

Securities and Exchange Commission
Trading and Markets
FEB 24 2020

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

SEC FILE NUMBER
8-67545

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 1/1/19 AND ENDING 12/31/19
mm/dd/yy mm/dd/yy

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **GrandFund Investment Group, LLC**
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
1809 Fremont Drive

OFFICIAL USE ONLY

FIRM I.D. NO.

(No. and Street)

Alameda **California** **94501**
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Donald Bertucio **510-522-2728**
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst Wintter & Associates LLP

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

675 Ygancio Valley Drive, Suite A200 **Walnut Creek CA** **94596**
(Address) (City) (State) (Zip Code)

SEC Mail Processing
FEB 24 2020
Washington, DC

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).

RMS

EB

OATH OR AFFIRMATION

I, **Donald C. Bertucio**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of **GrandFund Investment Group, LLC**, as of **December 31, 2019**, 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

VP/CCO

Title

SEE ATTACHED!

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 Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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 Requirement 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).*

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of ALAMEDA)

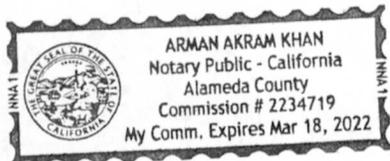
On FEB. 13, 2020 before me, ARMAN AKRAM KHAN, NOTARY PUBLIC
Date Here Insert Name and Title of the Officer

personally appeared DONALD C. BERTUCCI
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: DATA OF APPLICATION Document Date: 2/13/2020
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

GRANDFUND INVESTMENT GROUP, LLC

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Report of Independent Registered Public Accounting Firm

To the Members of
GrandFund Investment Group, LLC

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of GrandFund Investment Group, LLC (the "Company") as of December 31, 2019, the related statements of income, changes in members' capital, and cash flows for the year then ended, and the related notes and schedules I, and II (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, 2019, 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 Company's 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 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 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.

Emphasis of Matter

As described in Note 7 to the financial statements, a prior period adjustment was made to correct an error related to success fee revenue and commission expense made in the prior year. Our opinion is not modified with respect to that matter.

Supplemental Information

Schedules I and II have 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. 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 and II are fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst Wintter + Associates LLP

We have served as GrandFund Investment Group, LLC's auditor since 2016.
Walnut Creek, California

February 12, 2020

**GRANDFUND INVESTMENT GROUP, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2019**

ASSETS

Cash	\$	109,382
Accounts receivable		500,000
Prepaid expenses		5,746
		<hr/>
TOTAL ASSETS	\$	615,128
		<hr/> <hr/>

LIABILITIES AND MEMBERS' CAPITAL

LIABILITIES:

Accounts payable	\$	29,451
Commissions payable		86,800
		<hr/>

TOTAL LIABILITIES 116,251

MEMBERS' CAPITAL 498,877

TOTAL LIABILITIES AND MEMBERS' CAPITAL **\$ 615,128**

See accompanying notes to the financial statements.

GRANDFUND INVESTMENT GROUP, LLC
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUE:	
Success fees	\$ 1,822,163
	<hr/>
EXPENSES:	
Guaranteed payments	715,338
Professional fees	61,928
Commission expense	564,284
Regulatory fees	13,735
Other operating expenses	40,472
	<hr/>
Total expenses	1,395,757
	<hr/>
NET INCOME	\$ 426,406
	<hr/> <hr/>

See accompanying notes to the financial statements.

**GRANDFUND INVESTMENT GROUP, LLC
STATEMENT OF CHANGES IN MEMBERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019**

MEMBERS' CAPITAL, Beginning of the Year, as previously reported	\$ 405,163
Prior period adjustment (See Note 7)	(332,692)
MEMBERS' CAPITAL, beginning of the year, restated	<u>72,471</u>
Net income	426,406
	<u>498,877</u>
MEMBERS' CAPITAL, End of Year	<u><u>\$ 498,877</u></u>

See accompanying notes to the financial statements.

**GRANDFUND INVESTMENT GROUP, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 426,406
Adjustments to reconcile net income to net cash used in operating activities:	
Change in assets and liabilities:	
Accounts receivable	(485,397)
Prepaid expenses	1,965
Accounts payable	(51,379)
Commissions payable	84,705
Net cash used in operating activities	<u>(23,700)</u>

NET DECREASE IN CASH (23,700)

CASH, Beginning of Year 133,082

CASH, End of Year \$ 109,382

See accompanying notes to the financial statements.

GRANDFUND INVESTMENT GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization and Nature of Business

GrandFund Investment Group, LLC (the “Company”) was formed as a California Limited Liability Company on November 15, 2005, and its principal place of business is located in Alameda, California. The Company is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) on July 24, 2007 and is regulated by the Financial Industry Regulatory Authority (“FINRA”). The members of the Company are Charles Bertucio and Donald Bertucio, who are collectively the managing members, as defined in the Company’s operating agreement (the “Agreement”). In accordance with the Agreement, the Company will continue in existence until dissolved by its members.

The Company operates as a third-party sales and marketing firm which assists private equity firms seeking to raise capital for investment purposes within their funds. The Company qualifies potential prospects, arranges presentations, and tracks the sales process. The Company also provides investment and management advisory services to private companies.

The Company does not hold customer funds or safe keep customer securities and is therefore exempt from SEC Rule 15c3-3.

Basis of Presentation

The financial statements of the Company have been prepared using accounting principles generally accepted in the United States of America (“U.S. GAAP”). Financial statements prepared on a U.S. GAAP-basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. At December 31, 2019 the company held a single cash account, and there were no cash equivalents.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and commissions payable approximate fair value because of their short-term maturities.

GRANDFUND INVESTMENT GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

**NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)**

Income Taxes

The Company was formed as a California limited liability company (“LLC”). Effectively January 1, 2017, the Company became a Pennsylvania LLC. LLC’s are not taxable entities and are treated in the same manner as a partnership for federal and state income tax purposes. Federal and state income tax statutes require that the income or loss of the LLC be included in the tax returns of the individual members. Certain states including Pennsylvania in which the Company operates imposes fees and taxes at the partnership level. Management believes there are no uncertain tax positions. The Company is no longer subject to examinations by major tax jurisdictions for years before 2015.

On January 2, 2018, with an effective date of December 31, 2017, the Internal Revenue Service (“IRS”) issued final regulations affecting partnerships (and entities taxed as partnerships) that are intended to streamline the tax examination process and allow the IRS to collect any underpayments of tax from the partnership rather than the individual partners. Under the new process, the IRS will examine partnership items in a prior year under examination and any tax adjustments will be taken into account at the partnership level in the current year when the examination is complete. The partnership will pay the tax, interest, and penalties on underpayments using the highest statutory corporate or individual rate, which can be reduced under certain circumstances. The final regulations provide that partnerships can elect out of the new tax examination process if eligible. Management does not believe these changes have an effect on the Company’s financial statements as of and for the year ended December 31, 2019.

Accounts Receivable

Accounts receivable represents amounts that have been earned and billed to clients in accordance with the Company’s engagement letters with respective clients that have not yet been collected. Management reviews accounts receivable and sets up an allowance for doubtful accounts when collection of a receivable becomes unlikely. The Company considers accounts receivable to be fully collectible, and accordingly, no allowance for doubtful accounts has been provided.

NOTE 2 – MEMBERS’ CAPITAL

The Company is a limited liability company and, as such, no member shall have any personal liability to the Company, any other member or to any creditor of the Company for the debts of the Company beyond the amount contributed by the member to the Company.

GRANDFUND INVESTMENT GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 – MEMBERS’ CAPITAL (CONTINUED)

Contributions and withdrawals by members may be made from time to time with the consent and approval of a majority interest of the members as set forth in the Agreement. Profits and losses are, in general terms, allocated to the members on a pro rata basis based on their respective membership interest.

NOTE 3 – RISK CONCENTRATIONS

As of December 31, 2019, the Company had one customer that accounted for 80% of the accounts receivable and 87% of the revenue generated during the year.

In addition, 91% of commission expense and 84% of commissions payable at December 31, 2019 was related to two marketers.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. The Company places its cash and cash equivalent deposits with high quality financial institutions in the United States of America. At times during the year, cash balances may be in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance limits.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Company has an expense sharing agreement with GrandFund, LLC, a company under common control. There were no expenses shared during 2019.

Guaranteed payments are discretionary payments to individual members for services rendered, and are not based on the member’s share of the Company’s income.

NOTE 5 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) (the “Rule”), which, among other items, requires the maintenance of minimum net capital and the maintenance of a maximum ratio of aggregate indebtedness to net capital, both as defined by the Rule, of 15 to 1. The Rule also restricts the timing and amounts of capital withdrawals or distribution paid. At December 31, 2019, the Company had regulatory net capital of \$47,931 which was \$40,181 above the minimum requirement of \$7,750.

GRANDFUND INVESTMENT GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6 – ASU 2014-09 REVENUE FROM CONTRACTS WITH CUSTOMERS:

On January 1, 2018 the Company adopted ASU 2014-09, “Revenue from Contracts with Customers” using the full retrospective approach. Revenue from contracts with customers is recognized when, or as, the Company satisfies its performance obligations by transferring the promised goods or services to the customers. A good or service is transferred to a customer when, or as, the customer obtains control of that good or service. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time that the Company determines the customer obtains control over the promised good or service. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled in exchange for those promised goods or services (i.e., the “transactions price”). In determining the transaction price, the Company considers multiple factors, including the effects of variable consideration. Variable consideration is included in the transaction price only to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainties with respect to the amount are resolved. In determining when to include variable consideration in the transaction price, the Company considers the range of possible outcomes, the predictive value of the Company’s past experiences, the time period of when uncertainties expect to be resolved and the amount of consideration that is susceptible to factors outside of the Company’s influence, such as market volatility or the judgment and actions of third parties.

The following provides detailed information on the recognition of the Company’s revenues from contracts with customers:

Success Fees: The Company enters into agreements with money management firms to raise capital through financial intermediaries and earns success fees for monies placed in their various funds. They are either fixed or variable. The variable consideration cannot be determined until after a transaction closes and are based on assets under management. Due to the uncertainty of the value of the underlining investment vehicle at future points in time, as well as, the length of time the investor remains in the fund, both of which are susceptible to factors outside the Company’s influence, the Company is unable to overcome the aforementioned constraint until the actual values are determined on a monthly or quarterly basis. The fees recognized in the current period are primarily related to performance obligations that have been satisfied in prior periods.

GRANDFUND INVESTMENT GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

**NOTE 6 – ASU 2014-09 REVENUE FROM CONTRACTS WITH CUSTOMERS
(CONTINUED)**

Disaggregated Revenue from Contracts with Customers

The following table presents revenue by major source for the year ended December 31, 2019:

Revenues from contracts with customers:

Success fees	\$ 1,822,163
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Contract Balances

The timing of the Company's revenue recognition may differ from the timing of payment by its customers. The Company records receivables when revenue is recognized prior to payment and it has an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, the Company records deferred revenue until the performance obligations are satisfied. There was no deferred revenue at December 31, 2019.

The Company had receivables related to revenues from contracts with customers of \$500,000 at December 31, 2019.

The Company had no significant impairments related to these receivables during the year ended December 31, 2019.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

Upon review of fees received, the Company determined that \$385,398 of success fees and \$52,706 of commission expense were overstated in the prior year resulting in a prior period adjustment of \$332,692 to beginning retained earnings. The error in the Company's prior period earnings was related to an adjustment by the customer regarding the calculation of total fees which the Company participated in; which resulted in reduced fees earned by the Company. The prior period adjustment had no effect on computed net capital at December 31, 2019 or prior year.

NOTE 8 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 12, 2020, the date the accompanying financial statements were issued.

SUPPLEMENTARY INFORMATION

SCHEDULE II

GRANDFUND INVESTMENT GROUP, LLC COMPUTATION FOR DETERMINATION OF THE RESERVE REQUIREMENTS AND INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS FOR BROKERS AND DEALERS PURSUANT TO RULE 15C3-3

For the year ended December 31, 2019, the Company is exempt from the provision of Rule 15c3-3 as supported by footnote 74 to SEC Release 34-70073, and as discussed in Q & A 8 of the related FAQ issued by SEC staff. The Company does not effect transactions for anyone defined as a customer under Rule 15c3-3. Accordingly, there are no items to report under the requirements of this Rule.

See accompanying notes to the financial statements

Review Report of Independent Registered Public Accounting Firm

To the Members of
GrandFund Investment Group, LLC

We have reviewed management's statements, included in the accompanying 15c3-3 Exemption Report, in which (1) GrandFund Investment Group, LLC (the "Company") described that it does not fit one of the exemption provisions, but claimed an exemption from 17 C.F.R. §240.15c3-3 based on reliance on footnote 74 to SEC Release 34-70073, and as discussed in the Q & A 8 of the related FAQ issued by the SEC staff (the "exemption") and (2) the Company stated that it met the identified exemption throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption 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. 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 its exemption to Rule 15c3-3 under the Securities Exchange Act of 1934 as defined above.

Ernst Winter + Associates LLP

Walnut Creek, California

February 12, 2020

SEA 15c3-3 EXEMPTION REPORT

31 January, 2020

I, Donald Bertucio, CCO/VP of GrandFund Investment Group, LLC (the "Company") represent the following:

1. The Company claims an exemption from 17 C.F.R. 240.15c3-3, in reliance on footnote 74 to SEC Release 34-70073, and as discussed in Q & A 8 of the related FAQ issued by SEC staff. The Company does not fit one of the exemptive provisions. The Company receives fees for marketing and private placements for Direct Participation Programs, and it does not hold customer funds or securities.
2. The Company met the identified exemption provisions in 17 C.F.R. 240.15c3-3 throughout the most recent fiscal year ending December 31, 2019 without exception; and
3. There were no exceptions during the most recent fiscal year in meeting the exemption provisions in 17 C.F.R. 240.15c3-3.

I affirm that, to my best knowledge and belief, this Exemption Report is true and correct.

Respectfully submitted,


Donald Bertucio
CCO/VP