

TJ 7/18/14



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

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

SEC FILE NUMBER  
8-068504

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 01/01/13 AND ENDING 12/31/13  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Plexus Financial Solutions, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

21805 Field Parkway , Suite 320

(No. and Street)

Deer Park

Illinois

60010

(City)

(State)

(Zip Code)

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

Thad A. Jurczak, CPA

847-307-6300

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

IIAC, Ltd

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

555 E. Butterfield Rd, Suite 209

Lombard, IL 60148

(Address)

(City)

(State)

SECURITIES AND EXCHANGE COMMISSION

RECEIVED

JUL - 8 2014

DIVISION OF TRADING & MARKETS

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)

DD 7/17/14

OATH OR AFFIRMATION

I, Thad A. Jurczak, CPA, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Plexus Financial Solutions, LLC, as of December 31, 2013, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Thad A. Jurczak*

Signature

Financial Operations Principal

Title

*[Signature]*

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).

**Plexus Financial Solutions, LLC  
Financial Statements**

**Year Ended December 31, 2013  
With Report of Independent Auditor**

**IIAC INSURANCE INDUSTRY  
AUDITING AND CONSULTING, LTD**

**Plexus Financial Solutions, LLC**

Year Ended December 31, 2013

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**C o n t e n t s**

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**Independent Auditor's Report**

Managing Member  
Plexus Financial Solutions, LLC

We have audited the accompanying financial statements of **Plexus Financial Solutions, LLC** (the Company), which comprise the statement of financial condition as of December 31, 2013, 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 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 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 **Plexus Financial Services, LLC** as of December 31, 2012, 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 Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in Schedules 1, 2 and 3 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 1, 2 and 3 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 1, 2 and 3 is fairly stated in all material respects in relation to the financial statements as a whole.

*Insurance Industry Auditing and Consulting, Ltd.*

February 24, 2014

**Plexus Financial Solutions, LLC**

**Statement of Financial Condition**

**December 31, 2013**

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**Assets**

<b>Cash</b>	<b>\$</b>	<b>237,927</b>
<b>Cash deposit - FINRA</b>		<b>1,615</b>
<b>Commissions receivable</b>		<b>96,736</b>
<b>Prepaid insurance</b>		<b>9,929</b>
		<hr/>
<b>Total Assets</b>	<b>\$</b>	<b><u>346,207</u></b>

**Liabilities and Member's Equity**

<b>Liabilities</b>		
<b>Accounts payable and accrued expenses</b>	<b>\$</b>	<b>32,095</b>
<b>Long-term note payable</b>		<b>150,000</b>
		<hr/>
<b>Total Liabilities</b>		<b>182,095</b>
		<hr/>
<b>Member's Equity</b>		<b>164,112</b>
		<hr/>
<b>Total Liabilities and Member's Equity</b>	<b>\$</b>	<b><u>346,207</u></b>

The accompanying notes are an integral part of the financial statements.

**Plexus Financial Solutions, LLC**

**Statement of Income**

**Year Ended December 31, 2013**

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<b>Revenue</b>	
Commissions	\$ 927,578
Interest	<u>168</u>
Total revenue	<u>927,746</u>
<b>Expenses</b>	
Employee compensation and benefits	605,921
Commission expense	23,261
Regulatory fees and expenses	8,886
Interest expense	2,124
Other expenses	<u>195,164</u>
Total expenses	<u>835,356</u>
<b>Net Income</b>	<b>\$ <u>92,390</u></b>

The accompanying notes are an integral part of the financial statements.

**Plexus Financial Solutions, LLC**  
**Statement of Changes in Member's Equity**  
**Year Ended December 31, 2013**

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<b>Member's Equity</b>	
Balance, beginning of year	\$ 271,722
Net income	92,390
Distributions to member	<u>(200,000)</u>
Balance, end of year	<u>\$ 164,112</u>

The accompanying notes are an integral part of the financial statements.

**Plexus Financial Solutions, LLC**

**Statement of Cash Flows**

**Year Ended December 31, 2013**

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<b>Cash flows from operating activities:</b>	
Net Income	\$ 92,390
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Commissions receivable	(8,836)
Prepaid expenses and other assets	(788)
Accounts payable and accrued liabilities	<u>7,805</u>
Net cash provided by operating activities	<u>90,571</u>
<b>Cash flows from investing activities</b>	<u>-</u>
<b>Cash flows from financing activities</b>	
Distributions paid	(200,000)
Proceeds from long-term note payable	<u>150,000</u>
Net cash used in financing activities	<u>(50,000)</u>
Net decrease in cash	40,571
Cash at beginning of year	<u>197,356</u>
<b>Cash at end of year</b>	<b>\$ <u>237,927</u></b>
<b>Supplemental cash flow disclosures:</b>	
Income tax payments	\$ <u>-</u>
Interest payments	\$ <u>-</u>
Noncash financing activities	\$ <u>-</u>

The accompanying notes are an integral part of the financial statements.

## **Plexus Financial Solutions, LLC**

### **Notes to Financial Statements**

**December 31, 2013**

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#### **Note 1 – Organization and Nature of Business**

Plexus Financial Solutions, LLC (PFS, the Company) (formerly Plexus Financial Services, LLC) is a licensed introducing broker-dealer registered with the Securities and Exchange Commission (SEC) and The Financial Industry Regulatory Authority (FINRA). PFS is wholly-owned by The Plexus Groupe, LLC (TPG), an independent national insurance brokerage firm, and obtained its license on December 3, 2010. PFS receives commissions for servicing retirement and group annuity plans of new and existing TPG customers.

In August 2013 the Company entered into an advisory services agreement with Commonwealth Financial Network (CFN) one of the nation's largest privately-held independent full service broker dealers. The Company believes the agreement will provide another level of available products and services for its existing clients. The agreement can be terminated by either party at any time.

The agreement provides that the Company pay CFN 10% of its annual gross revenues as they are collected by CFN. Initially, CFN will pay a one-time sum of \$150,000 to the Company that will vest with the Company 20% each year over five years if certain conditions are met (see Note 5). Ultimately, the Company believes that as a result of the agreement they will be able to attract and secure a larger client base and offer more services and products to existing clients. In recognition of the agreement with CFN, the Company changed its name to Plexus Financial Solutions, LLC.

#### **Note 2 – Summary of Significant Accounting Policies**

##### Basis of Accounting

PFS uses the accrual method of accounting for financial reporting purposes.

##### Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Revenue Recognition

Commissions are recorded as earned at the end of each month based upon reports received from third-party administrators who calculate such commissions based upon a written agreement between PFS and the administrator.

**Plexus Financial Solutions, LLC**

**Notes to Financial Statements**

**December 31, 2013**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

There are some accounts for which a predetermined fee is earned in lieu of commissions. Additionally, PFS may bill for Registered Advisor consulting activities. Revenue for these transactions is recorded on a monthly basis as services are performed. PFS also receives annual contingent commissions which are recorded upon receipt.

Concentration of Risk

Cash on deposit with financial institutions totaled approximately \$240,000 as of December 31, 2013. Cash deposits could potentially be subject to credit risk as the deposits are only insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits.

Income taxes

The Company is a pass-through entity for income tax purposes whereby any income tax liabilities or benefits are attributable to TPG and their owners. Therefore, no provision for income taxes has been reflected in the accompanying financial statements.

**Note 3 - Fair Value of Financial Instruments**

Generally accepted accounting principles require disclosure of certain fair value information about financial instruments. The following methods and assumptions were used to estimate the fair value of each significant class of financial instruments.

Cash: Cash is carried at cost, which approximates fair value.

**Note 4 – Net Capital**

As an introducing broker dealer, PFS is subject to the Securities and Exchange Commission's (SEC) regulations and operational policies which require PFS to maintain a minimum amount of net capital of \$5,000 and a ratio of aggregate indebtedness (AI) to net capital not exceeding 15 to 1. The Company's net capital as of December 31, 2013 was \$40,832. The ratio of AI to net capital as of December 31, 2013 was 4.4596 to 1.0.

**Plexus Financial Solutions, LLC**

**Notes to Financial Statements**

**December 31, 2013**

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**Note 5 – Long-term Note Payable**

On June 25, 2013 the Company entered into a promissory note and loan agreement with CFN (see Note 1) whereby CFN loaned the Company \$150,000 due in full no later than June 25, 2018 plus accrued unpaid interest at the prime rate (3.25% per annum at December 31, 2013). Twenty percent (20%) of the original principal loan amount and all then accrued interest will be forgiven annually on the anniversary date of the agreement if the Company's revenue processed through CFN meets or exceeds \$500,000. If such requirements are not met CFN has the authority to forgive a pro-rata portion of the loan and accrued unpaid interest.

**Note 6 – Related Party Transactions**

PFS shares office space and various office-related expenses with TPG under an expense agreement approved by FINRA. Additionally, TPG collects commissions on behalf of PFS. At the end of each month the two parties settle the balances due on a net basis. During 2013 expenses charged by TPG to PFS were \$75,591. The Company also provided advisory and brokerage services to various entities related by common ownership. During 2013 total revenue generated from these entities for advisory and brokerage services was \$3,879.

**Plexus Financial Solutions, LLC**

**Computation of Net Capital**

December 31, 2013

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<b>Total member's equity from Statement of Financial Condition qualified for Net Capital</b>	<b>\$ 164,112</b>
Deductions:	
Non-allowable assets:	
Cash deposit - FINRA, (CRD account)	1,615
Commissions receivable	96,736
Prepaid insurance	9,929
Fidelity bond deductible in excess of 10% of bond	<u>15,000</u>
Net capital before haircuts on securities positions	40,832
Haircuts on securities	<u>-</u>
<b>Net Capital</b>	<b>40,832</b>
Required minimum net capital	<u>5,000</u>
<b>Excess net capital</b>	<b><u>\$ 35,832</u></b>

No material differences exist between the audited Computation of Net Capital above and the FOCUS Part II filing of Plexus Financial Solutions, LLC as of December 31, 2013.

See independent auditor's report regarding supplemental information.

**Plexus Financial Solutions, LLC**

**Computation for Determination of Reserve Requirements Under Rule 15c3-3**

**December 31, 2013**

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Plexus Financial Solutions, LLC is not required to maintain a reserve requirement under Rule 15c3-3 since it does not hold any customer securities or cash.

**See independent auditor's report regarding supplemental information.**

**Plexus Financial Solutions, LLC**

**Information Relating to Possession or Control Requirement Under  
Rule 15c3-3 of the Securities and Exchange Commission**

**December 31, 2013**

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**Plexus Financial Solutions, LLC has complied with the exemptive requirements of Rule 15c3-3 of the Securities and Exchange Commission and did not maintain possession or control of any customer funds or securities during 2013.**

**See independent auditor's report regarding supplemental information.**

**Independent Auditor's Report on**  
**Internal Control Required By SEC Rule 17a-5**

To the Managing Member  
Plexus Financial Solutions, LLC

In planning and performing our audit of the financial statements of Plexus Financial Solutions, 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 the Company'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 (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 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 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 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 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 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 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 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 information and use of the Managing Member, management, the SEC, FINRA, 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.

*Insurance Industry Auditing and Consulting, Ltd.*

February 24, 2014

**Independent Accountants' Report on**  
**Applying Agreed-Upon Procedures Related to SIPC Assessment Reconciliation**

To the Managing Member  
Plexus Financial Solutions, LLC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2013, which were agreed to by Plexus Financial Solutions, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating Plexus Financial Solutions, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Plexus Financial Solutions, LLC's management is responsible for Plexus Financial Solutions, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2013, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2013, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the calculations noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

*Insurance Industry Auditing and Consulting, Ltd.*

February 24, 2014