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

SEC FILE NUMBER 8-50654

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 01/01/2013 AND ENDING 12/31/2013 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Standard Financial Services, LLC

OFFICIAL USE ONLY FIRM I.D. NO.

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

504 East Main Street

(No. and Street)

Pipstone

(City)

MN

(State)

56164

(Zip Code)

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

Todd W. Morgan 505

607-825-4300

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Myelbroeck, Tarabou & Company

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

P.O. Box 707

(Address)

Pipstone

(City)

MN

(State)

56164

(Zip Code)

CHECK ONE:

- [X] 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)

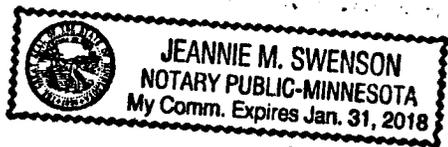
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OATH OR AFFIRMATION

I, Todd W. Morgan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Standard Financial Services 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:



[Signature]
Signature
Regional President
Title

Jeannie Swenson
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).

**STANNARD FINANCIAL SERVICES, LLC
PIPESTONE, MINNESOTA 56164**

INDEPENDENT AUDITOR'S REPORT

**FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012**

**Meulebroeck, Taubert & Co., PLLP
Certified Public Accountants
P.O. Box 707
Pipestone, Minnesota 56164**

Stannard Financial Services, LLC
Pipestone, Minnesota

CONTENTS OF REPORT
DECEMBER 31, 2013

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
BASIC FINANCIAL STATEMENTS	
Exhibit A Balance Sheet	3
Exhibit B Statement of Income and Member's Equity	4
Exhibit C Statement of Cash Flows	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 8
SUPPLEMENTARY INFORMATION	
Schedule 1 Net Capital Computation	9
Schedule 2 Schedule of Aggregate Indebtedness/Net Capital Ratio	10
Schedule 3 Schedule of Material Inadequacies	11
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL	12

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WITH THE FIRM

Amanda K. Baarson Sandy, CPA
Amy L. Mollberg, CPA
Sally A. Helgeson, CPA
Blake R. Klinsing, CPA
Michael K. Dubbelde, PA

INDEPENDENT AUDITOR'S REPORT

To The Members
Stannard Financial Services, LLC
Pipestone, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Stannard Financial Services, LLC which comprise the balance sheet as of December 31, 2013 and 2012, and the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 Stannard Financial Services, LLC as of December 31, 2013 and 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 basic financial statements taken as a whole. The schedules on pages 9, 10, and 11 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.



Meulebroeck, Taubert & Co., PLLP
Certified Public Accountants

January 17, 2014

BALANCE SHEET
DECEMBER 31, 2013 AND 2012

<u>Assets</u>	<u>2013</u>	<u>2012</u>
<u>Current Assets</u>		
Cash	12,181	8,922
Accounts Receivable	<u>1,500</u>	<u>1,500</u>
Total Current Assets	13,681	10,422
 <u>Property and Equipment</u>		
Equipment	22,700	22,700
Less Accumulated Depreciation	<u>(21,056)</u>	<u>(20,664)</u>
Total Property and Equipment	<u>1,644</u>	<u>2,036</u>
Total Assets	<u><u>15,325</u></u>	<u><u>12,458</u></u>
 <u>Liabilities and Members' Equity</u>		
<u>Current Liabilities</u>		
Accrued Liabilities	<u>2,699</u>	<u>745</u>
Total Current Liabilities	2,699	745
 <u>Members' Equity</u>		
Total Liabilities and Members' Equity	<u><u>15,325</u></u>	<u><u>12,458</u></u>

See accompanying notes to the financial statements.

STATEMENT OF INCOME AND MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

<u>Revenues</u>	<u>2013</u>	<u>2012</u>
Commission Received	81,666	80,522
Interest Income	8	8
Other Revenue	6,000	8,371
Total Revenues	<u>87,674</u>	<u>88,901</u>
<u>Expenses</u>		
Salaries and Payroll Taxes	6,218	5,984
Guaranteed Payments to Member	20,066	29,023
Advertising	4,813	9,168
Depreciation	392	392
Miscellaneous	1,183	325
Dues and Subscriptions	7,880	7,205
Rent	5,009	3,803
Insurance	2,126	2,349
Licenses and Permits	2,999	1,810
Office Supplies	12,983	7,890
Postage	1,011	640
Professional Fees	3,129	2,280
Property Taxes	2,248	
Repairs	3,249	2,428
Telephone	6,699	6,408
Travel/Entertainment/Meals	3,678	6,132
Utilities	3,078	2,935
Total Expenditures	<u>86,761</u>	<u>88,772</u>
Net Income (Loss)	913	130
Members' Equity-January 1	<u>11,713</u>	<u>11,583</u>
Members' Equity-December 31	<u><u>12,626</u></u>	<u><u>11,713</u></u>

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

<u>Cash Flows From Operating Activities</u>	<u>2013</u>	<u>2012</u>
Net Income (Loss)	913	130
Adjustments To Reconcile Net Income To Net Cash Provided By Operating Activities:		
Depreciation	392	392
Increase (Decrease) in Accrued Liabilities	1,954	(96)
Net Cash Provided (Used) By Operating Activities	<u>3,259</u>	<u>426</u>
Net Increase (Decrease) in Cash	<u>3,259</u>	<u>426</u>
Cash at January 1	<u>8,922</u>	<u>8,496</u>
Cash at December 31	<u><u>12,181</u></u>	<u><u>8,922</u></u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1

Summary of Significant Accounting Policies

This summary of significant accounting policies of Stannard Financial Services, LLC is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the members who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Nature of Operations

Stannard Financial Services, LLC is a fully-disclosing introductory broker dealer. The firm operates under SEC Rule 15C3-3(k)(2)(i) the Customer Protection Rule. Stannard does not hold customer funds or safekeep customer securities. As an introductory broker dealer, Stannard offers various mutual funds, variable and fixed annuities, face amount certificates and insurance products. Sales by the firm are processed by mutual fund and life insurance companies and other intermediary brokers, with commissions revenues retained by Stannard.

B. Property, Equipment and Depreciation

Property and equipment are valued at cost. Maintenance and repair costs are charged to expense as incurred. Depreciation of equipment is provided using the straight-line method for financial reporting and using the modified accelerated cost recovery system (MACRS) for federal income tax purposes as reported on the members' K-1's. For 2013 and 2012, depreciation expense was \$392 and \$392, respectively, for financial reporting purposes. Useful lives of property and equipment are in a range of 3 to 15 years.

C. Income Taxes

The Company is treated as a partnership for federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the personal returns of the members and taxed depending on their personal tax situations. The financial statements do not reflect a provision for income taxes.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1 **Summary of Significant Accounting Policies – continued**

D. **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. **Cash and Cash Equivalents**

The Company considers all highly liquid investments with a remaining maturity of three months or less to be cash equivalents.

F. **Advertising**

The Company expenses advertising costs as incurred. Total advertising expenses for the year were \$4,813 and \$9,168 for 2013 and 2012 respectively.

G. **Limited Liability of Members**

Liability of the individual members of the company is limited to their investment in the company.

Note 2 **Rent**

The company leases its computer system and office space. The firm's lease calls for rent to be paid each month March through December. The lease payments are flexible and determined by the owner of the property, Todd Morgan who is a 100% owner and member of Stannard Financial Services, LLC. Rents not paid do not accrue as a liability of the company due to the common ownership.

Note 3 **Related Party**

Todd Morgan is the sole member of Stannard Financial Services, LLC. The firm leases office space and equipment from Todd Morgan as described in Note 2.

Stannard Financial Services, LLC
Pipestone, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3 **Related Party - continued**

The following is a summary of the related party transactions for 2013 and 2012:

	<u>2013</u>	<u>2012</u>
		<u>Receivables</u>
Stannard Advisory Services, LLC	<u>1,500</u>	<u>1,500</u>
		<u>Rent Expense</u>
Todd Morgan	<u>4,200</u>	<u>3,200</u>

Note 4 **Subsequent Events**

Subsequent events have been evaluated through January 17, 2014, which is the date the financial statements were available to be issued.

SCHEDULE OF AGGREGATE INDEBTEDNESS/NET CAPITAL RATIO
DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Aggregate Indebtedness	<u>2,699</u>	<u>745</u>
Net Capital	<u>10,982</u>	<u>9,677</u>
Ratio of Aggregate Indebtedness to Net Capital	<u>24.58%</u>	<u>7.70%</u>

No material differences were noted between Net Capital Computation and Focus Report, Form X-17A-5.

Stannard Financial Services, LLC
Pipestone, Minnesota

Schedule 3

SCHEDULE OF MATERIAL INADEQUACIES
DECEMBER 31, 2013 AND 2012

Material Inadequacies

None

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INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL

To The Members
Stannard Financial Services, LLC
Pipestone, Minnesota

In planning and performing our audit of the financial statements of Stannard Financial Services, LLC 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 Stannard Financial Services, LLC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, members, and others within the Company, and is not intended to be, and should not be, used by anyone other than these specified parties.


Meulebroeck, Taubert & Co., PLLP
Certified Public Accountants
January 17, 2014