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

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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 January 1, 2018 (Date) AND ENDING December 31, 2018 (Date)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: The Jeffrey Matthews Financial Group, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

30B Vreeland Road, Suite 210
(No. and Street)

Florham Park	NJ	07932
(City)	(State)	(Zip Code)

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

Stephen Cucchia 973-805-6222
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Hoberman & Lesser, CPAs, LLP
(Name - *if individual, state last, first, middle name*)

252 W. 37th Street	New York	NY	10018
(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)*

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SEC 1410 (06-02)

RMS

OATH OR AFFIRMATION

I, Jeffrey Halpert, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Jeffrey Matthews Financial Group, LLC as of December 31, 2018, 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

Managing Member

Title

Amy Warren

Notary Public

AMY WARREN

Notary Public of New Jersey
My Commission Expires 5/28/2020

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

- [x] (a) Facing Page.
- [x] (b) Statement of Financial Condition.
- [ ] (c) Statement of Income (Loss).
- [ ] (d) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- [ ] (e) Statement of Cash Flows
- [ ] (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, or statement, 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.
- [x] (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) Other

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

Hoberman & Lesser
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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New York, NY 10018-6636
212-463-0900
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
The Jeffrey Matthews Financial Group, LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of The Jeffrey Matthews Financial Group, LLC as of December 31, 2018, and the related notes (collectively referred to as the "financial statement"). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of The Jeffrey Matthews Financial Group, LLC as of December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of The Jeffrey Matthews Financial Group, LLC's management. Our responsibility is to express an opinion on The Jeffrey Matthews Financial Group, LLC's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to The Jeffrey Matthews Financial Group, LLC in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Hoberman & Lesser, LLP

We have served as The Jeffrey Matthews Financial Group, LLC's auditor since 2014.

New York, NY
February 25, 2019

Jeffrey Matthews Financial Group LLC
Statement of Financial Condition
December 31, 2018

Assets	
Cash	$ 188,856
Securities owned, at market value	9,097,193
Accrued interest receivable	93,508
Receivable from clearing organization	96,548
Other receivables (including due from members of $207,456)	310,448
Secured demand notes collateralized by marketable securities	967,578
Property and equipment - at cost, net	66,958
Clearing deposits	100,000
Other assets	213,091
Total Assets	$ 11,134,180
Liabilities and Members' Equity	
Liabilities:	
Payable to clearing organization	$ 7,947,139
Accounts payable and accrued expenses	639,091
Payable to affiliate	43,042
Total Liabilities	8,629,272
Commitments	
Liabilites subordinated to the claims of general creditors	1,267,578
Members' equity	1,237,330
Total Liabilities and Members' Equity	$ 11,134,180

See accompanying notes to the Statement of Financial Condition

CONFIDENTIAL

1. Organization and Nature of Business

The Jeffrey Matthews Financial Group, LLC (the "Company") is a broker-dealer, primarily acting as a broker and dealer of products consisting primarily of municipal bonds, corporate bonds and stocks. The Company is registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Company operates sales offices in New Jersey, Alabama, Connecticut, Florida and North Carolina.

2. Summary of Significant Accounting Polices

Method of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the accounting period in which revenue is earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

Management's use of Estimates and Assumptions – The preparation of the Statement of Financial Condition in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Statement of Financial Condition. Actual results could differ from those estimates.

Revenue Recognition - Securities transactions and the related revenues and expenses are recorded on a trade date basis, which is the day the transaction is executed.

Commissions - Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Cash - Cash, represents cash deposits held at financial institutions and is subject to credit risk to the extent those balances exceed applicable FDIC or SIPC limitations.

Investments in Securities – The Company values investments in federal, state, municipal and corporate obligations at fair values determined by third party pricing services that utilize proprietary pricing models. Equities are valued based on quoted market prices. The Company records such instruments on a trade date basis and values them at fair value in accordance with FASB ASC 820, Fair Value Measurements and Disclosures.

Depreciation and Amortization – Depreciation is computed utilizing the straight-line method over the estimated useful lives of assets ranging from three to seven years. Leasehold improvements are amortized over estimated useful lives or the term of the lease, whichever is shorter.

2. Summary of Significant Accounting Polices (continued)

Mutual Fund Fees – Broker-dealers acting as mutual fund distributors may earn 12b-1 fees, paid by the mutual fund to the broker-dealer to cover distribution expenses which encompass the marketing and selling of fund shares.

Income Taxes – The Company is not subject to income taxes. Taxes, if any, are the responsibility of the members. The members are required to report separately on their income tax returns their distributive share of taxable income or loss of the Company.

The Company is required to determine whether its tax positions are more likely than not to be sustained on examination by the applicable taxing authority, based on the technical merits of the position. Tax positions not deemed to meet a more likely than not threshold would be recorded as a tax expense in the current year.

Government and Other Regulation – The Company's business is subject to significant regulation by various governmental agencies and self-regulatory organizations, including the SEC and FINRA. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the applicable requirements of these organizations. As a registered broker dealer, the Company is subject to the SEC's net capital rules (Rule 15c3-1) which require that the Company maintain a minimum net capital, as defined. The Company is exempt from Rule 15c3-3 under (k)(2)(ii) as the Company does not hold any customers' funds or securities.

3. Investments Measured at Fair Value on a Recurring Basis

Fair Value Hierarchy

The Company records its financial assets and liabilities at fair value. The accounting standard for fair value which provides a framework for measuring fair value clarifies the definition of fair value and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting standard establishes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level I - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level I that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, the liquidity of markets, and other characteristics

3. Investments Measured at Fair Value on a Recurring Basis (continued)

particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The Fund establishes valuation processes and procedures to ensure that the valuation techniques are fair and consistent, and valuation inputs are supportable. On a monthly basis, the Company engages the services of a third-party independent pricing service to value its securities owned.

Fair Value Measurements

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that the Company believes market participants would use in pricing the asset or liability at the measurement date.

A description of the valuation techniques applied to the company's major categories of assets and liabilities measured at fair value on a recurring basis is as follows:

> *Municipal bonds.* The Company uses an independent pricing service to value municipal bonds using recently executed transactions, market price quotations (when observable), broker or dealer quotations, matrix pricing, or a discounted cash flow model that factors in, where applicable, interest rate yield curves, bond spreads or credit default swap spreads. Municipal bonds are generally categorized in Level 2 of the fair value hierarchy.

> *Corporate bonds.* The Company uses an independent pricing service to value corporate bonds using recently executed transactions of the issuer or comparable issuers, market price quotations (when observable), broker or dealer quotations, matrix pricing, or a discounted cash flow model that factors in, where applicable, interest rate yield curves, bond spreads or credit default swap spreads. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy. In instances where significant inputs are unobservable, corporate bonds are categorized in Level 3 of the fair value hierarchy.

The following table represents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at December 31, 2018:

	Level 1	Level 2	Level 3	Total
Municipal bonds	$ -	$ 8,687,151	$ -	$8,687,151
Corporate bonds	-	388,773	-	388,773
Other	21,269	-	-	21,269
	$ 21,269	$ 9,075,924	$ -	$9,097,193

There were no transfers between level 1 and level 2 during the year.

4. Market and Counterparty Risk and Uncertainty

The Company invests in certain securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit (Counterparty risk) and overall market volatility (market risk). Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts recorded in the Statement of Financial Condition.

In the normal course of its business, the Company enters into financial transactions where the risk of potential loss due to changes in market (market risk) or failure of the other party to the transaction to perform (counterparty risk) exceeds the amounts recorded for the transactions.

The Company's policy is to continuously monitor its exposure to market and counterparty risk through the use of a variety of financial, position and credit exposure reporting and control procedures. In addition, the Company has a policy of reviewing the credit standing of each broker-dealer, clearing organization, customer and/or other counterparty with which it conducts business.

The Company from time to time has sold securities that it does not currently own and will therefore be obligated to purchase such securities at a future date. The Company monitors its positions continuously to reduce the risk of potential loss due to changes in the fair value.

Operating in the securities industry subjects the Company to economic and political trends and conditions.

5. Commitments and Contingencies

The Company is obligated under non-cancellable operating leases for office facilities, equipment and autos expiring in various years through 2024. These leases relating to office space are subject to escalations for the increases in the Company's pro rata share of real estate taxes and other operating expenses. Future minimum rental payments for the years ended December 31 are as follows:

	Total	Offices	Equipment	Autos
2019	260,794	138,390	23,818	98,586
2020	263,488	179,788	16,695	67,005
2021	168,533	137,467	14,144	16,922
2022	125,336	112,042	13,294	-
2023	116,329	115,221	1,108	-
Thereafter	88,203	88,203	-	-
	$ 1,022,683	$ 771,111	$ 69,059	$ 182,513

In addition, to the above, the Company also operates at several different branch facilities on a month to month basis. Rent expense for all the facilities the year ended December 31, 2018 amounted to $179,627.

6. Property and Equipment

At December 31, 2018, property and equipment consist of the following:

Office equipment	$ 122,789
Furniture	89,383
Leasehold improvements	142,421
	354,593
Less: Accumulated depreciation and amortization	(287,635)
	$ 66,958

7. Payable to Clearing Organization

Payable to clearing organization represents loans collateralized by marketable securities and bears interest at the broker call rate less 0.25%. The broker call rate was 4.25% at December 31, 2018.

8. Liabilities Subordinated to the Claims of General Creditors

As of December 31, 2018, the Company had two types of liabilities subordinated to the claims of general creditors. Both of these instruments are reported in the Statement of Financial Condition at fair value, or at carrying amounts that approximate fair values because of the short maturity of the instruments.

The first, secured demand note obligations totaling $967,578 are non-interest bearing, payable to the members and other related parties and have maturities as follows:

June 30, 2020	$ 280,195
June 30, 2021	295,000
June 30, 2022	392,383
	$ 967,578

Such obligations had a combined fair value of $967,578 as of December 31, 2018.

The second is a cash subordinated loan of $300,000, bearing interest at 30-day LIBOR (which was 2.52% at December 31, 2018) plus 6 percent, payable to the Clearing Broker, due on May 26, 2020 and guaranteed by the members. Such loan had a fair value of $300,000 as of December 31, 2018.

The subordinated borrowings are covered by agreements approved by FINRA and are thus available in computing net capital. To the extent that such borrowings are required for the Company's continued compliance with net capital requirements, they may not be eligible for repayment.

9. Guarantees

The Company guarantees all the customer margin account balances held by its clearing broker. The Company is responsible for payment to the Clearing Broker for any loss, liability, damage, cost or expense incurred as a result of customers failing to comply with margin or margin maintenance calls on all margin accounts. The margin account balance held by the Clearing Broker as of December 31, 2018 was approximately $1,795,000. In the event of any customer default, the Company has rights to the underlying collateral provided. Given the existence of the underlying collateral provided as well as the negligible historical credit losses, the Company does not maintain any loss reserve.

10. Related Party Transactions

Certain clients of the Company are also clients of Jeffrey Matthews Wealth Management, LLC, a registered investment advisor under common control with the Company. A portion of the fees earned by Jeffrey Matthews Wealth Management, LLC representing compensation to financial advisors, are paid to the Company for inclusion in the Company payroll. In addition, the Company administers and pays the payroll of Jeffrey Matthews Wealth Management, LLC for which it is reimbursed. As of December 31, 2018, the net payable to this affiliate totaled $43,042.

11. Deferred Compensation Plan

The Company maintains a 401(k) deferred compensation plan which covers substantially all full-time employees. Participants are permitted to contribute a portion of their gross earnings into the plan. Employer contributions are made on a discretionary basis.

12. Concentrations of Credit Risk

At December 31, 2018, the investments in securities and receivable from brokers and clearing organizations reflected in the statement of financial condition are primarily held with two domestic brokers. The clearing and depository operations for the Company's security transactions are provided by such brokers.

Bank balances on occasion were in excess of the FDIC insurance limit.

13. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission 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 (and the rule of the "applicable" exchange 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, 2018, the Company had net capital of $1,270,939 which was $1,170,939 in excess of its required net capital of $100,000. The Company's net capital ratio was 0.55 to 1.

14. Secondary Clearing Relationship

The Company maintains a secondary clearing relationship with another registered broker dealer (the "Secondary Clearer") in which the Secondary Clearer utilizes the Company's clearing firm to clear its transactions. The Company's clearing firm maintains separate records of the activities of the Secondary Clearer, however, the Company is responsible for any errors or losses the Secondary Clearer cannot pay. The Secondary Clearer maintains no customer accounts and only executes fixed income transactions with other registered broker dealers on a riskless principal basis. As of December 31, 2018, the broker dealer maintained a trading account balance of $22,663 which reflects the trading profits of the Secondary Clearer that have not yet been paid.

15. Recently issued Accounting Pronouncements

New Accounting Standards Not Yet Adopted
In February 2016, the FASB issued ASU 2016-02, Leases, which creates ASC 842, Leases. This guidance requires a lessee to account for leases as finance or operating leases. Both types of leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on its statement of financial condition. The new guidance will be effective for the Company beginning January 1, 2019, with early adoption permitted. The Company expects to record a right-of-use asset and related lease liability upon the adoption of ASU 2016-02.

Adoption of New Accounting Standard
On January 1, 2018, the Company adopted the new accounting standard ASC 606, *Revenue from Contracts with Customers* and all the related amendments ("new revenue standard") to all contracts using the full retrospective method. There were no adjustments required related to the adoption of the standard.

16. Subsequent Events

Subsequent events have been evaluated through the date these financial statements were available to be issued for identifying events requiring disclosure or adjustment in these financial statements. No events have been identified which require such disclosure or adjustment.