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

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 01/01/14 AND ENDING 12/31/14  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Fintegra, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

6120 Earle Brown Drive, Suite 550

(No. and Street)

Minneapolis

MN

55430

(City)

(State)

(Zip Code)

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

Jeffrey A. Schuh

(763) 398-4371

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Baker Tilly Virchow Krause, LLP

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

225 South Sixth Street, Suite 2300

Minneapolis

MN

55402

(Address)

(City)

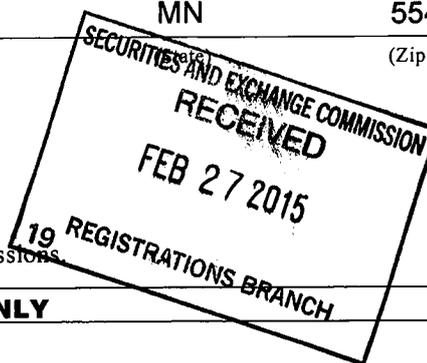
(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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



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\*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)

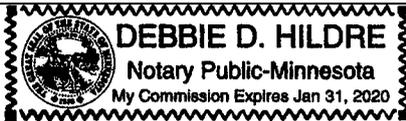
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OATH OR AFFIRMATION

I, Jeffrey A. Schuh, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Fintegra, LLC, as of December 31, 2014, 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 of Jeffrey A. Schuh, Chief Financial Officer.

Handwritten signature of Debbie D. Hildre, Notary Public.

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

- Checkboxes for various report components: (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).

**FINTEGRA, LLC AND SUBSIDIARY**  
Minneapolis, Minnesota

**CONSOLIDATED STATEMENT OF FINANCIAL CONDITION**

**Including Report of Independent Registered Public Accounting Firm**

**As of December 31, 2014**

# FINTEGRA, LLC AND SUBSIDIARY

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Governors  
Fintegra, LLC and subsidiary  
Minneapolis, Minnesota

We have audited the accompanying consolidated statement of financial condition of Fintegra, LLC and subsidiary as of December 31, 2014. The consolidated statement of financial condition is the responsibility of Fintegra, LLC and subsidiary's management. Our responsibility is to express an opinion on the consolidated statement of financial condition based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statement of financial condition referred to above presents fairly, in all material respects, the financial condition of Fintegra, LLC and subsidiary as of December 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

*Baker Tilly Virchow Krause, LLP*

Minneapolis, Minnesota  
February 24, 2015

# FINTEGRA, LLC AND SUBSIDIARY

## CONSOLIDATED STATEMENT OF FINANCIAL CONDITION As of December 31, 2014

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### ASSETS

Cash and cash equivalents	\$ 1,646,589
Deposit with clearing broker	150,796
Commissions and other receivables, net	602,239
Investment in Fintegra Opportunity Fund, LLC	10,811
Other assets	124,177
Forgivable loans, net	90,250
Property and equipment, net	54,855
Deferred income taxes	<u>97,739</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,777,456</u></b>

### LIABILITIES AND MEMBER'S EQUITY

#### LIABILITIES

Accounts payable	\$ 48,950
Commissions payable	890,034
Accrued payroll and related taxes	192,086
Escrow deposit	55,000
Income taxes payable	33,825
Accrued expenses	<u>83,556</u>
Total Liabilities	<u>1,303,451</u>

#### MEMBER'S EQUITY

Member's equity	1,467,388
49% Non-controlling interest in Fintegra Opportunity Fund Management, LLC	<u>6,617</u>
Total Member's Equity	<u>1,474,005</u>

**TOTAL LIABILITIES AND MEMBER'S EQUITY** **\$ 2,777,456**

See accompanying notes to consolidated statement of financial condition.

# FINTEGRA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

As of December 31, 2014

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### NOTE 1 - Summary of Significant Accounting Policies

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#### *Nature of Business*

Fintegra, LLC (the Company) was formed in Minnesota on August 8, 1998. The Company offers financial services and products, such as financial and retirement planning, stocks, bonds, mutual funds, UIT's and fixed and variable annuities to customers, customers of financial institutions and other independent representatives. The Company, which is a member of Securities Investors Protection Corporation, sells products manufactured by mutual fund and insurance companies and has an agreement with Pershing, LLC (Pershing), an affiliate of the Bank of New York Mellon, to execute and clear transactions and establish and maintain securities accounts for customers. The Company is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is wholly-owned by Fintegra Holdings, LLC.

#### *Principles of Consolidation*

The accompanying consolidated statement of financial condition includes the accounts of Fintegra, LLC and Fintegra Opportunity Fund Management, LLC ("FOF Management") a 51% owned entity. FOF Management has been consolidated in accordance with accounting principles generally accepted in the United States of America. Significant intercompany accounts and transactions have been eliminated in consolidation.

#### *Cash and Cash Equivalents*

The Company includes as cash equivalents all other investments with maturities of three months or less when purchased which are readily convertible into known amounts of cash. The Company maintains its cash and cash equivalents in financial institutions and money market mutual funds. The balances, at times, may exceed federally insured limits.

#### *Commissions Receivable*

Commissions receivable are unsecured and have been reduced by an allowance for doubtful accounts of \$13,517 as of December 31, 2014. The Company believes all commissions receivable in excess of the allowance are fully collectible. On a periodic basis, the Company evaluates its commission receivable based on history of past write-offs, collections and current credit conditions. Receivables are written off after all collection efforts have been exhausted.

#### *Depreciation and Amortization*

Property and equipment are recorded at cost. Depreciation is provided for using the straight-line method over estimated useful lives ranging from three to seven years. Maintenance, repairs and minor renewals are expensed when incurred.

#### *Income Taxes*

Effective January 1, 2003, the Company elected to be taxed as a corporation for federal and state income tax purposes.

Deferred income taxes result from temporary differences between the reported amounts for financial statement purposes and income tax purposes. These differences relate primarily to different methods used for depreciation and amortization, and vacation accruals.

# FINTEGRA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION As of December 31, 2014

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### **NOTE 1 - Summary of Significant Accounting Policies (cont.)**

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The Company applies the accounting standard for uncertainties in income taxes. The tax effects from any uncertain position can be recognized in the financial statements only if the position is more likely than not to be sustained on audit by tax authorities, based on the technical merits of the position. The Company's policy is to recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized, upon ultimate settlement with the relevant tax authority.

With few exceptions, the Company is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for the years before 2011. The Company is not currently under examination by any taxing jurisdiction. As of December 31, 2014, the Company had various unused state net operating loss carryforwards of approximately \$580,000 beginning to expire in 2024.

#### *Management's Use of Estimates*

The preparation of the consolidated statement of financial condition in conformity with accounting principles generally accepted in the United States of America 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 consolidated statement of financial condition and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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### **NOTE 2 – Forgivable Loans**

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Forgivable loan agreements are unsecured and provide for the loans to be forgiven based on the earlier occurrence of the anniversary date each month through March 2020 or a gross production goal is reached, provided the registered representative remains securities licensed with the Company as of the anniversary date. If the registered representative does not maintain their securities license with the Company, the loan will become immediately due and payable.

On a periodic basis, the Company evaluates its forgivable loans based on history of past write-offs, collections and current credit conditions.

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### **NOTE 3 – Investment in Fintegra Opportunity Fund, LLC**

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The Company was awarded 51% controlling interest in Fintegra Opportunity Fund Management, LLC ("FOF Management") in a FINRA arbitration on January 25, 2013. FOF Management is the Managing Member of Fintegra Opportunity Fund, LLC.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

# FINTEGRA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION As of December 31, 2014

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### NOTE 3 – Investment in Fintegra Opportunity Fund, LLC (cont.)

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The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on managements own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following table presents the Company's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2014.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment in Fintegra Opportunity Fund, LLC	\$ -	\$ -	\$ 10,811	\$ 10,811

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### NOTE 4 - Property and Equipment

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Property and equipment consisted of the following as of December 31, 2014:

Computer and telephone equipment	\$ 211,304
Furniture and fixtures	150,383
Software	<u>44,807</u>
	406,494
Less: accumulated depreciation and amortization	<u>(351,639)</u>
Property and equipment, net	<u>\$ 54,855</u>

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### NOTE 5 - Net Capital Requirements

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The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. As of December 31, 2014, the Company had net capital of \$964,430 which was \$714,430 in excess of its required net capital of \$250,000. The Company's net capital ratio was 1.35 to 1 as of December 31, 2014.

No differences exist between the net capital calculated above and the net capital computed and reported in the Company's December 31, 2014 FOCUS filing. Per Rule 15c3-3 of the Securities and Exchange Commission Uniform Net Capital Rule, the Company is exempt under the (k)(2)(ii) exemption.

# FINTEGRA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION As of December 31, 2014

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### **NOTE 6 - Off-Balance Sheet Risk**

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The Company clears all transactions for its customers on a fully disclosed basis with Pershing, who carries all the customer accounts and maintains the related records. The Company is liable to Pershing for the transactions of its customers. These activities may expose the Company to off-balance sheet risk in the event other parties are unable or refuse to fulfill their contractual obligations. Commissions and other receivables are unsecured. No allowance for uncollectible accounts was considered necessary as of December 31, 2014.

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### **NOTE 7 - Membership Units**

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The Company had a total of 1,586 membership units outstanding as of December 31, 2014.

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### **NOTE 8 - Retirement Plan**

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The Company has a SIMPLE IRA profit sharing plan (the Plan) for the benefit of its employees who qualify for participation. The Plan requires the Company to match contributions of up to 3% of the eligible employee's compensation.

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### **NOTE 9 - Commitments and Contingencies**

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#### *License Agreements*

The Company has three software license agreement that expires in 2016 and three licensing agreements that expire in 2017. These agreements require minimum monthly fees, plus hosting fees, of approximately \$18,500 and are subject to increase when the stated number of users is exceeded.

Future minimum license payments are as follows for the years ending December 31:

2015	\$	204,216
2016		190,640
2017		<u>134,760</u>
	\$	<u>529,616</u>

#### *Managed Service Agreements*

The Company has two managed service agreements that expire in 2015 and one agreement that expires in 2017. The agreements require minimum monthly fees of approximately \$1,430.

Future minimum managed service fee payments are as follows for the years ending December 31:

2015	\$	2,133
2016		768
2017		<u>768</u>
	\$	<u>3,669</u>

# FINTEGRA, LLC AND SUBSIDIARY

## NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION As of December 31, 2014

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### **NOTE 9 - Commitments and Contingencies (cont.)**

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#### *Operating Leases*

The Company leases corporate office space and the lease has escalating rent payments increasing from \$5,365 to \$5,419. The lease expires July 2016 and the monthly base rent as of December 31, 2014 is \$5,365. The Company is required to pay its pro rata share of operating expenses. The Company has the option to extend the office lease for a one year period.

The Company leases office space in Boca Raton, Florida which expires in June 2015 and the monthly base rent as of December 31, 2014 is \$3,061. The Company is required to pay its pro rata share of operating expenses. The Company entered into a sublease of the Boca Raton office space commencing April 1, 2013 through June 2015 with an unrelated party. The sublease monthly base rent is \$4,504.

The Company leases two copiers under a lease that expires January 2018 for \$554 per month and a copier under a lease that expires March 2015 for \$208 per month.

The Company also has an agreement to purchase telephone and data services that expires March 2017 for \$3,784 per month.

Future minimum lease payments are as follows for the years ending December 31:

2015	\$ 108,670
2016	89,985
2017	<u>17,995</u>
	<u>\$ 216,650</u>

#### *Legal Proceedings*

The Company is subject to legal proceedings and claims in the ordinary course of business. As of December 31, 2014, the Company is a defendant in five separate legal suits which claim securities sold through their registered representatives were either unsuitable or in violation of the state securities laws and common law. The Company is actively defending these allegations and does not believe it is at fault.

For all pending suits not accrued for, management believes the risk of loss is remote and amounts of a loss cannot be reasonably estimated. In the opinion of management, the amount of ultimate liability with respect to these actions may or may not materially affect the financial position of the Company.

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### **NOTE 10 – Subsequent Events**

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The Company has evaluated subsequent events occurring through February 24, 2015, the date that the consolidated statement of financial condition was available to be issued, for events requiring recording or disclosure in the Company's consolidated statement of financial condition.