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

SEC FILE NUMBER
8- 67509

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 1/1/13 AND ENDING 12/31/13
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Teneca LLC
 ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
5200 Wilson Road
(No. and Street)
Edina MN 55424
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Mouwissen, Flygare, Kadrluk & Associates P.A.
(Name - if individual, state last, first, middle name)
(Address) (City) (State) (Zip Code)

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
 JUL 14 2014
 DIVISION OF TRADING & MARKETS

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)

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7/18/14

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*Certified Public Accountants & Consultants
Meuwissen, Flygare, Kadrlik & Associates, P.A.*

INDEPENDENT AUDITOR'S REPORT

To the Members of
Teneca, LLC
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Teneca, LLC, which comprise the statement of financial condition as of December 31, 2013, and the related statements of operations, changes in liabilities subordinated to claims of creditors, changes in members' 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 of 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 misstatements 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.



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Eden Prairie, MN 55344

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teneca, LLC as of December 31, 2013, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained on page 11 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 on page 11 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 on page 11 is fairly stated in all material respects in relation to the financial statements as a whole.

*Melvinissen Flygare
Kadrlik & Associates, P.A.*

Eden Prairie, Minnesota

January 24, 2014

TENECA, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2013

ASSETS

Cash	\$ 109,093
Receivable from customers	75,000
Prepaid expenses	40
Furnishings and equipment, at cost, less accumulated depreciation of \$21,755	4,669
Security deposit	<u>3,465</u>
 Total assets	 <u><u>\$ 192,267</u></u>

LIABILITIES AND MEMBERS' EQUITY

Subordinated note payable	\$ 10,000
Members' equity	<u>182,267</u>
 Total liabilities and members' equity	 <u><u>\$ 192,267</u></u>

See notes to financial statements.

TENECA, LLC
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2013

REVENUES	
Investment banking fees	\$ 800,000
Other income	4
Total revenues	<u>800,004</u>
EXPENSES	
Employee compensation and benefits	520,783
Communications and data processing	17,078
Depreciation	2,070
Interest expense	800
Licenses and permits	6,345
Occupancy	38,995
Other expenses	5,511
Professional services	22,338
Total expenses	<u>613,920</u>
Net income	<u>\$ 186,084</u>

See notes to financial statements.

TENECA, LLC
STATEMENT OF MEMBERS' EQUITY
YEAR ENDED DECEMBER 31, 2013

	<u>Members' Equity (Deficit)</u>
Balance - December 31, 2012	\$ 20,963
Distributions	(24,780)
Net income	<u>186,084</u>
Balance - December 31, 2013	<u><u>\$ 182,267</u></u>

See notes to financial statements.

TENECA, LLC
STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF CREDITORS
YEAR ENDED DECEMBER 31, 2013

Balance - December 31, 2012	\$ 10,000
Proceeds (payments)	<u>-</u>
Balance - December 31, 2013	<u><u>\$ 10,000</u></u>

See notes to financial statements.

TENECA, LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013
Increase (decrease) in cash

Operating activities	
Net income	\$ 186,084
Adjustments to reconcile net income to net cash from operating activities:	
Depreciation and amortization	2,070
Changes in operating assets and liabilities:	
Receivable from customers	(64,500)
Accrued expenses	<u>(53,340)</u>
Net cash from operating activities and net increase in cash	70,314
Investing activities	
Change in deposits	1,291
Purchase of property and equipment	<u>(5,206)</u>
Net cash from investing activities	(3,915)
Financing activities	
Member distributions	<u>(24,780)</u>
Net cash from financing activities	(24,780)
Change in cash	41,619
Cash at beginning of year	<u>67,474</u>
Cash at end of year	<u><u>\$ 109,093</u></u>
Supplemental cash flows disclosure:	
Interest payments	<u><u>\$ 800</u></u>

See notes to financial statements.

TENECA, LLC
NOTES TO FINANCIAL STATEMENTS

1. *Nature of Business and Significant Accounting Policies*

Organization and Nature of Business

Teneca, LLC (the Company) is a registered securities broker-dealer that engages primarily in investment banking, mergers and acquisitions advisory services, and debt and equity placements. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is a Delaware Limited Liability Company which was organized on September 29, 2006. The Company does not have a fully disclosed clearing arrangement with any other broker-dealer and holds no customer funds or securities.

Cash Equivalents

For the purpose of the statement of cash flows, the Company considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Accounts Receivable

Accounts receivable from customers include amounts due for retainer fees. The company utilizes the reserve method of accounting for doubtful accounts. However, at December 31, 2013, all accounts receivable were considered fully collectible. Therefore, no allowance for doubtful accounts has been provided for within this report.

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation. Depreciation is computed using straight-line and accelerated methods over estimated useful lives of 5 to 7 years.

Income Taxes

Income or loss of the Company is allocated to the members for income tax purposes. Therefore, no provision for income taxes is presented in these financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2010.

TENECA, LLC
NOTES TO FINANCIAL STATEMENTS

1. *Nature of Business and Significant Accounting Policies (Continued)*

Use of Estimates

The preparation 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and trade accounts receivables. The Company maintains its cash in bank deposit accounts, which, at times may exceed federally insured limits. Concentrations of credit risk with respect to trade accounts receivables are limited due to the nature of customers comprising the Company's customer base. Management believes the Company is not exposed to any significant credit risk related to cash or trade accounts receivables.

Investment Banking

Investment banking revenues include fees earned from providing merger-and-acquisition and financial restructuring advisory services. Investment banking management fees are recorded on offering date, sales concessions on settlement date, and underwriting fees at the time the underwriting is completed and the income is reasonably determinable.

Date of Management's Review

Management has evaluated subsequent events through January 24, 2014, the date the financial statements were available to be issued.

2. *Lease Commitments*

The Company leases office space under an operating lease which expires in January 2021. The lease required a \$3,465 security deposit. Effective March 2011, the Company began leasing office equipment requiring a minimum monthly payment of \$260 plus operating costs. The lease operates on a 90-day renewal basis. Rent expense, including operating expenses and real estate taxes was \$38,995 in 2013 and is included in the Occupancy expense line item on the Statement of Operations.

TENECA, LLC
NOTES TO FINANCIAL STATEMENTS

2. *Lease Commitments*

Aggregate annual rentals for office space and equipment at December 31, 2013, are approximately listed as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 25,267
2015	23,718
2016	24,249
2017	24,780
2018	25,311
Thereafter	54,442

3. *Net Capital Requirements*

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital of \$5,000 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2013, the Company had net capital of \$109,093 which was \$104,093 in excess of its required net capital. The Company's aggregate indebtedness to net capital ratio was 0 to 1.

The Company operates under the provisions of section (k)(2)(i) of Rule 15-c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provision of the Rule.

4. *Subordinated Note*

The note is due to a member, is subordinated to the claims of any general creditors, bears interest at 8% annually, and is due May 30, 2015. The subordinated note payable is available in computing net capital under the SEC's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. In 2013, interest expense on this note was \$800.

5. *Employee Benefit Plan*

The Company has a defined contribution profit sharing plan (the Plan), which provides retirement benefits to substantially all employees after one year of service and attaining age 21. The Plan allows the Company to make discretionary contributions. The Company paid \$119,892 of discretionary contributions during 2013.

6. *Concentrations*

During 2013, the one customer comprised approximately 88% of investment banking fees earned and 100% of accounts receivable at December 31, 2013.

Supplementary Information

TENECA, LLC
SCHEDULE I - COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
YEAR ENDED DECEMBER 31, 2013

Net Capital	
Total members' equity	\$ 182,267
Additions:	
Subordinated note	\$ 10,000
Deductions:	
Non-allowable assets	<u>\$ 83,174</u>
Net capital	<u><u>\$ 109,093</u></u>
Aggregate Indebtedness	
Items included in statement of financial condition	
Accrued expenses and other payables	<u>\$ -</u>
Total aggregate indebtedness	<u><u>\$ -</u></u>
Computation of Basic Net Capital Requirements	
Minimum net capital required (6-2/3% of aggregate indebtedness) (A)	<u>\$ -</u>
Minimum dollar net capital requirement for reporting broker or dealer (B)	<u>\$ 5,000</u>
Net capital requirement (greater of (A) or (B))	<u>\$ 5,000</u>
Excess net capital	<u>\$ 104,093</u>
Net capital less greater of 10% of aggregate indebtedness or 120% of minimum dollar net capital requirement	<u>\$ 103,093</u>
Ratio: Aggregate indebtedness to net capital (percentage)	<u>0 to 1</u>
Reconciliation with Company's Computation (Included in Part II A of Form X-17A-5 as of December 31, 2013)	
Net capital as reported in Company's Part II A (unaudited) Focus report	\$ 103,093
Year end adjustments	<u>-</u>
Net capital per above	<u><u>\$ 103,093</u></u>



*Certified Public Accountants & Consultants
Meuwissen, Flygare, Kadrlík & Associates, P.A.*

**Independent Auditor's Report on Internal Accounting Control Required by SEC
Rule 17a-5 for a Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3**

To the Members' of Teneca, LLC

In planning and performing our audit of the financial statements and supplemental schedules of Teneca, LLC (the Company) as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Teneca, LLC's internal control over financial reporting (internal control) as a basis for designing our auditing 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 the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 the Company 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 and net capital under the Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company 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 the quarterly securities examinations, counts, verifications and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment of securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company 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 preparation of financial statements in conformity with accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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Because of inherent limitation 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company'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 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 the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2013, to meet the SEC's objectives.

This report is intended solely for the use of Board of Directors, management, the Securities and Exchange Commission 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.

*Merrill Lynch, Pierce, Fenner & Smith
Merrill Lynch, Pierce, Fenner & Smith, P.A.*

Eden Prairie, Minnesota
January 24, 2014