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SECURITIES AND EXCHANGE COMMISSION  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8- 53434

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 04/01/13 AND ENDING 03/31/14  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: SELALU PARTNERS, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
14 NUTMEG RIDGE ROAD

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)  
RIDGEFIELD CT 06877  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
DONNA ANDERSON SCHOLE (203) 438-1400  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

BRACE & ASSOCIATES, PLLC  
(Name - if individual, state last, first, middle name)  
PMB 335, 123 NASHUA RD, UNIT 17 LONDONDERRY NH 03053  
(Address) (City) (State) (Zip Code)

- CHECK ONE:
- Certified Public Accountant
  - Public Accountant
  - Accountant not resident in United States or any of its possessions.

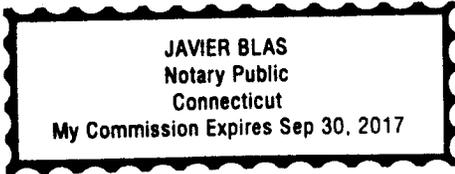
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

DD  
6/4/14

OATH OR AFFIRMATION

I, DONNA ANDERSON SCHOLE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SELALU PARTNERS, LLC, as of MARCH 31, 20 14, 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:



05/29/14

[Signature] Signature
PRESIDENT Title

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).

**SELALU PARTNERS, LLC**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

# BRACE & ASSOCIATES, PLLC

*Certified Public Accountant*

PMB 335, 123 NASHUA ROAD, UNIT 17

LONDONDERRY, NH 03053

TEL. (603) 889-4243

FAX (603) 882-7371

## INDEPENDENT AUDITOR'S REPORT

To the Member  
of Selalu Partners, LLC

### Report on the Financial Statements

We have audited the accompanying financial statements of Selalu Partners, LLC, which comprise the statement of financial condition as of March 31, 2014, and the related statements of income, changes in member's equity, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Selalu Partners, LLC as of March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in Schedules I, II, III and IV is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in Schedules I, II, III and IV has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In our opinion, the information in Schedules I, II, III and IV is fairly stated in all material respects in relation to the financial statements as a whole.

*Brace & Associates, PLLC*

Brace & Associates, PLLC

Londonderry, NH

May 28, 2014

**BRACE & ASSOCIATES, PLLC**

*Certified Public Accountant*

**SELALU PARTNERS, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
March 31, 2014

**ASSETS**

Cash	\$14,779
Prepaid expenses	4,452
Furniture, equipment and leasehold improvements, at cost less accumulated depreciation (\$12,184)	<u>6,465</u>
 Total assets	 <u><u>\$25,696</u></u>

**LIABILITIES AND MEMBER'S EQUITY**

Accounts payable and accrued expenses	<u>\$4,805</u>
 Member's equity	 <u>20,891</u>
 Total liabilities and members equity	 <u><u>\$25,696</u></u>

**SELALU PARTNERS, LLC**  
**STATEMENT OF INCOME (LOSS)**  
**FOR THE YEAR ENDED MARCH 31, 2014**

Revenues:	
Commissions	\$1,500
Interest Income	45
Other income	556
	<u>2,101</u>
Expenses:	
Occupancy expenses	\$12,958
Communication expenses	5,154
Other operating expenses	19,417
	<u>37,529</u>
Total expenses	
	<u>37,529</u>
Net income (loss)	<u><u>(\$35,428)</u></u>

**SELALU PARTNERS, LLC**  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
**FOR THE YEAR ENDED MARCH 31, 2014**

Member's equity at beginning of year	\$23,155
Net income (loss)	(35,428)
Member's contributions	<u>32,415</u>
Member's equity at end of year	<u><u>\$20,141</u></u>

**SELALU PARTNERS, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

Cash flows from operating activities	
Net income (loss)	(\$35,428)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation	749
Decrease (increase) in prepaid expenses	(829)
Increase (decrease) in accounts payable	<u>(5,364)</u>
Total adjustments	<u>(5,444)</u>
Net cash provided (used) by operating activities	<u>(40,872)</u>
Cash flows from investing activities:	
None	
Cash flows from financing activities:	
Member's contributions	<u>32,416</u>
Net decrease in cash	(8,456)
Cash at beginning of year	<u>23,235</u>
Cash at end of year	<u><u>\$14,779</u></u>

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

## SELALU PARTNERS, LLC

### NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2014

#### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

##### **Organization and Nature of Business**

The Company was organized on July 28, 2000 as a Delaware limited liability company to conduct business as a registered broker-dealer under the Securities Exchange Act of 1934. As a limited liability company the members' liability is limited to their investment. During the year ended March 31, 2014 one customer accounted for 100% of sales.

##### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of 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.

##### **Furniture and Equipment**

Acquisitions of furniture and equipment are recorded at cost. Improvements and replacements of furniture and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of furniture and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statements of income and retained earnings. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Depreciation expense for the year ended March 31, 2014 was \$749.

##### **Management's Review for Subsequent Events**

Management had evaluated subsequent events through May 27, 2014, the date which the financial statements were available to be issued.

#### NOTE 2 - NET CAPITAL

As a broker-dealer, the Company is subject to the Securities and Exchange Commission's regulations and operating guidelines, which require the Company to maintain a specified amount of net capital, as defined, and a ratio of aggregate indebtedness to net capital, as derived, not exceeding 15 to 1. The Company's net capital, as computed under Rule 15c3-1, was \$9,974 at March 31, 2013, which exceeded required net capital of \$5,000 by \$4,974. The ratio of aggregate indebtedness to net capital at March 31, 2013 was 48%

**SELALU PARTNERS, LLC**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**MARCH 31, 2013**

**NOTE 3 - INCOME TAXES**

The Company has chosen to be treated as a partnership for federal and state income tax purposes. A partnership is not a taxpaying entity for federal or state income tax purposes. Accordingly, no income tax expense has been recorded in the statements. All income or losses will be reported on the individual members' income tax returns.

**NOTE 4 - OPERATING LEASE AGREEMENTS**

The Company leases its office from the member under an operating lease. The lease required monthly payments of \$950 for the first six months of the year, and \$1,000 for the remaining six months of the year, unless either party gives 90 days' written notice. The Company made lease payments of \$11,700 to the member during the year ended March 31, 2014.

**NOTE 5 - GOING CONCERN**

The Company's financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company incurred a net loss of \$35,428 for the year ended March 31, 2014. Parts of the current expenses incurred were to invest in the Company's longer term objectives and to increase potential revenue initiatives. Management has implemented cost reduction strategies for some expenses and has increased marketing and sales efforts to increase revenues. The member has committed to contributing capital as needed to cover expenses for the coming year.

The ability of the Company to continue as a going concern is dependent upon the success of these actions and the economic recovery of the industry as a whole. There can be no assurance that the Company will be successful in accomplishing its objectives. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

**SELALU PARTNERS, LLC**  
**SUPPLEMENTARY SCHEDULES**  
**FOR THE PERIOD ENDED MARCH 31, 2014**

SELALU PARTNERS, LLC

SCHEDULE I

COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL  
PURSUANT TO RULE 15c3-1

MARCH 31, 2014

Total ownership equity from statement of financial condition	\$ 20,891
Total nonallowable assets from statement of financial condition	<u>10,917</u>
Net capital before haircuts on securities positions	9,974
Haircuts on securities	<u>-</u>
Net capital	9,974
Aggregate indebtedness:	
Total A.I. liabilities from statement of financial condition	<u>\$4,805</u>
Total aggregate indebtedness	<u>\$ 4,805</u>
Percentage of aggregate indebtedness to net capital	<u>48.2%</u>
Computation of basic net capital requirement:	
Minimum net capital required (6-2/3% of A.I.)	<u>\$ 320.33</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000</u>
Net capital requirement	<u>\$ 5,000</u>
Excess net capital	<u>\$ 4,974</u>
Excess net capital at 1000%	<u>\$ 9,494</u>

There were no material differences between the audited and unaudited computation of net capital.

**SCHEDULE II**

**SELALU PARTNERS, LLC**

**INFORMATION RELATING TO POSSESSION OR CONTROL  
REQUIREMENTS UNDER RULE 15c3-3**

**MARCH 31, 2014**

The Company had no items reportable as customers' fully paid securities: (1) not in the Company's possession or control as of the audit date (for which instructions to reduce to possession or control had been issued as of the audit date) but for which the required action was not taken by the Company within the time frames specified under Rule 15c3-3 or (2) for which instructions to reduce to possession or control had not been issued as of the audit date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.

**SCHEDULE III**

**SELALU PARTNERS, LLC**

**SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS  
IN SEGREGATION FOR CUSTOMERS' REGULATED  
COMMODITY FUTURES AND OPTION ACCOUNTS**

**MARCH 31, 2014**

The Company claims exemption from the segregation requirements of the Commodities Futures Act since it has no commodity customers as the term is defined in Regulation 1.3(k).

**SCHEDULE IV**

**SELALU PARTNERS, LLC**

**COMPUTATION FOR DETERMINATION OF  
RESERVE REQUIREMENTS FOR BROKER/DEALER UNDER  
RULE 15c3-3 OF THE SECURITIES EXCHANGE ACT OF 1934**

**MARCH 31, 2014**

Selalu Partners, LLC is exempt from the reserve requirements of Rule 15c3-3 as its transactions are limited, such that they do not handle customer funds or securities, accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirement pursuant to Rule 15c3-3 are not applicable.

# BRACE & ASSOCIATES, PLLC

*Certified Public Accountant*

PMB 335, 123 NASHUA ROAD, UNIT 17

LONDONDERRY, NH 03053

TEL (603) 889-4243

FAX (603) 882-7371

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL UNDER SEC RULE 17A-5(g)(1)

To the Member of Selalu Partners, LLC

In planning and performing our audit of the financial statements of Selalu Partners, LLC as of and for the year ended March 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Selalu Partners, LLC's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Selalu Partners, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of Selalu Partners, LLC's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by Selalu Partners, LLC including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because Selalu Partners, LLC does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

- 1) Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
- 2) Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of Selalu Partners, LLC is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

*A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not

identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that Selalu Partners, LLC's practices and procedures, as described in the second paragraph of this report, were adequate at March 31, 2014, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Brace & Associates, PLLC*

Brace & Associates, PLLC

Londonderry, NH

May 28, 2014

**BRACE & ASSOCIATES, PLLC**

*Certified Public Accountant*

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Brace & Associates, PLLC

Londonderry, NH

May 27, 2014