

MAR 06 2019



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

|                          |                 |
|--------------------------|-----------------|
| OMB APPROVAL             |                 |
| OMB Number:              | 3235-0123       |
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| SEC FILE NUMBER |
| 8- 32071        |

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 01/01/2018 AND ENDING 12/31/2018  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM I.D. NO.     |

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

Blakeslee & Blakeslee  
1101 Marsh Street (No. and Street)  
San Luis Obispo, CA 93401  
(805) 543-4366  
 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Sam Blakeslee 805/543-4366  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Dave Banerjee CPA  
 (Name - if individual, state last, first, middle name)  
 (Address) (City) (State) (Zip Code)

CHECK ONE:

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

|                              |
|------------------------------|
| <b>FOR OFFICIAL USE ONLY</b> |
|                              |

\*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)

RMS

OATH OR AFFIRMATION

I, Sam Blakeslee, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Blakeslee & Blakeslee, as of FEB 22, 20 19, 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:

See Attached for Notary Certificate

MW

[Signature]  
Signature  
President  
Title

Notary Public

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- (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).





**DAVE BANERJEE, CPA**

*An Accountancy Corporation – Member AICPA and PCAOB*

21860 Burbank Blvd., Suite 150, Woodland Hills, CA 91367 • (818) 657-0288 • FAX (818) 657-0299 • (818) 312-3283

**Report of Independent Registered Public Accounting Firm**

To the Directors and Equity Owners of Blakeslee & Blakeslee, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Blakeslee & Blakeslee, Inc. (the "Company") as of December 31, 2018, the related statement of income, changes in member's equity, and cash flows, for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Blakeslee & Blakeslee, Inc. management. Our responsibility is to express an opinion on the Company's financial statements 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 Company 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 audits 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 statements are 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 statements, 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.

**Supplemental Information**

The information contained in Schedule I, II, and III ("Supplemental Information") has been subject 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. Our 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 our opinion on the Supplemental Information, we evaluated whether the Supplemental Information, including its form and content is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, Schedules I, II, and III are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Dave Banerjee".

Dave Banerjee CPA, an Accountancy Corporation  
We have served as the Company's auditor since 2018.  
Woodland Hills, California  
February 22, 2019

**Blakeslee & Blakeslee, Inc.**  
**Statement of Financial Condition**  
**December 31, 2018**

**Assets**

|                             |                          |
|-----------------------------|--------------------------|
| Cash and cash equivalents   | \$ 206,008               |
| Commissions receivable      | 15,599                   |
| Due from affiliate          | 23,530                   |
| Property and equipment, net | 47,947                   |
| Other assets                | <u>19,630</u>            |
| <b>Total assets</b>         | <b><u>\$ 312,714</u></b> |

**Liabilities and Stockholders' Equity**

**Liabilities**

|                                       |               |
|---------------------------------------|---------------|
| Accounts payable and accrued expenses | \$ 14,689     |
| Credit card payable                   | <u>2,802</u>  |
| <b>Total liabilities</b>              | <b>17,491</b> |

**Stockholders' equity**

|  |                          |
|--|--------------------------|
| Common stock, no par value, 200,000 shares authorized,<br>68,843 shares issued and outstanding | 59,205                   |
| Retained earnings  | <u>236,018</u>           |
| <b>Total stockholders' equity</b>  | <b><u>295,223</u></b>    |
| <b>Total liabilities and stockholders' equity</b>  | <b><u>\$ 312,714</u></b> |

*The accompanying notes are an integral part of these financial statements.*

**Blakeslee & Blakeslee, Inc.**  
**Statement of Income**  
**For the Year Ended December 31, 2018**

**Revenues**

|                       |                  |
|-----------------------|------------------|
| Commissions           | \$ 2,271,061     |
| Other income          | <u>59,578</u>    |
| <b>Total revenues</b> | <u>2,330,639</u> |

**Expenses**

|                                    |                  |
|------------------------------------|------------------|
| Employee compensation and benefits | 465,898          |
| Commission expense                 | 1,431,648        |
| Communications                     | 91,193           |
| Occupancy and equipment rental     | 209,315          |
| Other operating expenses           | <u>104,008</u>   |
| <b>Total expenses</b>              | <u>2,302,062</u> |

**Net income before income tax provision** 28,577

**Income tax provision** 800

**Net income** \$ 27,777

*The accompanying notes are an integral part of these financial statements.*

**Blakeslee & Blakeslee, Inc.**  
**Statement of Changes in Stockholders' Equity**  
**For the Year Ended December 31, 2018**

|                                     | <b>Common<br/>Stock</b> | <b>Retained<br/>Earnings</b> | <b>Total</b>      |
|-------------------------------------|-------------------------|------------------------------|-------------------|
| <b>Balance at December 31, 2017</b> | \$ 59,205               | \$ 208,241                   | \$ 267,446        |
| Net income (loss)                   | -                       | 27,777                       | \$ 27,777         |
| <b>Balance at December 31, 2018</b> | <u>\$ 59,205</u>        | <u>\$ 236,018</u>            | <u>\$ 295,223</u> |

*The accompanying notes are an integral part of these financial statements.*

**Blakeslee & Blakeslee, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**

**Cash flow from operating activities:**

|  |          |               |
|--|----------|---------------|
| Net income (loss)  |          | \$ 27,777     |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: |          |               |
| Depreciation expense   | \$ 4,712 |               |
| (Increase) decrease in assets:   |          |               |
| Commissions receivable   | 17,231   |               |
| Other assets   | (23,530) |               |
| Increase (decrease) in liabilities:  |          |               |
| Accounts payable and accrued expenses  | (12,928) |               |
| Credit card payable  | (670)    |               |
| Total adjustments  | (15,185) |               |
| <b>Net cash provided by (used in) operating activities</b>   |          | <b>12,592</b> |

**Cash flow from investing activities:**

|   |          |                 |
|---|----------|-----------------|
| Purchase of property and equipment                            | (18,459) |                 |
| <b>Net cash provided by (used in) in investing activities</b> |          | <b>(18,459)</b> |
| <b>Net cash provided by (used in) financing activities</b>    |          | <b>-</b>        |

|  |  |            |
|--|--|------------|
| Net increase (decrease) in cash                |  | (5,867)    |
| Cash and cash equivalents at beginning of year |  | 211,875    |
| Cash and cash equivalents at end of year       |  | \$ 206,008 |

**Supplemental disclosure of cash flow information:**

|                                |        |  |
|--------------------------------|--------|--|
| Cash paid during the year for: |        |  |
| Interest                       | \$ -   |  |
| Income taxes                   | \$ 800 |  |

*The accompanying notes are an integral part of these financial statements.*

**Blakeslee & Blakeslee, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

Blakeslee & Blakeslee, Inc. (the "Company") was incorporated in the State of California on January 30, 1984. The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934, a member of the Financial Industry Regulatory Authority ("FINRA"), and the Securities Investor Protection Corporation ("SIPC").

The Company is engaged in business as a securities broker-dealer, that provides several classes of services, including mutual fund sales, and secondarily variable and fixed annuities. The Company transacts business with its clients in primarily San Luis Obispo and Santa Barbara counties.

*Summary of Significant Accounting Policies*

The presentation of financial statements 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

For purposes relating to the statement of cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months, that are not held for sale in the ordinary course of business.

Commissions receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Property and equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized.

Securities transactions are recorded on a trade date basis with related commission income and expenses also recorded on a trade date basis.

*ASC 606 Revenue Recognition*

Revenue is measured based on a consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Taxes and regulatory fees assessed on a transaction by a government authority, and collected by the Company from a customer, are excluded from revenue. The Company generates its revenue from

**Blakeslee & Blakeslee, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

the sale of mutual funds, and variable and fixed contracts of insurance products in the form of commissions and trail commissions.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update “(ASU)” 2014-09, Revenue from Contracts with Customers: Topic 606, to supersede nearly all existing revenue recognition guidance under GAAP. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date, which deferred the effective date for implementation of ASU 2014-09 by one year and is now effective, with early adoption permitted but not earlier than the original effective date. ASU 2014-09 also requires new qualitative and quantitative disclosures, including disaggregation of revenues and descriptions of performance obligations. The new standard is in effect for fiscal years beginning July 1, 2018, and interim periods therein, using the modified retrospective method. The Company has performed a review of its revenue contracts and has not identified any material changes to the timing or amount of its revenue recognition under ASU 2014-09. The Company’s accounting policies did not change materially as a result of applying the principles of revenue recognition from ASU-2014-09 and are largely consistent with existing guidance and current practices applied by the Company.

Due to the nature of the Company’s business, changes in receivables, contract assets and contract liabilities with customers, due to revenue recognized from performance obligations satisfied in previous periods, were immaterial.

The Company accounts for its income taxes in accordance with FASB ASC 740, Income Taxes. This standard requires the establishment of a deferred tax asset or liability to recognize the future tax effects of transactions that have not been recognized for tax purposes, including taxable and deductible temporary differences as well as net operating loss and tax credit carryforwards. Deferred tax expenses or benefits are recognized as a result of changes in the tax basis of an asset or liability when measured against its reported amount in the financial statements.

Current income taxes are provided for estimated taxes payable or refundable based on tax returns. Deferred income taxes are recognized for the estimated future tax effects attributable to temporary differences in the basis of assets and liabilities for financial and tax reporting purposes. Measurement of current and deferred tax assets and liabilities is based on provisions of enacted federal and state tax laws.

Advertising costs are expensed as incurred. For the year ended December 31, 2018, advertising expense was \$ 14,916.

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

**Blakeslee & Blakeslee, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 2: DUE FROM AFFILIATE**

Under an expense sharing agreement, the Company is owed \$ 23,530 from an affiliate, Blakeslee & Blakeslee Financial Advisors Inc. (BBFAI), for payroll and other shared administrative expenses. The Company's majority shareholder is also the sole shareholder of BBFAI.

**Note 3: PROPERTY AND EQUIPMENT, NET**

Property and equipment are recorded net of accumulated depreciation and summarized by major classification as follows:

|                                      |                  | Useful Life |
|--------------------------------------|------------------|-------------|
| Furniture and fixtures               | \$ 28,038        | 7           |
| Equipment                            | 78,221           | 5           |
| Leasehold improvements               | <u>35,292</u>    | 39          |
| Total cost of property and equipment | 141,551          |             |
| Less: accumulated depreciation       | <u>(93,604)</u>  |             |
| Property and equipment, net          | <u>\$ 47,947</u> |             |

Depreciation expense for the year ended December 31, 2018 was \$4,712.

**Note 4: INCOME TAXES**

The provision for income tax expense (benefit) is composed of the following:

|                                    | Current       | Deferred    | Total         |
|------------------------------------|---------------|-------------|---------------|
| Federal                            | \$ -          | \$ -        | \$ -          |
| State                              | <u>800</u>    | <u>-</u>    | <u>800</u>    |
| Total income tax expense (benefit) | <u>\$ 800</u> | <u>\$ -</u> | <u>\$ 800</u> |

The Company is required to file income tax returns in both federal and state tax jurisdictions. The Company's tax returns are subject to examination by taxing authorities in the jurisdictions in which it operates in accordance with the normal statutes of limitations in the applicable jurisdiction. For federal purposes, the statute of limitations is three years. Accordingly, the company is no longer subject to examination of federal returns filed more than three years prior to the date of these financial statements. The statute of limitations for state purposes is generally three years, but may exceed this limitation depending upon the jurisdiction involved. Returns that were filed within the applicable statute remain

**Blakeslee & Blakeslee, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

subject to examination. As of December 31, 2018, the IRS has not proposed any adjustment to the Company's tax position.

**Note 5: RETIREMENT PLAN**

The Company maintains a SIMPLE IRA Plan (the "Plan") covering all of its eligible employees. The Plan is discretionary, and continuance of the plan is at the sole election of the Company. Under the terms of the plan, all employees, 21 years of age or older, are eligible to participate in the Plan. The Company recorded a \$10,756 contribution to this plan, which is included in employee compensation and benefits on the income statement.

**Note 6: CONCENTRATIONS OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

**Note 7: COMMITMENTS AND CONTINGENCIES**

*Commitments*

The Company has two lease agreements for office space under non-cancellable leases which expire in 2019. The minimum annual payments under these agreements for 2019 are \$63,012.

Total rent expense was \$166,153 for the year ended December 31, 2018.

*Contingencies*

The Company maintains several bank accounts at financial institutions. These accounts are insured either by the Federal Deposit Insurance Commission ("FDIC"), up to \$250,000, or the Securities Investor Protection Corporation ("SIPC"), up to \$500,000. At times during the year ended December 31, 2018, cash balances held in financial institutions were in excess of the FDIC and SIPC's insured limits. The Company has not experienced any losses in such accounts and management believes that it has placed its cash on deposit with financial institutions which are financially stable.

**Note 8: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

The Financial Accounting Standards Board (the "FASB") has established the Accounting Standards Codification ("Codification" or "ASC") as the authoritative source of generally accepted accounting principles ("GAAP") recognized by the FASB. The principles embodied in the Codification are to be applied by nongovernmental entities in the preparation of financial statements in accordance with GAAP in the United States. New accounting pronouncements are incorporated into the ASC through

**Blakeslee & Blakeslee, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

the issuance of Accounting Standards Updates (“ASUs”) Company management has reviewed the accounting standards updates issued by the FASB that were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year ending December 31, 2018. Based upon this review, the Company has implemented the pronouncements that require adoption (if any). They have also concluded that the remaining pronouncements have either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

**Note 9: 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. 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. Net capital and aggregate indebtedness change day to day, but on December 31, 2018, the Company had net capital of \$203,321 which was \$198,902 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$17,491) to net capital was 0.0858 to 1, which is less than the 15 to 1 maximum allowed.

**Note 10: GUARANTEES**

FASB ASC 460, Guarantees, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying factor (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of indebtedness of others.

The Company has issued no guarantees at December 31, 2018 or during the year then ended.

**Blakeslee & Blakeslee, Inc.**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of December 31, 2018**

**Computation of net capital**

|                   |                |
|-------------------|----------------|
| Common stock      | \$ 59,205      |
| Retained earnings | <u>236,018</u> |

**Total stockholders' equity** \$ 295,223

Less: Non-allowable assets

|                                    |               |
|------------------------------------|---------------|
| Due from affiliate                 | 23,530        |
| Property and equipment, net        | 47,947        |
| Commissions from broker and dealer | 214           |
| Other assets                       | <u>19,630</u> |

**Total non-allowable assets** (91,321)

**Net Capital** 203,902

**Computation of net capital requirements**

|   |                 |
|---|-----------------|
| Minimum net capital requirements            |                 |
| 6 2/3 percent of net aggregate indebtedness | \$ 1,166        |
| Minimum dollar net capital required         | <u>\$ 5,000</u> |

Net capital required (greater of above) (5,000)

**Excess net capital** \$ 198,902

Ratio of aggregate indebtedness to net capital 0.09 to 1

There was no material difference between net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated December 31, 2018.

*See independent auditor's report*

**Blakeslee & Blakeslee, Inc.**

**Schedule II and III - Computation for Determination of the Reserve Requirements  
and Information Relating to Possession or Control Requirements For Brokers and  
Dealers Pursuant to SEC Rule 15c3-3  
As of December 31, 2018**

The Company is exempt from the provision of Rule 15c3-3 under paragraph (k)(2)(ii) in that the Company carries no accounts, does not hold funds or securities for, or owe money or securities to customers. Accordingly, there are no items to report under the requirements of this Rule.

**Schedule IV  
Independent Accountant's Report on Applying Agreed-Upon Procedures  
Related to an Entity's SIPC Assessment Reconciliation**

The Company is exempt from the Rule 17a-5(e)(4) as it meets the minimum assessment as for in Section 4(d)(1)(c) of The Securities Investor Protection Act of 1970, as amended.

*See independent auditor's report*



**DAVE BANERJEE, CPA**

*An Accountancy Corporation – Member AICPA and PCAOB*

21860 Burbank Blvd., Suite 150, Woodland Hills, CA 91367 • (818) 657-0288 • FAX (818) 657-0299 • (818) 312-3283

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Sam Blakeslee, President  
Blakeslee & Blakeslee, Inc.

We have reviewed management's statements, included in the accompanying Blakeslee & Blakeslee, Inc. Exemption Report in which (1) Blakeslee & Blakeslee, Inc., identified the following provisions of 17 C.F.R. §15c3-3(k) under which Blakeslee & Blakeslee, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(ii) (the "exemption provision") and (2) Company, stated that Blakeslee & Blakeslee, Inc. met the identified exemption provision throughout the most recent fiscal year of 2018, without exception. Blakeslee & Blakeslee, Inc.'s management is responsible for compliance with the exemption provision and its statements.

Our 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 provision. 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, we do not express such an opinion.

Based on our review, we are 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)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Dave Banerjee CPA, an Accountancy Corporation  
We have served as the Company's auditor since 2018.  
Woodland Hills, California  
February 22, 2019

# BLAKESLEE & BLAKESLEE

117 Market Street • San Luis Obispo, California 93401 • 805.543.4300

February 22, 2019

Dave Banerjee, CPA an Accountancy Corporation  
21860 Burbank Blvd., Suite 150  
Woodland Hills, CA 91367

## Assertions Regarding Exemption Provisions

We, as principals of Blakeslee & Blakeslee, Inc. ("the company"), are responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with Securities Exchange Commission (SEC) and the broker or dealer's designated examining authority (DEA). One of the reports to be included in the annual filing is an exemption report prepared by an independent public accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, principals of the Company hereby make the following assertions:

### Identified Exemption Provision:

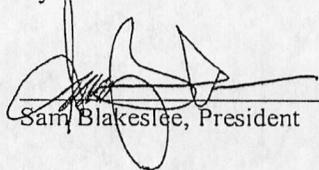
The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, (k)(2)(ii).

### Statement Regarding Meeting Exemption Provision:

The Company met the identified exemption provision without exception throughout the most recent fiscal year starting January 1, 2018 through December 31, 2018.

Blakeslee & Blakeslee, Inc.

By:

 2/22/19  
Sam Blakeslee, President



**DAVE BANERJEE, CPA**

*An Accountancy Corporation – Member AICPA and PCAOB*

21860 Burbank Blvd., Suite 150, Woodland Hills, CA 91367 • (818) 657-0288 • FAX (818) 657-0299 • (818) 312-3283

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
ON APPLYING AGREED UPON PROCEDURES**

To the Directors and Equity Owners of Blakeslee & Blakeslee, Inc.

We have performed the procedures included in Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and in the Securities Investor Protection Corporation (SIPC) Series 600 Rules, which are enumerated below, and were agreed to by Blakeslee & Blakeslee, Inc. (Company) and the SIPC, solely to assist you and the SIPC in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2018. Management of the Company is responsible for its Form SIPC-7 and for its compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed, and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
2. Compared the Total Revenue amounts reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2018, with the Total Revenue amounts reported in Form SIPC-7 for the year ended December 31, 2018 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences.

We were not engaged to, and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's compliance with the applicable instructions of the Form SIPC-7 for the year ended December 31, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Company and the SIPC and is not intended to be and should not be used by anyone other than these specified parties.

Dave Banerjee CPA, an Accountancy Corp.  
We have served as the Company's auditor since 2018.  
Woodland Hills, CA  
February 22, 2018

**Blakslee and Blakslee, Inc.**  
**Schedule - IV of Securities Investor Protection Corporation**  
**Assessments and Payments**  
**For the Year Ended December 31, 2018**

|   | <u>Amount</u>      |
|---|--------------------|
| <b>Total assessment</b>   | \$ 13              |
| SIPC-6 general assessment   |                    |
| Payment made on July 16, 2018   | (8)                |
| Less prior overpayment applied  | -                  |
| SIPC-7 general assessment   |                    |
| Payment made on February 4, 2019  | <u>(5)</u>         |
| <b>Total assessment balance</b><br><b>(overpayment carried forward)</b> | <u><u>\$ -</u></u> |

**SIPC-7**

(36-REV 12/18)

SECURITIES INVESTOR PROTECTION CORPORATION

P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

General Assessment Reconciliation

**SIPC-7**

(36-REV 12/18)

For the fiscal year ended 12/31/2018

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

14\*14\*\*\*\*\*2809\*\*\*\*\*MIXED AADC 220  
32071 FINRA DEC  
BLAKESLEE & BLAKESLEE INC  
1101 MARSH ST  
SAN LUIS OBISPO, CA 93401-2312

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

|   |     |            |
|---|-----|------------|
| 2. A. General Assessment (item 2e from page 2)  | \$  | <u>13</u>  |
| B. Less payment made with SIPC-6 filed (exclude interest)   | (   | <u>8</u> ) |
| <u>7.16.2018</u><br>Date Paid   |     |            |
| C. Less prior overpayment applied   | (   | <u>1</u> ) |
| D. Assessment balance due or (overpayment)  |     | <u>5</u>   |
| E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum  |     | <u>1</u>   |
| F. Total assessment balance and interest due (or overpayment carried forward)   | \$  | <u>5</u>   |
| G. PAYMENT: <input checked="" type="checkbox"/> the box<br>Check mailed to P.O. Box <input checked="" type="checkbox"/> Funds Wired <input type="checkbox"/> ACH <input type="checkbox"/> | \$  | <u>5</u>   |
| Total (must be same as F above)   |     |            |
| H. Overpayment carried forward  | \$( | <u>1</u> ) |

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Blakeslee & Blakeslee Inc.  
(Name of Corporation, Partnership or other organization)

(Authorized Signature)

Dated the 4 day of Feb, 2019.

(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER** Dates:            Postmarked            Received            Reviewed           

Calculations            Documentation            Forward Copy           

Exceptions:           

Disposition of exceptions:

**DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning 1/1/2018  
and ending 12/31/2018

Item No.

Eliminate cents

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 2,330,639

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.  
(See Instruction C):

2,271,061  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Rent 14,100 Reimbursed Expenses 36,894  
(Deductions in excess of \$100,000 require documentation)

50,994

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ \_\_\_\_\_

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ \_\_\_\_\_

Enter the greater of line (i) or (ii)

Total deductions

2,322,055  
\$ 584

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0015

\$ \_\_\_\_\_  
\_\_\_\_\_ 13  
(to page 1, line 2.A.)