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

FEB 27 2014

**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: Far Hills Group LLC

| OFFICIAL USE ONLY |
|-------------------|
| FIRM ID. NO.      |

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

1180 Avenue of the Americas, 18th Floor  
(No. and Street)

New York  
(City)

New York  
(State)

10036  
(Zip Code)

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

Geoffrey S. Bradshaw-Mack

212-938-9008

(Area Code -- Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Rothstein Kass

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

1350 Avenue of the Americas  
(Address)

New York  
(City)

New York  
(State)

10019  
(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 (06-02)

**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**

3/14/14

I, Geoffrey S. Bradshaw - Mack, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Far Hills Group, 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:

EDITH M. BONGIOVI  
Notary Public, State of New York  
No. 01BO6178779  
Qualified in Queens County  
Commission Expires December 10, 2015

Geoffrey S. Bradshaw - Mack  
Signature  
SENIOR MANAGING DIRECTOR  
Title

Edith M. Bongiovi  
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 Proprietor's 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 pursuant to Rule 171-5.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**FAR HILLS GROUP, LLC**

**STATEMENT OF FINANCIAL CONDITION  
AND  
INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2013**

# FAR HILLS GROUP, LLC

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## **INDEPENDENT AUDITORS' REPORT**

To Far Hills Group, LLC

We have audited the accompanying statement of financial condition of Far Hills Group, LLC (the "Company") as of December 31, 2013 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934 and Regulation 1.10 of the Commodity Exchange Act, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of the statement of financial condition 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 the statement of financial condition that is free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the statement of financial condition 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 statement of financial condition is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of financial condition. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement of financial condition, 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 statement of financial condition 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 statement of financial condition.

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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of Far Hills Group, LLC as of December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

***Other Matter – Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Regulations under the Commodity Exchange Act. 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 supplementary information 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

*Rothstein Kass*

New York, New York  
February 25, 2014

# FAR HILLS GROUP, LLC

## STATEMENT OF FINANCIAL CONDITION

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December 31, 2013

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### ASSETS

|                                   |                      |
|-----------------------------------|----------------------|
| Cash and cash equivalents         | \$ 1,323,135         |
| Fees receivable                   | 16,629,145           |
| Property and equipment, net       | 508,069              |
| Restricted cash, security deposit | 207,035              |
| Other assets                      | <u>227,697</u>       |
|                                   | <u>\$ 18,895,081</u> |

### LIABILITIES AND MEMBERS' EQUITY

#### Liabilities

|                                       |                      |
|---------------------------------------|----------------------|
| Accounts payable and accrued expenses | \$ 1,583,968         |
| Deferred taxes payable                | <u>603,568</u>       |
| Total liabilities                     | 2,187,536            |
| Members' equity                       | <u>16,707,545</u>    |
|                                       | <u>\$ 18,895,081</u> |

# FAR HILLS GROUP, LLC

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of business

Far Hills Group, LLC (the "Company") is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and the Commodity Futures Trading Commission ("CFTC"). The Company is a member of the Financial Industry Regulatory Authority ("FINRA"), an entity created through the consolidation of the National Association of Securities Dealers, Inc. ("NASD") and the member regulation, enforcement and arbitration functions of the New York Stock Exchange. The Company is qualified under the International Dealer Exemption and is permitted to engage in activities in Canada.

The Company introduces investors to various investment partnerships, non-U.S. funds and managed accounts. The managers of such investment vehicles usually pay the Company a contracted percentage of their commitments, management fees and/or performance incentive allocations, as received or allocated, for as long as such managers receive fees or allocations from contracted investors.

### 2. Summary of significant accounting policies

#### *Basis of Presentation*

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

These financial statements were approved by management and available for issuance on February 25, 2014. Subsequent events have been evaluated through this date.

#### *Cash and Cash Equivalents*

For the purposes of the statement of cash flows, the Company considers money market accounts with original maturities of three months or less to be cash equivalents.

#### *Property and Equipment*

Property and equipment is stated at cost less accumulated depreciation and amortization. The Company provides for depreciation and amortization on a straight-line basis as follows:

| <b>Asset</b>           | <b>Estimated Useful Life</b> |
|------------------------|------------------------------|
| Furniture and fixtures | 7 years                      |
| Office equipment       | 5 years                      |
| Computer software      | 3 years                      |
| Leasehold improvements | Term of lease                |

# FAR HILLS GROUP, LLC

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of significant accounting policies (continued)

#### *Long-Lived Assets*

The Company complies with GAAP, which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision, or the remaining balance may not be recoverable.

#### *Revenue Recognition*

Revenue derived from management fees is generally recognized quarterly during the year and revenue derived from performance incentive fees or allocations is generally recognized at the end of each year, based on information provided by the managers of the underlying investment vehicles. Revenue derived from commitment fees is generally recognized when the underlying investment assets have been committed by the contracted investors and the fund is closed.

#### *Fees Receivable and Allowance for Doubtful Accounts*

Fees receivable is an estimate based on information provided by the fund managers. Any differences between the actual amounts received in a subsequent period and the amounts recorded as a receivable at the end of the prior period are recorded as an adjustment to revenue in the subsequent period. The Company considers all fees receivable at December 31, 2013 to be collectible and no allowance for doubtful accounts is deemed necessary at December 31, 2013.

#### *Commissions Payable*

Commissions payable, which is included with accounts payable and accrued expenses in the statement of financial condition, is an estimate based on management and performance fees earned but not received. Any differences between the actual amounts paid in a subsequent period and the amounts recorded as commission payable at the end of the prior period are recorded as an adjustment to expenses in the subsequent period. The Company expects to disburse all commissions payable when fees are received from the fund managers.

#### *Income Taxes*

The Company is a Limited Liability Company and has elected to be treated as a partnership for federal and state income tax purposes and, accordingly, there is no provision for federal and state income taxes as the individual members report their share of the Company's income or loss on their personal income tax returns. The Company is subject to New York City Unincorporated Business Tax.

The Company follows an asset and liability approach to financial accounting and reporting for New York City Unincorporated Business Tax. Deferred income tax assets and liabilities are computed for the difference between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

# FAR HILLS GROUP, LLC

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of significant accounting policies (continued)

#### *Income Taxes (continued)*

The determination of the Company's provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in the Company's financial statements only after determining a more likely than not probability that the uncertain tax positions will withstand challenge, if any, from tax authorities. When facts and circumstances change, the Company reassesses these probabilities and records any changes in the consolidated financial statements as appropriate. Accrued interest and penalties related to income tax matters are classified as a component of income tax expense.

In accordance with GAAP, the Company is required to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. At December 31, 2013, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. The Company's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Company files its income tax returns in the U.S. federal and various state and local jurisdictions. The Company's income tax returns are subject to examinations by major taxing authorities from inception. Any potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with U.S. federal, state and local tax laws. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

#### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the amounts disclosed in the financial statements. Actual results could differ from those estimates.

# FAR HILLS GROUP, LLC

## NOTES TO FINANCIAL STATEMENTS

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### 3. Property and equipment

Property and equipment consists of the following at December 31, 2013:

|   |    |                |
|---|----|----------------|
| Furniture and fixtures                            | \$ | 130,629        |
| Office equipment                                  |    | 178,904        |
| Computer software                                 |    | 41,843         |
| Leasehold improvements                            |    | <u>722,387</u> |
|   |    | 1,073,763      |
| Less accumulated depreciation<br>and amortization |    | <u>565,694</u> |
|   | \$ | <u>508,069</u> |

Depreciation and amortization expense was approximately \$122,000 for the year ended December 31, 2013.

### 4. Net capital requirements

The Company is a member of FINRA and is subject to the SEC Uniform Net Capital Rule 15c3-1. This rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn if the resulting net capital ratio would exceed 10 to 1. The Company is also subject to the CFTC's minimum financial requirement which requires that the Company maintain net capital, as defined, equal to the greater of its requirements under Regulation 1.17 under the Commodity Exchange Act or Rule 15c3-1. At December 31, 2013, the Company's net capital was approximately \$826,000, which was approximately \$720,000 in excess of its computed minimum net capital requirement of approximately \$106,000 pursuant to SEC Rule 15c3-1 and CFTC Regulation 1.17.

### 5. Income taxes

New York City Unincorporated Business Tax consists of the following for the year ended December 31, 2013:

|          |    |                |
|----------|----|----------------|
| Current  | \$ | 322,700        |
| Deferred |    | <u>355,568</u> |
|          | \$ | <u>678,268</u> |

Deferred taxes payable represent the tax effect of temporary differences between the basis of assets and liabilities for income tax and financial reporting purposes. The Company utilizes the cash basis method of accounting for income tax purposes and the accrual basis for financial reporting purposes. The components of deferred taxes payable consist of the taxes applicable to the fees receivable, netted against certain accounts payable and accrued expenses at December 31, 2013.

# FAR HILLS GROUP, LLC

## NOTES TO FINANCIAL STATEMENTS

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### 6. Concentration of credit risk

The Company maintains its cash balances in one financial institution, which, at times, may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf.

### 7. Exemption from Rule 15c3-3

The Company is exempt from SEC Rule 15c3-3 pursuant to the exemption provisions under sub-paragraph (k)(2)(i) and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers".

### 8. Commitment and restricted cash

The Company leases its office space under an operating lease which expires in February 2019.

Future minimum lease payments are as follows:

| Year ending December 31, |                     |
|--------------------------|---------------------|
| 2014                     | \$ 663,000          |
| 2015                     | 663,000             |
| 2016                     | 663,000             |
| 2017                     | 663,000             |
| 2018                     | 663,000             |
| Thereafter               | <u>111,000</u>      |
|                          | <u>\$ 3,426,000</u> |

Rent expense amounted to approximately \$643,000 for the year ended December 31, 2013, and is charged to operations over the term of the lease on a straight-line basis, which results in a deferred rent payable. Deferred rent payable represents the cumulative rent expense charged to operations from the inception of the lease in excess of the required lease payments. Deferred rent payable amounted to approximately \$210,000 at December 31, 2013, and is included in accounts payable and accrued expenses in the statement of financial condition.

Restricted cash consists of approximately \$207,000 to secure an unconditional letter of credit for the Company's office space at December 31, 2013.

### 9. 401(k) plan

The Company has a 401(k) retirement plan (the "Plan") eligible to all employees over 21 years of age and have completed three months of service. Employees eligible to participate may defer between 1% and 70% of their annual compensation, as defined in the Plan. The Company, at its discretion, made matching contributions to the Plan in the amount of approximately \$41,000 for the year ended December 31, 2013.

# **FAR HILLS GROUP, LLC**

## **NOTES TO FINANCIAL STATEMENTS**

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### **10. Major customers**

The Company had earned fees from three customers of approximately \$17,031,000 or 78% of the total fees earned for the year ended December 31, 2013. Fees receivable from these customers were approximately \$13,212,000 or 79% of the total fees receivable at December 31, 2013, of which approximately \$5,454,000 was collected through the date of these financial statements.

# FAR HILLS GROUP, LLC

## SUPPLEMENTARY INFORMATION COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION AND REGULATION 1.17 OF THE COMMODITY FUTURES TRADING COMMISSION

December 31, 2013

|   |                     |                      |
|---|---------------------|----------------------|
| <b>Net capital, members' equity</b>   |                     | <b>\$ 16,707,545</b> |
| <b>Less nonallowable assets</b>   |                     |                      |
| Fees receivable, net of commissions payable and deferred taxes payable            |                     | 14,929,702           |
| Property and equipment, net   |                     | 508,069              |
| Restricted cash, security deposit   |                     | 207,035              |
| Other assets  |                     | 227,697              |
|   |                     | <u>15,872,503</u>    |
| <b>Net capital before haircuts</b>  |                     | <b>835,042</b>       |
| <b>Haircuts, money market fund investments and foreign currency</b>               |                     | <b>9,311</b>         |
| <b>Net capital</b>  |                     | <b>\$ 825,731</b>    |
| <b>Aggregate indebtedness</b>   |                     | <b>\$ 1,583,968</b>  |
| <b>Computed minimum net capital required</b><br>(6.67% of aggregate indebtedness) |                     | <b>\$ 105,598</b>    |
| <b>Minimum net capital required (under SEC Rule 15c3-1)</b>                       |                     | <b>\$ 5,000</b>      |
| <b>Minimum net capital required (under CFTC Regulation 1.17)</b>                  |                     | <b>\$ 45,000</b>     |
| <b>Excess net capital (under SEC Rule 15c3-1 and CFTC Regulation 1.17)</b>        |                     | <b>\$ 720,133</b>    |
| <b>Percentage of aggregate indebtedness to net capital</b>                        | <b>\$ 1,583,968</b> |                      |
|   | <b>\$ 825,731</b>   |                      |
|   |                     | <b>192%</b>          |

There are no material differences between the computation of net capital presented above and the computation of net capital in the Company's amended unaudited Form X-17A-5, Part II-A filing as of December 31, 2013.

Far Hills Group  
1180 Avenue of the Americas, 18<sup>th</sup> Floor  
New York, NY 10036

Securities and Exchange Commission  
Office of Filings and Information Services  
Registration Branch  
Mail Stop 8031  
100 F Street, N.E.  
Washington, D.C. 20549

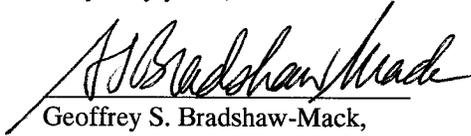
FEB 27 2014

Re: Annual Audit Report  
December 31, 2013  
SEC File No. 8-45675

Gentlemen:

In accordance with Rule 17a-5(e)(3), we respectfully request that the above-referenced financial statements, exclusive of the Statement of Financial Condition, which is bound separately, be deemed confidential pursuant to the rule.

Very truly yours,

  
Geoffrey S. Bradshaw-Mack,  
Senior Managing Director

2/26/14  
Date