

JG7



SEC  
Mail Processing  
Section

AUG 09 2016

16021648

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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  
8-66184

**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 01/01/15 AND ENDING 12/31/15  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Edgewater Capital, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
6 Hutton Centre Drive, Suite 860  
(No. and Street)  
South Coast Metro CA 92707  
(City) (State) (Zip Code)

OFFICIAL USE ONLY  
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Michael T. Ellington 310 568-9380  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Elizabeth Tractenberg, CPA  
(Name - if individual, state last, first, middle name)  
2367 Clubhouse Drive Rocklin CA 95765  
(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)

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.



*Handwritten signature*

OATH OR AFFIRMATION

I, Michael T. Ellington, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Edgewater Capital, LLC, as of December 31, 2015, 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:

None

[Signature]  
Signature  
CFO  
Title

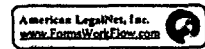
[Signature]  
Notary Public



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~~ **Cash Flows**.
- (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).



**Edgewater Capital, LLC**

**Report Pursuant to Rule 17a-5 (d)**

**Financial Statements**

**For the Year Ended December 31, 2015**

## Contents

### PART I

Report of Independent Registered Public Accounting Firm	1
Statement of Financial Condition	2
Statement of Income	3
Statement of Changes in Members' Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8

### SCHEDULES

Schedule I - Computation of Net Capital Requirements Pursuant to Rule 15c3-1	9
Schedule II – Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3	10
Schedule III – Information Relating to Possession or Control Requirements Under Rule 15c3-3	11

### PART II

Exemption Reports	12-13
-------------------	-------

# Elizabeth Tractenberg, CPA

2367 Clubhouse Drive  
ROCKLIN, CALIFORNIA 95765  
Office 916/259-1666 -- Mobile 310/435-0746 -- Fax 323/517-2625  
[elizabeth@tractenberg.net](mailto:elizabeth@tractenberg.net)  
PCAOB # 3621

## Report of Independent Registered Public Accounting Firm

To the Members  
Edgewater Capital, LLC  
South Coast Metro, CA 92707

I have audited the accompanying statement of financial condition of Edgewater Capital, LLC (the "Company"), a California LLC, as of December 31, 2015 and the related statements of income (loss), changes in members' 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 and supplemental information. The Company's management is responsible for these financial statements. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial condition of the Company as of December 31, 2015, 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.

The information contained in Schedules I, II and III (the "supplemental information") has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. My audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming my opinion on the supplemental information, I evaluated whether the supplemental information, including its form and content, is presented in conformity with Rule 17a-5 of the Securities Exchange Act of 1934. In my opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Elizabeth Tractenberg, CPA  
Rocklin, CA  
February 9, 2016

**Edgewater Capital, LLC**  
**Statement of Financial Condition**  
**December 31, 2015**

<b>Assets</b>	
Cash	\$ 18,081
Accounts receivable	7,146
Deposit	<u>369</u>
 Total Assets	 <u>\$ 25,596</u>

**Liabilities and Members' Equity**

<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 0
Due to Affiliates	<u>1,814</u>
 Total Liabilities	 1,814
 <b>Members' Equity</b>	 <u>23,782</u>
 <b>Total Liabilities and Members' Equity</b>	 <u>\$ 25,596</u>

See accompanying notes to financial statements

**Edgewater Capital, LLC**  
**Statement of Income**  
**For the Year Ended December 31, 2015**

Revenues

Administrative fee income	\$ 22,200
Consulting Income	30,000
Interest Income	22
Other Income	<u>445</u>
Total Revenues	<u>52,667</u>

Expenses

Insurance	576
Salaries- officers	10,200
Professional fees	532
Regulatory fees	1,579
Rent	780
All other expenses	<u>536</u>
Total Expenses	<u>14,203</u>
Income Before Tax Provision	38,464
Income Tax Provision	<u>800</u>
Net Income	<u>\$ 37,664</u>

See accompanying notes to financial statements

**Edgewater Capital, LLC**  
**Statement of Changes in Members' Equity**  
**For the Year Ended December 31, 2015**

	<u>Total</u>
Balance, December 31, 2014	\$ 11,119
Net Income	37,664
Member distributions	<u>25,000</u>
Balance, December 31, 2015	<u>\$ 23,782</u>

See accompanying notes to financial statements



**Edgewater Capital, LLC**  
**Statement of Cash Flows**  
**January through December 2015**

Cash Flows from Operating Activities:	
Net income	\$ 37,664
Changes in operating assets and liabilities:	
Accounts receivable	(7,146)
Deposits	1,054
Accounts payable and accrued liabilities	(950)
Due to Affiliates	<u>(4,476)</u>
Net cash provided (used) by operating activities	<u>26,146</u>
Cash Flows from Investing Activities	<u>-</u>
Cash Flows from Financing Activities:	
Capital distribution	<u>(25,000)</u>
Net Cash used by Financing	<u>(25,000)</u>
Net increase in cash	1,146
Cash at beginning of period	<u>16,935</u>
Cash at end of period	<u>\$ 18,081</u>
Supplemental Cash Flow Information	
Cash paid for interest	<u>\$ -</u>
Cash paid for income tax	<u>\$ 800</u>

See accompanying notes to financial statements

**Edgewater Capital, LLC**  
**Notes to Financial Statements**  
**December 31, 2015**

**Note 1 – Organization and Nature of Business**

Edgewater Capital, LLC (the “Company”) was incorporated in the State of California on August 18, 2003. The Company is a registered broker-dealer with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”).

**Note 2 – Significant Accounting Policies**

**Basis of Presentation** – The Company conducts the following types of business as a securities broker-dealer, which comprises several classes of services, including:

- Broker or dealer selling tax shelters or limited partnerships in primary distributions
- Private placement of securities

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k) (2) (i), the company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition** - Investment banking revenue is recognized in the form of success fees that are earned upon the closing of the transaction, or completion of the assignment. Advisory fees are recognized when non- refundable retainers are invoiced in accordance with written terms of its engagement agreements.

**Income taxes** - The Company, with consent of its Members, has elected to be a California Limited Liability Company. For tax purposes the Company is treated like a partnership, therefore in lieu of business income taxes, the Member is taxed on the Company’s taxable income. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements. The State of California has a similar treatment, although there exists a provision for a gross receipts tax and a minimum Franchise Tax of \$800.

The accounting principles generally accepted in the United States of America provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Company in its Federal and State organization tax returns are more likely than not to be sustained upon examination. The Company is subject to examinations by U.S. Federal and State tax authorities from 2012 to the present, generally for three years after they are filed.

**Edgewater Capital, LLC**  
**Notes to Financial Statements**  
**December 31, 2015**

**Note 3 - Fair Value**

Unless otherwise indicated, the fair values of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

**Note 4 – Related Party**

The Company has an expense sharing agreement with Shoreline Capital, LLC (“Shoreline”), its common ownership affiliate, whereby the Company pays Shoreline for use of its facilities, administrative and personnel costs relating to the Company. In addition, the Company reimburses Shoreline for their share of varying or non-recurring costs paid by Shoreline. These include computer maintenance, equipment rental, postage, outside services, telephone, and utilities. During the year, the Company paid Shoreline \$12,150, of recurring expenses in accordance with the terms of the agreement broken down as follows:

Occupancy	\$ 780
Other administrative expenses	1,170
Personnel	<u>10,200</u>
Total occupancy and personnel expense	<u>\$ 12,150</u>

It is possible that the terms of certain of the related-party transactions are not the same as those that would result from transactions among wholly unrelated parties. At December 31, 2015, the Company owed Shoreline \$1,814.

**Note 5 – Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (SEC 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. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2015, the Company had net capital of \$16,267 which was \$11,267 in excess of its required net capital of \$5,000. The Company’s net capital ratio was .11 to 1.

**Note 6 – Income Taxes**

The Company is subject to a limited liability company gross receipts tax, with a minimum provision of \$800. For the year ended December 31, 2015, the Company recorded the minimum liability company income tax of \$800.

**Edgewater Capital, LLC**  
**Notes to Financial Statements**  
**December 31, 2015**

**Note 7 – SIPC Supplementary Report Requirement**

The Company is not required to complete the SIPC Supplementary Report under SEC Rule 17a-5(e) (4) for fiscal year ending December 31, 2015 because the Company's SIPC Net Operating Revenues are under \$500,000.

**Note 8- Operating Leases**

The Company leases its premises from a related party (See note 4). Rent expense for the year end December 31, 2015 was \$780.

**Note 9 – Exemption from the SEC Rule 15c3-3**

Rule 15c3-3(k)(2)(i) provides an exemption from the SEC's so-called "customer protection rule" for firms that: carry no margin accounts; promptly transmit all customer funds and deliver all securities received in connection with their broker-dealer activities; do not otherwise hold funds or securities for, or owe money or securities to, customers; and effectuate all financial transactions with customers through one or more bank accounts designated as "Special Account for the Exclusive Benefit of Customers" of the Company.

**Note 10 – Subsequent Events**

Management has reviewed the results of operations for the period of time from its year end December 31, 2015 through February 9, 2016, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**Edgewater Capital, LLC**  
**Computation of Net Capital Requirements Pursuant**  
**To Rule 15c3-1**  
**December 31, 2015**

Computation of Net Capital	
Total ownership equity from statement of financial condition	\$ 23,782
Nonallowable assets:	
Accounts receivable	(7,146)
Deposit	<u>(369)</u>
Net Capital	<u>\$ 16,267</u>
Computation of Net Capital Requirements	
Minimum net aggregate indebtedness - 6.67% of net aggregate indebtedness	<u>\$ 121</u>
Minimum dollar net capital required	<u>\$ 5,000</u>
Net Capital required (greater of above amounts)	<u>\$ 5,000</u>
Excess Capital	<u>\$ 11,267</u>
Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	<u>\$ 11,086</u>
Computation of Aggregate Indebtedness	
Total liabilities	<u>\$ 1,814</u>
Aggregate indebtedness to net capital	0.11
Reconciliation	
The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179- 5(d)(4):	
Net Capital Per Company's Computation	\$ 16,267
Variance	<u>-</u>
Net Capital Per Audited Report	<u>\$ 16,267</u>

See accompanying notes to financial statements

**Edgewater Capital, LLC**  
**Schedule II – Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2015**

A computation of reserve requirement is not applicable to Edgewater Capital, LLC as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (i).

**Edgewater Capital, LLC**  
**Schedule III – Information Relating to Possession or Control**  
**Requirements under Rule 15c3-3**  
**As of December 31, 2015**

Information relating to possession or control requirements is not applicable to Edgewater Capital, LLC as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (i).

## **Elizabeth Tractenberg, CPA**

2367 Clubhouse Drive

ROCKLIN, CALIFORNIA 95765

Office 916/259-1666 – Mobile 310/435-0746 – Fax 323/517-2625

[elizabeth@tractenberg.net](mailto:elizabeth@tractenberg.net)

PCAOB # 3621

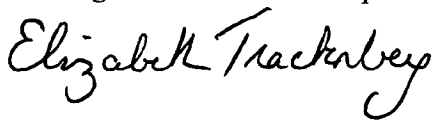
### **Report of Independent Registered Public Accounting Firm – Exemption Report**

To the Members  
of Edgewater Capital, LLC

I have reviewed management's statements, included in the accompanying Edgewater Capital, LLC (the "Company") Exemption Report in which (1) the Company identified the following provisions of 17C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3: ((k) (2) (i)) (the "exemption provisions"), and (2) the Company stated that they met the identified exemption provisions from January 1, 2015 to December 31, 2015 (the Company's fiscal year end) without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

My review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k) (2) (i) of Rule 15c3-3 under the Securities Exchange Act of 1934 for the periods noted in paragraph 1 above.



Elizabeth Tractenberg, CPA  
Rocklin, CA  
February 9, 2016



**Edgewater Capital, LLC**

9841 Airport Blvd., Suite 650, Los Angeles, CA 90045

12/31/2015

Elizabeth Tractenberg, CPA  
2367 Clubhouse Drive  
Rocklin, CA 95765

Re: SEA Rule 17a-5(d) (4) Exemption Report

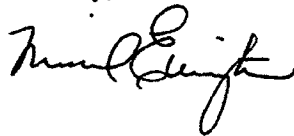
Dear Ms. Tractenberg:

Pursuant to the referenced rule, the following information is provided.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3 (k) (2) (i) the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers.

Edgewater Capital, LLC met the Section 204, 15c3-3 (k) (2) (i) exemption for the period January 1, 2015 to December 31, 2015.

Sincerely,



Mike Ellington

CFO, Edgewater Capital, LLC