smith Investments, LLC**  
**Statement of Income**  
**For the Year Ended December 31, 2016**

**Revenues**

Commissions income	\$ 218,096
Real estate commission income	18,851
Interest and other income	<u>14</u>
<b>Total revenues</b>	<b><u>236,961</u></b>

**Expenses**

Commissions and clearing fees	38,163
Professional fees	8,795
Occupancy	5,400
Other operating expenses	<u>50,755</u>
<b>Total expenses</b>	<b><u>103,113</u></b>

<b>Net income (loss)</b>	<b><u>\$ 133,848</u></b>
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*The accompanying notes are an integral part of these financial statements.*

**Zimbalist Smith Investments, LLC**  
**Statement of changes in Members' Equity**  
**For the Year Ended December 31, 2015**

	<u><b>Total</b></u>
<b>Balance at December 31, 2015</b>	<b>\$ 81,091</b>
<b>Capital distributions</b>	<b>(140,862)</b>
<b>Net income (loss)</b>	<u><b>133,848</b></u>
<b>Balance at December 31, 2016</b>	<u><b>\$ 74,077</b></u>

*The accompanying notes are an integral part of these financial statements.*

**Zimbalist Smith Investments, LLC**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2016**

**Cash flow from operating activities:**

Net income (loss)		\$ 133,848
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	\$ 852	
(Increase) decrease in :		
Receivable from clearing organization	1,671	
Deposit at clearing firm	(14)	
Prepaid expenses	384	
(Decrease) increase in :		
Account payable and accrued expenses	<u>434</u>	
Total adjustments		<u>3,327</u>
<b>Net cash provided by (used in) operating activities</b>		<b>137,175</b>

**Net cash provided by (used in) investing activities** -

**Cash flow from financing activities:**

Capital distributions	<u>(140,862)</u>	
<b>Net cash provided by (used in) financing activities</b>		<u>(140,862)</u>
Net increase (decrease) in cash		(3,687)
Cash at December 31, 2015		<u>12,078</u>
Cash at December 31, 2016		<u><b>\$ 8,391</b></u>

**Supplemental disclosure of cash flow information:**

**Cash paid during the year for:**

Interest	\$ -
Income taxes	\$ -

*The accompanying notes are an integral part of these financial statements.*



**Zimbalist Smith Investments, LLC**  
**Notes to Financial Statements**  
**December 31, 2016**

**NOTE 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

Zimbalist Smith Investments, LLC (the "Company") was organized in the State of Oregon on February 6, 1998. The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934. The Company is a member of the Financial Industry Regulatory Authority ("FINRA"), and the Securities Investor Protection Corporation ("SIPC").

The Company is engaged in business as a securities broker-dealer, that provides several classes of services. The company is authorized to be a mutual fund retailer, and a broker selling corporate equity securities over-the-counter.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2)(ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

*Summary of Significant Accounting Policies*

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Securities transactions are recorded on a trade date basis with related commission income and expenses also recorded on a trade date basis.

Furniture and equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized.

**Zimbalist Smith Investments, LLC**  
**Notes to Financial Statements**  
**December 31, 2016**

**NOTE 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

The Company, with the consent of its Members, has elected to be a Oregon Limited Liability Company. For tax purposes the Company is treated like a partnership, therefore in lieu of business income taxes, the Members are taxed on the Company's taxable income. Accordingly, no provision or liability for Federal Income Taxes is included in these financial statements.

**NOTE 2: DEPOSIT AT CLEARING ORGANIZATION**

The Company has a brokerage agreement with its clearing firm to carry its account and the accounts of its clients as customers of the clearing firm. The clearing firm has custody of the Company's cash balances which serve as collateral for any amounts due to the clearing firm as well as collateral for securities sold short or securities purchased on margin. Interest is paid monthly on these cash deposits at the average overnight repurchase rate. The balance at December 31, 2016 was \$51,921.

**NOTE 3: RECEIVABLE FROM CLEARING ORGANIZATION**

Pursuant to the clearing agreement, the Company introduces all of its securities transactions to its clearing brokers on a fully disclosed basis. Customers' money balances and security positions are carried on the books of the clearing brokers. In accordance with the clearance agreement, the Company has agreed to indemnify the clearing brokers for losses, if any, which the clearing brokers may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing brokers monitor collateral on the customers' accounts. As of December 31, 2016, the receivable from clearing organization of \$13,940 are pursuant to these clearing agreements.

**NOTE 4: INCOME TAXES**

As discussed in the Summary of Significant Accounting Policies (Note 1), all tax effects of the Company's income or loss are passed through to the members. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements.

**Zimbalist Smith Investments, LLC**  
**Notes to Financial Statements**  
**December 31, 2016**

**NOTE 5: FURNITURE AND EQUIPMENT**

Furniture and equipment are recorded net of accumulated depreciation and summarized by major classification as follows:

		Useful Life
Furniture and equipment	<u>\$ 5,474</u>	3 - 10
	5,474	
Less: accumulated depreciation	<u>5,474</u>	
Furniture and equipment, net	<u>\$ -</u>	

Depreciation expense for the year ended December 31, 2016 was \$ 852.

**NOTE 6: COMMITMENTS AND CONTINGENCIES**

*Commitments*

The Company had no commitments, no contingent liabilities and had not been named as defendant in any lawsuit at December 31, 2016 or during the year then ended.

**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 asset, 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 indebtedness of others.

The Company has issued no guarantees at December 31, 2016 or during the year then ended.

**Zimbalist Smith Investments, LLC**  
**Notes to Financial Statements**  
**December 31, 2016**

**NOTE 8: CONCENTRATION OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or Issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

**NOTE 9: SUBSEQUENT EVENTS**

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

**NOTE 10: RECENTLY ISSUED ACCOUNTING STANDARDS**

For the year ending December 31, 2016, various ASUs issued by the FASB were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended. The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

**NOTE 11: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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 resulting net capital ratio would exceed 10 to 1. Net capital and aggregate indebtedness change day to day, but on December 31, 2016, the Company had net capital of \$57,674 which was \$52,674 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$540) to net capital was 0.01 to 1.

**Zimbalist Smith Investments, LLC**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of December 31, 2016**

**Computation of net capital**

Members' equity	<u>74,077</u>	
<b>Total members' equity</b>		<b>\$ 74,077</b>
Less: Non-allowable assets		
Prepaid expenses	<u>(365)</u>	
<b>Total non-allowable assets</b>		<u>(365)</u>
<b>Net capital before haircuts</b>		<b>73,712</b>
Haircut on money market funds	(1,038)	
Haircut on fidelity bond	<u>(15,000)</u>	
<b>Total haircuts and undue concentration</b>		<u>(16,038)</u>
<b>Net Capital</b>		<b>57,674</b>

**Computation of net capital requirements**

Minimum net capital requirement		
6 2/3 percent of net aggregate indebtedness	\$ 36	
Minimum dollar net capital required	<u>\$ 5,000</u>	
Net capital required (greater of above)		<u>5,000</u>
<b>Excess net capital</b>		<b>\$ 52,674</b>
Aggregate indebtedness		<u><u>\$ 540</u></u>

Ratio of aggregate indebtedness to net capital 0.01 : 1

There was no material difference between net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 reported dated December 31, 2016.

*See independent auditor's report*

**Zimbalist Smith Investments, LLC**

**Schedule II - Computation for Determination of the Reserve Requirements and  
Information Relating to Possession or Control Requirements For Brokers and Dealers  
Pursuant to SEC Rule 15c3-3**

**As of December 31, 2016**

The Company is exempt from the provision of Rule 15c3-3 under paragraph (k)(2)(ii) in that the Company carries no accounts, does not hold funds or securities for, or owe money or securities to customers. The Company will effectuate all financial transactions on behalf of its customers on a fully disclosed basis. Accordingly, there are no items to report under the requirements of this Rule.

*See independent auditor's report*

**Zimbalist Smith Investments, LLC**  
**Report on Exemption Provisions**  
**Report Pursuant to Provisions of 17 C.F.R. § 15c3-3(k)**  
**For The Year End December 31, 2016**



### **Report of Independent Registered Public Accounting Firm**

We have reviewed management's statements, included in the accompanying Assertions Regarding Exemption Provisions, in which (1) Zimbalist Smith Investments, LLC identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Zimbalist Smith Investments, LLC claimed an exemption from 17 C.F.R. § 240.15c3-3(k)(2)(ii) (the "exemption provisions") and (2) Zimbalist Smith Investments, LLC stated that Zimbalist Smith Investments, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. Zimbalist Smith Investments, LLC'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, included inquiries and other required procedures to obtain evidence about Zimbalist Smith Investments, 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 provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Breard & Associates, Inc.  
Certified Public Accountants

Seattle, Washington  
January 19, 2017



***///ZIMBALIST SMITH INVESTMENTS, LLC***

***547 SW 13TH STREET, SUITE 201***

***BEND, OREGON 97702***

***MEMBER FINRA & SIPC***

**Assertions Regarding Exemption Provisions**

We, as members of management of Zimbalist Smith Investments, LLC ("the Company"), are responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with the Securities Exchange Commission (SEC) and the broker or dealer's designated examining authority (DEA). One of the reports to be included in the annual filing is an exemption report prepared by an independent public accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, the management of the Company hereby makes the following assertions:

**Identified Exemption Provision:**

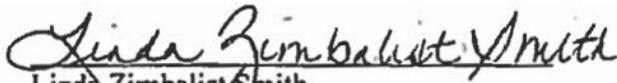
The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, Paragraph (k)(2)(ii).

**Statement Regarding Meeting Exemption Provision:**

The Company met the identified exemption provision without exception throughout the period ending January 1, 2016 through December 31, 2016.

Zimbalist Smith Investments, LLC

By:

  
Linda Zimbalist Smith

1-19-17

Date