



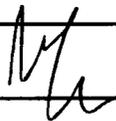
OATH OR AFFIRMATION

I, Marshall Sonenshine, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Sonenshine & Company 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:

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

Subscribed and Sworn to before me  
on this 11 day of February, 2014  
County of New York  
State of New York

  
\_\_\_\_\_  
Notary Public

  
\_\_\_\_\_  
Signature  
\_\_\_\_\_  
CEO  
\_\_\_\_\_  
Title

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

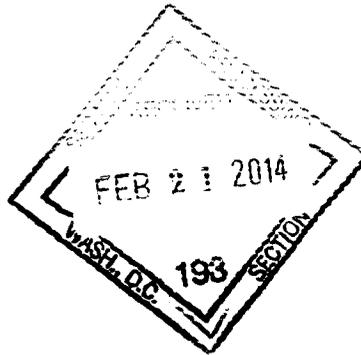
- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims 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.
- (o) Independent Auditors' Report on Internal Control.

**MATTHEW BASS**  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 01BA6175969  
Qualified in New York County  
My Commission Expires October 22, 2015

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

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**SONENSHINE & COMPANY LLC**  
**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**  
**SEC FILE NO. 8-52819**  
**YEAR ENDED DECEMBER 31, 2013**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**



**FRIEDMAN LLP**  
ACCOUNTANTS AND ADVISORS

**SONENSHINE & COMPANY LLC**  
**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**  
**SEC FILE NO. 8-52819**  
**YEAR ENDED DECEMBER 31, 2013**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**

# SONENSHINE & COMPANY LLC

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## **INDEPENDENT AUDITORS' REPORT**

To the Member  
of Sonenshine & Company LLC

We have audited the accompanying financial statements of Sonenshine & Company LLC as of December 31, 2013, which comprise the statement of financial condition 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.

### **Auditors' 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 auditors' 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 Sonenshine & Company 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 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 I and II 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 and II 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 and II is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Friedman LLP". The signature is written in a cursive, flowing style.

February 11, 2014

**SONENSHINE & COMPANY LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2013**

**ASSETS**

Cash and cash equivalents	\$ 71,284
Other assets	5,091
	<hr/> \$ 76,375

**LIABILITIES AND MEMBER'S EQUITY**

**Liabilities**

Accrued expenses	\$ 14,000
------------------	-----------

<b>Member's equity</b>	62,375
	<hr/> \$ 76,375

See notes to financial statements.

**SONENSHINE & COMPANY LLC**

**STATEMENT OF INCOME**

**YEAR ENDED DECEMBER 31, 2013**

<b>Revenues</b>	
Fees	\$ 1,250,000
Interest income	75
	<hr/>
	1,250,075
	<hr/>
<b>Expenses</b>	
Management fees	60,243
Professional fees	25,427
Regulatory fees and expenses	11,108
Insurance	3,127
Other expenses	443
	<hr/>
	100,348
	<hr/>
<b>Income before taxes</b>	1,149,727
<b>Income taxes</b>	45,000
	<hr/>
<b>Net income</b>	\$ 1,104,727
	<hr/>

See notes to financial statements.

**SONENSHINE & COMPANY LLC**  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
**YEAR ENDED DECEMBER 31, 2013**

Balance, January 1, 2013	\$ 124,181
Contributions from member	133,467
Distribution to member	(1,300,000)
Net income	1,104,727
<b>Balance, December 31, 2013</b>	<b>\$ 62,375</b>

See notes to financial statements.

**SONENSHINE & COMPANY LLC**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2013**

<b>Cash flows from operating activities</b>	
Net income	\$ 1,104,727
Adjustments to reconcile net income to net cash provided by operating activities	
Other assets	37
Accrued expenses	1,985
<b>Net cash provided by operating activities</b>	<b>1,106,749</b>
<b>Cash flows from financing activities</b>	
Contribution from member	133,467
Distribution to member	(1,300,000)
<b>Net cash used in financing activities</b>	<b>(1,166,533)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(59,784)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>131,068</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 71,284</b>

See notes to financial statements.

**SONENSHINE & COMPANY LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Business**

Sonenshine & Company LLC (the “Company”) was organized as a limited liability company under the laws of the State of Delaware and is a wholly owned subsidiary of Sonenshine Partners LLC (the “Parent”).

The principal business activity of the Company is to provide corporate finance services to clients of the Company and its Parent, which is in turn principally engaged in providing a range of corporate advisory services to companies, including advice with respect to corporate strategy, mergers, acquisitions, divestitures, restructurings and other investment banking matters. The Company does not have any trading accounts, nor does it hold cash or securities for or on behalf of any customers or clients.

The Company is a securities broker-dealer registered with the Securities and Exchange Commission (the “SEC”) and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”).

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Concentrations of Credit Risk for Cash**

The Company maintains its cash balances at one financial institution. These balances are insured by the Federal Deposit Insurance Corporation subject to certain limitations.

**Cash and Cash Equivalents**

The Company defines cash and cash equivalents as cash, money market accounts and short-term highly liquid investments having maturities of 90 days or less from their acquisition date.

**Revenue Recognition**

Revenue includes fees earned for providing advisory services in connection with mergers-and-acquisitions, restructuring, and financing. Fees are recorded when contractual milestones are achieved. Fees received in advance are deferred until contractual milestones are achieved.

**Income Taxes**

The Company is not a taxpaying entity for federal and state income tax purposes and, accordingly, no provision has been made for these income taxes. The Company files a consolidated New York City unincorporated business tax return with its Parent, and a portion of this tax is allocated to the Company based on pro-rata earnings.

**SONENSHINE & COMPANY LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes (continued)**

As a single member LLC whose Parent is also a single member LLC, the Company's taxable income or loss is reported on the tax returns of its ultimate owner, whose federal, state and local income tax returns for years prior to 2010 are no longer subject to examination by tax authorities.

**2 - RELATED PARTY TRANSACTIONS**

In accordance with an expense sharing agreement, the Parent charged the Company for its allocated share of certain overhead expenses, totaling approximately \$60,000 for the year ended December 31, 2013. Substantially all of the Company's expenses, including management fees, professional fees and regulatory fees paid by the Parent on behalf of the Company, were reimbursed by the Company.

**3 - MAJOR CUSTOMER**

Fees from one customer were 100% of total fees for the year ended December 31, 2013.

**4 - REGULATORY REQUIREMENTS**

As a register broker-dealer, the Company is subject to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, which requires that the Company's aggregate indebtedness shall not exceed fifteen times net capital, as defined, under such provision. At December 31, 2013, the Company had net capital of \$57,284, which exceeded requirements by \$52,284. The Company's ratio of aggregate indebtedness to net capital was .24 to 1 at December 31, 2013.

**SUPPLEMENTARY INFORMATION**

**Pursuant to Rule 17a-5 of the Securities Exchange Act of 1934**

**As of December 31, 2013**

SONENSHINE & COMPANY LLC

SCHEDULE I

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2013

<b>Computation of net capital</b>	
Total member's equity	\$ 62,375
Less - Non-allowable assets	
Other assets	(5,091)
<b>Net capital</b>	<b>\$ 57,284</b>
<b>Computation of aggregate indebtedness</b>	
Accrued expenses	\$ 14,000
<b>Aggregate indebtedness</b>	<b>\$ 14,000</b>
<b>Computation of basic net capital requirement</b>	
Minimum net capital required (6 2/3% of aggregate indebtedness)	\$ 933
Minimum dollar requirement	5,000
<b>Net capital requirement (greater of minimum net capital or dollar requirement)</b>	<b>\$ 5,000</b>
<b>Excess net capital</b>	<b>\$ 52,284</b>
<b>Excess net capital at 1000 percent</b>	<b>\$ 55,884</b>
<b>Ratio: aggregate indebtedness to net capital</b>	<b>.24 to 1</b>

**Note:** There are no material differences between the preceding computation and the Company's corresponding unaudited Part IIA of Form X-17A-5 as of December 31, 2013.

**SONENSHINE & COMPANY LLC**

**SCHEDULE II**

**STATEMENT REGARDING SEC RULE 15c3-3**

**DECEMBER 31, 2013**

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (k)(2)(i) of that Rule.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION**

To the Member  
of Sonenshine & Company LLC

In planning and performing our audit of the financial statements of Sonenshine & Company 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, errors 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 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 information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, Inc. 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.

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Certified Public Accountants

East Hanover, New Jersey  
February 11, 2014

**SONENSHINE & COMPANY LLC**  
**SECURITIES INVESTOR PROTECTION**  
**CORPORATION FORM SIPC-7**

**SEC FILE NO. 8-52819**

**YEAR ENDED DECEMBER 31, 2013**



**FRIEDMAN LLP**  
ACCOUNTANTS AND ADVISORS

**SONENSHINE & COMPANY LLC**  
**SECURITIES INVESTOR PROTECTION**  
**CORPORATION FORM SIPC-7**

**SEC FILE NO. 8-52819**

**YEAR ENDED DECEMBER 31, 2013**



**FRIEDMAN LLP**  
ACCOUNTANTS AND ADVISORS

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON  
PROCEDURES RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

To the Member  
of Sonenshine & Company LLC

In accordance with Rule 17a-5(e)(4) under the Securities and 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 Sonenshine & Company 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 Sonenshine & Company LLC's compliance with the applicable instructions of General Assessment Reconciliation Form SIPC-7. Sonenshine & Company LLC's management is responsible for Sonenshine & Company 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 adjustments 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.

*Friedman LLP*

February 11, 2014

**SONENSHINE & COMPANY LLC**

**SCHEDULE OF ASSESSMENT AND PAYMENTS TO THE  
SECURITIES INVESTOR PROTECTION CORPORATION**

**YEAR ENDED DECEMBER 31, 2013**

	Date Paid	Amount
General assessment reconciliation for the year ended December 31, 2013		\$ 3,125
<u>Payment schedule:</u>		
SIPC-6	7/31/2013	3,125
SIPC-7	N/A	-
Balance due		\$ -

See independent accountants' report on applying agreed-upon procedures to an entity's SIPC assessment reconciliation.