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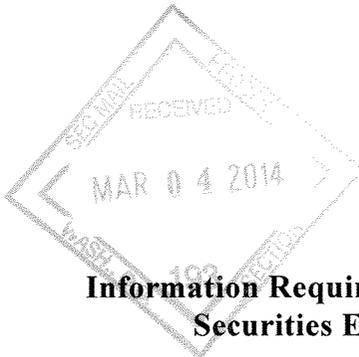
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MISSION

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	March 31, 2016
Estimated average burden hours per response.....	12.00



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

SEC FILE NUMBER
8-67294

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: Johnston Blakely & Company, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

7 Proctor Street

(No. and Street)

Manchester

MA

01944

(City)

(State)

(Zip Code)

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

Benjamin J. Conway

(978) 526-8336

(Area Code - Telephone Number)

### B. ACCOUNTANT IDENTIFICATION

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

Samet & Company, PC

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

1330 Boylston Street

Chestnut Hill

MA

02467

(Address)

(City)

(State)

(Zip Code)

#### CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

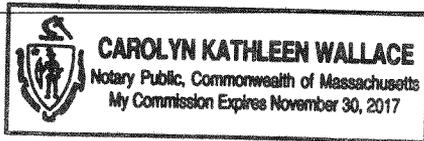
FOR OFFICIAL USE ONLY

\*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)

DD  
3/24/14

OATH OR AFFIRMATION

I, Benjamin J. Conway, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Johnston Blakely & 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:



[Handwritten Signature]
Signature
PRINCIPLE
Title

[Handwritten 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).

**JOHNSTON BLAKELY & COMPANY, LLC**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Year Ended December 31, 2013**



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**INDEPENDENT AUDITORS' REPORT**

To the Member of  
Johnston Blakely & Company, LLC

**Report on the Financial Statements**

We have audited the accompanying financial statements of Johnston Blakely & Company, LLC (a Massachusetts limited liability company) (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.



## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Johnston Blakely & 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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in the Computation of Net Capital Pursuant to Uniform Net Capital Rule 15c3-1 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 the Computation of Net Capital Pursuant to Uniform Net Capital Rule 15c3-1 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 the Computation of Net Capital Pursuant to Uniform Net Capital Rule 15c3-1 is fairly stated in all material respects in relation to the financial statements as a whole.

Chestnut Hill, Massachusetts  
February 19, 2014



**JOHNSTON BLAKELY & COMPANY, LLC**

**STATEMENT OF FINANCIAL CONDITION**

**December 31, 2013**

**ASSETS**

Cash	\$	31,053
Accounts receivable		<u>22,640</u>
	\$	<u>53,693</u>

**MEMBER'S EQUITY**

Member's equity	\$	<u>53,693</u>
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JOHNSTON BLAKELY & COMPANY, LLC

STATEMENT OF INCOME  
Year Ended December 31, 2013

Revenue:		
Investment banking		\$ <u>183,474</u>
Operating expenses:		
Rent		7,250
Telephone		2,462
Travel and entertainment		8,925
Professional fees		4,250
Licenses and permits		7,855
Other expenses		<u>1,039</u>
		<u>31,781</u>
Net income		\$ <u><u>151,693</u></u>



**JOHNSTON BLAKELY & COMPANY, LLC**

**STATEMENT OF CHANGES IN MEMBER'S EQUITY**

**Year Ended December 31, 2013**

Balance, January 1, 2013	\$	8,000
Net income		151,693
Contributions from member		17,000
Distributions to member		<u>(123,000)</u>
Balance, December 31, 2013	\$	<u><u>53,693</u></u>



JOHNSTON BLAKELY & COMPANY, LLC

**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2013**

Cash flows from operating activities:	
Net income	\$ 151,693
Adjustment to reconcile net income to net cash provided by operating expenses:	
Increase in accounts receivable	<u>(22,640)</u>
Net cash provided by operating activities	<u>129,053</u>
Cash flows from financing activities:	
Member contributions	17,000
Member distributions	<u>(123,000)</u>
Net cash used for financing activities	<u>(106,000)</u>
Net increase in cash during the year	23,653
Cash, beginning of year	<u>8,000</u>
Cash, end of year	\$ <u><u>31,053</u></u>



## JOHNSTON BLAKELY & COMPANY, LLC

### NOTES TO FINANCIAL STATEMENTS

December 31, 2013

Note 1

#### Organization and nature of business

Johnston Blakely & Company, LLC (the “Company”) was formed in 2006 and is a Massachusetts limited liability company. The Company advises on and negotiates mergers, acquisitions, and private placements for established and emerging companies in the life sciences industries. The Company is a registered broker under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). As provided for in the Company’s limited liability agreement, the Company will continue until December 31, 2100 unless terminated sooner pursuant to the limited liability agreement. No member shall be liable for the debts, liabilities, contracts or other obligations of the Company as a result of being a member of the Company.

Note 2

#### Summary of significant accounting policies

##### Revenue recognition

The Company enters into contracts with customers for advisory services and service fees based on a fixed percentage of the total consideration paid once the merger, acquisition or private placement (the “Transaction”) is closed. Accordingly, management recognizes advisory fees in revenue when services are performed and recognizes closing fees in revenue for the month earned when persuasive evidence of an arrangement exists, the services outlined in the contract have been performed, the price of the contract is fixed or determinable and collectability is reasonable assured.

##### Income taxes

The sole member of the Company has elected to have the Company taxed as a single-member LLC. Accordingly, the Company is not subject to federal or state income taxes. All taxable income/loss and tax credits are reflected on the income tax returns of the member.

##### Income tax positions

The Financial Accounting Standards Board (“FASB”) has issued a standard that clarifies the accounting and recognition of income tax positions taken or expected to be taken in the Company’s income tax returns. The Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. If the Company incurs interest or penalties as a result of unrecognized tax benefits the policy is to classify interest accrued with interest expense and penalties thereon with operating expenses.



JOHNSTON BLAKELY & COMPANY, LLC

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2013

Note 2

**Summary of significant accounting policies (continued)**

**Accounts receivable**

Accounts receivable are stated at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance based on historical collection experience, its assessment of current economic conditions, and review and assessment of the financial condition of the debtor. Based on the information available, the Company believes no allowance for doubtful accounts is necessary as of December 31, 2013.

**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 these estimates.

**Subsequent events**

The Company has evaluated subsequent events through February 19, 2014, which is the date the financial statements were available to be issued.

Note 3

**Net capital requirements**

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of a minimum net capital balance and requires that the Company's aggregate indebtedness to net capital, as defined, shall not exceed 15 to 1.

At December 31, 2013 the Company's net capital was \$31,053, which was \$26,053 in excess of its required net capital of \$5,000. The Company's aggregate indebtedness to net capital was 0 to 1.

Note 4

**Concentrations**

**Customers**

The Company earned 94% of its revenue from five customers during the year ended December 31, 2013. Three of these five customers totaled 100% of the accounts receivable as of December 31, 2013.

**Cash**

The Company maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Company has not experienced any losses in such accounts.



**JOHNSTON BLAKELY & COMPANY, LLC**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2013**

Note 5

**Reserve requirements pursuant to Rule 15c3-3**

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



JOHNSTON BLAKELY & COMPANY, LLC

**COMPUTATION OF NET CAPITAL PURSUANT TO  
UNIFORM NET CAPITAL RULE 15c3-1**

**December 31, 2013**

Member's equity	53,693
Nonallowable assets:	
Accounts receivable	<u>(22,640)</u>
Net capital	\$ <u>31,053</u>
Aggregate indebtedness	\$ <u>          -</u>
Computation of basic net capital requirement	
Minimum net capital required	\$ -
Minimum dollar net capital required	5,000
Net capital requirement	5,000
Excess net capital	\$ <u>26,053</u>
Net capital less 120% of minimum dollar net capital required	\$ <u>25,053</u>
Percentage of aggregate indebtedness to net capital	0%
<b>Reconciliation with Company's computation (included in part II of form X-17A-5 as of December 31, 2013)</b>	
Net capital, as reported in Company's part II (unaudited) focus report	\$ <u>31,053</u>
Net capital per above	\$ <u>31,053</u>



**REPORT OF INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5(g)(1) FOR A  
BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3**

To the Member of  
Johnston Blakely & Company, LLC

In planning and performing our audit of the financial statements of Johnston Blakely & 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 17(a)-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:

- i. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13.
2. Complying with the requirements of 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.



**REPORT OF INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5(g)(1) FOR A  
BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3  
(CONTINUED)**

Because of the 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 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 a material weakness. 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 management, the SEC, the Financial Industry Regulatory Authority 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.

Chestnut Hill, Massachusetts  
February 19, 2014