

**Zimbalist Smith Investments, LLC**  
**Report Pursuant to Rule 17a-5**  
**Financial Statements**  
**For the Year Ended December 31, 2019**

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 1/01/2019 AND ENDING 12/31/2019  
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.)

2900 Clearwater Drive, Ste 320

(No. and Street)

Bend

(City)

OR

(State)

97703

(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\*

Alvarez & Associates, Inc. Certified Public Accountants

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

9221 Corbin Avenue, Suite 165 Northridge

(Address)

(City)

CA

(State)

91324

(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 (11-05)

Potential 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, 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, 20 19, 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

[Signature]  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) 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 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).

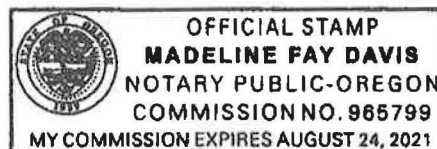
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of Oregon  
County of Deschutes

Subscribed and sworn to (or affirmed) before me on this 23rd day of 2020.

by Linda Zimbalist Smith proved to me on the basis of satisfactory evidences to be the person who appeared before me.

Notary Public Madeline F. Davis





# ALVAREZ & ASSOCIATES, INC

## CERTIFIED PUBLIC ACCOUNTANTS

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To Those Charged with Governance and the Members of Zimbalist Smith Investments, LLC:

#### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Zimbalist Smith Investments, LLC (the "Company") as of December 31, 2019, the related statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, 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.

#### 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 information contained in Schedules I and II ("Supplemental Information") has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The Supplemental Information is the responsibility of the Company'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 taken as a whole.

Alvarez & Associates, Inc.

We have served as the Company's auditor since 2018.  
Northridge, California  
February 4, 2020



**Zimbalist Smith Investments, LLC**  
**Statement of Financial Condition**  
**December 31, 2019**

**Assets**

Cash	\$ 6,168
Receivable from clearing broker	20,241
Deposit at clearing broker	51,921
Prepaid expenses	1,334
<b>Total assets</b>	<b>\$ 79,664</b>

**Liabilities and Members' Equity**

**Liabilities**

Account payable and accrued expenses	\$ 1,963
<b>Total liabilities</b>	<b>1,963</b>

Commitments and contingencies

**Members' equity**

Members' equity	77,701
<b>Total members' equity</b>	<b>77,701</b>
<b>Total liabilities and members' equity</b>	<b>\$ 79,664</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, 2019**

**Revenues**

Commissions income	\$ 188,840
Commissions- other	\$ 3,084
Interest and other income	<u>4,988</u>
<b>Total revenues</b>	<b>196,912</b>

**Expenses**

Commissions and clearing fees	33,525
Professional fees	8,775
Occupancy	5,400
Other operating expenses	<u>42,484</u>
<b>Total expenses</b>	<b><u>90,184</u></b>

<b>Net income (loss)</b>	<b><u>\$ 106,728</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, 2019**

	<u>Total</u>
<b>Balance at December 31, 2018</b>	\$ 76,973
Capital distributions	(106,000)
Net income (loss)	<u>106,728</u>
<b>Balance at December 31, 2019</b>	<u>\$ 77,701</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, 2019**

**Cash flow from operating activities:**

Net income (loss)		\$ 106,728
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in :		
Receivable from clearing broker	\$ (6,924)	
Prepaid expenses	307	
(Decrease) increase in :		
Account payable and accrued expenses	<u>1,963</u>	
Total adjustments		<u>(4,654)</u>
<b>Net cash provided by (used in) operating activities</b>		<b>102,074</b>

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

-

**Cash flow from financing activities:**

Capital distributions	<u>(106,000)</u>	
<b>Net cash provided by (used in) financing activities</b>		<b><u>(106,000)</u></b>
<b>Net increase (decrease) in cash</b>		<b><u>(3,926)</u></b>
<b>Cash at December 31, 2018</b>		<b><u>10,094</u></b>
<b>Cash at December 31, 2019</b>		<b><u><u>\$ 6,168</u></u></b>

**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, 2019**

**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)(i) and (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.

Commissions consists of client transactions that are fully introduced to the Company's clearing broker on behalf of its client. Commission revenue is earned on the sale of mutual funds, equity securities, debt securities, and other exchange traded products. Commissions revenue and related clearing expenses are recorded on a trade-date basis. The Company also earns ongoing 12b-1 fees, or trailing commissions, which are recognized in the period received, and corresponds to the Company's satisfaction of its customer relations and market realization performance obligations.

Commissions- other consists of ongoing direct 12b-1 fees, or trailing commissions. These commissions are recorded when received. Generally accepted accounting principles requires the Company to record commissions revenue on a trade-date basis. However, the Company records Commissions- other on a cash basis. The difference between trade-date and cash basis is immaterial to the financial statements.

**Zimbalist Smith Investments, LLC**  
**Notes to Financial Statements**  
**December 31, 2019**

**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 BROKER**

The Company has a Tri-Party agreement with its Clearing Broker, whereby it serves as the secondary correspondent to the Clearing Broker, and another Broker-Dealer is the primary correspondent. The clearing broker has custody of the Company's cash balances which serve as collateral for any amounts due to the clearing broker 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, 2019 was \$51,921.

**NOTE 3: RECEIVABLE FROM CLEARING BROKER**

Pursuant to the clearing agreement, the Company introduces all of its securities transactions to its clearing broker on a fully disclosed basis. Customers' money balances and security positions are carried on the books of the clearing broker. In accordance with the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the customers' accounts. As of December 31, 2019, the receivable from clearing broker of \$20,241 is pursuant to this clearing agreement.

**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, 2019**

**NOTE 5: 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, 2019 or during the year then ended.

**NOTE 6: 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 7: SUBSEQUENT EVENTS**

The Company has evaluated events subsequent to the statement of financial condition 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 8: RECENTLY ISSUED ACCOUNTING STANDARDS**

Effective January 1, 2019, the Company adopted the new FASB accounting standard ASC 842, Leases, which governs the accounting and reporting of leases by lessees. Lessor accounting and reporting is largely unchanged. ASC 842 generally applies to leases that have a lease term greater than 12 months at lease commencement, or that include an option to purchase the underlying asset the Company is reasonably certain to exercise. ASC 842's principal changes are: 1) recognizing the leases on the Statement of Financial Condition by recording a Right-of-use asset and a Lease Liability; 2) changes in lease expense recognition during the lease term based on its classification as an Operating lease or Finance leases; and 3) expanded disclosures of lease agreements, costs and other matters.

The Company leases its office space under a month-to-month agreement, and has no lease agreements subject to ASC 842. The adoption of ASC 842 had no effect on the Company's financial statements for the year ended December 31, 2019.

**Zimbalist Smith Investments, LLC**  
**Notes to Financial Statements**  
**December 31, 2019**

**NOTE 9: 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 new capital ratio would exceed 10 to 1. Net capital and aggregate indebtedness change day to day, but on December 31, 2019, the Company had net capital of \$61,367 which was \$56,367 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (1,963) to net capital was 0.03 to 1.

**Zimbalist Smith Investments, LLC**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to SEC Rule 15c3-1**  
**As of December 31, 2019**

**Computation of net capital**

Members' equity	\$ 77,701	
<b>Total members' equity</b>		\$ 77,701
Less: Non-allowable assets		
Prepaid expenses	(1,334)	
<b>Total non-allowable assets</b>		(1,334)
<b>Net capital before haircuts</b>		76,367
Haircut on fidelity bond	(15,000)	
<b>Total haircuts and undue concentration</b>		(15,000)
<b>Net Capital</b>		61,367

**Computation of net capital requirements**

Minimum net capital requirement		
6 2/3 percent of net aggregate indebtedness	\$ 131	
Minimum dollar net capital required	\$ 5,000	
Net capital required (greater of above)		5,000
<b>Excess net capital</b>		\$ 56,367
Aggregate indebtedness		\$ 1,963
<b>Ratio of aggregate indebtedness to net capital</b>		0.03 : 1

There was no material difference between the net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 Part IIA report dated December 31, 2019.

*See report of independent registered public accounting firm*

**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, 2019**

The Company is exempt from the provision of Rule 15c3-3 under paragraphs (k)(2)(i) and (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 report of independent registered public accounting firm.*

**Zimbalist Smith Investments, LLC**  
**Report on Exemption Provisions**  
**Pursuant to 17 C.F.R. § 15c3-3(k)**  
**For the Year Ended December 31, 2019**



**ALVAREZ & ASSOCIATES, INC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To Those Charge with Governance and the Members of Zimbalist Smith Investments, LLC:

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)(i) and (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 year ended December 31, 2019 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)(i) and (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Alvarez & Associates, Inc.*

Alvarez & Associates, Inc.

Northridge, California  
February 4, 2020



818-451-4661

9221 Corbin Avenue Suite 165  
Northridge, California 91324  
[www.AAICPAs.com](http://www.AAICPAs.com)



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

*MEMBER FINRA & SIPC  
2900 CLEARWATER DRIVE, SUITE 320  
BEND, OREGON 97703  
541-330-6300*

**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 Provisions:**

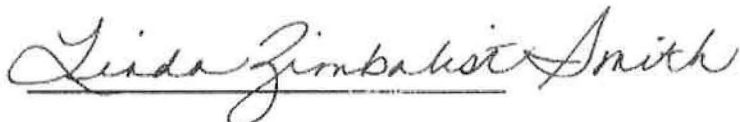
The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, Paragraphs (k)(2)(i) and (k)(2)(ii).

**Statement Regarding Meeting Exemption Provisions:**

The Company met the identified exemption provisions without exception throughout the year ended December 31, 2019.

Zimbalist Smith Investments, LLC

By:

A handwritten signature in cursive script that reads "Linda Zimbalist Smith". The signature is written in dark ink and is positioned above a horizontal line.

Linda Zimbalist Smith, Member/Owner