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

SEC FILE NUMBER
<b>8- 69854</b>

**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 01/01/2019 AND ENDING 12/31/2019  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER - DEALER:  
Herald Investment Marketing, LLC

OFFICIAL USE ONLY
_____
FIRM ID. NO.

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

Gateway Corporate Center, Suite 216, 223 Wilmington West Chester Pike  
(No. and Street)

Chadds Ford Pennsylvania 19317  
(City) (State) (Zip Code)

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

Patrick Chism (484) 840-3711  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Sanville & Company

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

1514 Old York Road Abington PA 19001  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

FOR OFFICIAL USE ONLY

*\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).*

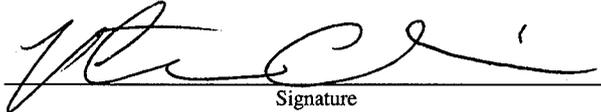
SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

# OATH OR AFFIRMATION

I, Patrick Chism, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Herald Investment Marketing, 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:

Sworn to and subscribed before me  
this 26<sup>th</sup> day of FEB, 2020

  
Signature

\_\_\_\_\_  
President  
Title

  
Notary Public

Commonwealth of Pennsylvania - Notary Seal  
Joseph Johnson, Notary Public  
Chester County  
My commission expires November 16, 2021  
Commission number 1219801  
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

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 Requirements Under Exhibit A of Rule 15c3-3.
- N/A  (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  (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Exemption Report.

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

**Herald Investment Marketing, LLC**  
**Financial Statement**  
**December 31, 2019**

**Herald Investment Marketing, LLC**

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**December 31, 2019**

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**ANNUAL AUDITED FOCUS REPORT FACING PAGE .....1-2**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
ON THE FINANCIAL STATEMENT ..... 3**

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**FINANCIAL STATEMENT**

Statement of Financial Condition ..... 4

Notes to Financial Statement .....5-6

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# Sanville & Company

CERTIFIED PUBLIC ACCOUNTANTS

ROBERT F. SANVILLE, CPA  
MICHAEL T. BARANOWSKY, CPA  
JOHN P. TOWNSEND, CPA

1514 OLD YORK ROAD ABINGTON, PA 19001  
(215) 884-8460 • (215) 884-8686 FAX

MEMBERS OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
PENNSYLVANIA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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100 WALL STREET, 8<sup>th</sup> FLOOR  
NEW YORK, NY 10005  
(212) 709-9512

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of  
Herald Investment Marketing, LLC

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Herald Investment Marketing, LLC (the "Company") as of December 31, 2019, 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 Company as of December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company'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 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 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 statement. 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 statement. We believe that our audit provides a reasonable basis for our opinion.



We have served as the Company's auditor since 2017  
Abington, Pennsylvania  
February 26, 2020

**Herald Investment Marketing, LLC**  
**Statement of Financial Condition**  
**December 31, 2019**

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**Assets**

Cash and cash equivalents	\$	532,958
Accounts receivable		39,840
Prepaid expenses and other assets		<u>32,959</u>

Total assets \$ 605,757

**Liabilities and Member's Equity**

**Liabilities**

Due to affiliate	\$	19,140
Accounts payable and accrued expenses		51,647
Deferred income		65,674
Commissions and fees payable		<u>114,482</u>

Total liabilities 250,943

**Member's Equity** 354,814

Total liabilities and member's equity \$ 605,757

The accompanying notes are an integral part of this financial statement.

# Herald Investment Marketing, LLC

## Notes to Financial Statement

December 31, 2019

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### 1. Organization

Herald Investment Marketing, LLC (the "Company") is a Pennsylvania limited liability company that is a registered broker dealer with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA"). The Company was approved by FINRA to operate as a registered broker dealer on May 15, 2017. The Company is wholly owned by Chadds Ford Investment Management, LLC. It has agreed to operate as a limited purpose broker dealer which will act as a principal underwriter for investment companies and exchange traded funds. The Company is directly affected by general economic and market conditions, including fluctuations in volume and price level of securities and changes in interest rates, which have an impact on the Company's liquidity.

### 2. Summary of Significant Accounting Policies

*The following are the significant accounting policies followed by the Company:*

*Revenue* – Mutual fund commissions, service fees and distribution fees are recognized when earned.

*Income taxes* – The Company is a single member limited liability company and is considered to be a disregarded entity as defined in the Internal Revenue Code. Under this provision, the taxable income or loss is taxed directly to the member. Accordingly, the Company records no provision for federal income taxes.

The Company recognizes and discloses uncertain tax positions in accordance with accounting principles generally accepted in the United States of America (GAAP). As of December 31, 2019, the Company did not have liability for unrecognized tax benefits. The Company is no longer subject to examination by federal and state taxing authorities prior to 2017.

*Use of estimates* – The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

*Recent Accounting Pronouncements* - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaced most existing revenue recognition guidance in U.S. GAAP when it became effective and permitted the use of either a full retrospective or retrospective with cumulative effect transition method. For public business entities, the new standard was effective for annual reporting periods beginning after December 15, 2017. The Company meets the FASB's definition of a public business entity because it is required by the Exchange Act to furnish financial statements under SEC Rule 17a-5. As a result, the Company adopted the new standard as of January 1, 2018. Upon adopting the new standard, there was no material impact that required using the cumulative effect method applied to contracts with customers that were not completed as of the date of adoption.

**Herald Investment Marketing, LLC**  
**Notes to Financial Statements (continued)**  
**December 31, 2019**

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In connection with its adoption of the guidance under the new standard, the Company performed an analysis to identify contracts with customers within the scope of the new standard and to determine the related performance obligation and transaction price. Under the new standard, the Company recognizes revenue based on the transaction price as the performance obligation is fulfilled. In its analysis, the Company considered, among other things, whether it acts as the principal or agent with respect to services related to its performance obligation, whether the performance obligation is fulfilled over time or at a point in time, and whether variable consideration is constrained from being included in the transaction price. In addition, the Company considered the costs incurred to obtain and fulfill contracts with customers to determine whether such costs would be required to be capitalized. Based on its analysis, the recognition of revenue under the new standard is not materially different from the revenue recognition under legacy GAAP. As a result, no cumulative catch up adjustment is necessary.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. For public business entities, ASU 2016-18 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact of adopting this new standard on its financial statements.

*Subsequent events* - Management has evaluated the impact of all subsequent events through February 26, 2020 the date the financial statements were available to be issued and has determined that there were no subsequent events requiring disclosure in these financial statements.

**3. Concentration of Credit Risk**

The Company is engaged in brokerage and distribution activities in which counterparties are primarily mutual fund companies. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the financial product.

**4. Net Capital Requirements**

The Company is a member of the FINRA and is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule 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 or 8 to 1 in the first year of operation. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2019 the Company had net capital of \$282,014.52 which was \$257,014.52 in excess of its required net capital of \$25,000. The Company's net capital ratio was 0.89 to 1.

**5. Computation for Determination of Reserve Requirements**

The Company will operate in accordance with the exemptive provisions of paragraph (k)(2)(i) of SEC Rule 15c3-3. No customer accounts are maintained and transactions are limited to sales and redemption of shares of registered investment companies and/or variable annuities.

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

OMB APPROVAL  
OMB Number: 3235-0123  
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Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2019 AND ENDING 12/31/2019  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:  
Herald Investment Marketing, LLC

OFFICIAL USE ONLY  
FIRM ID. NO.

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

Gateway Corporate Center, Suite 216, 223 Wilmington West Chester Pike  
(No. and Street)

Chadds Ford  
(City)

Pennsylvania  
(State)

19317  
(Zip Code)

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

Patrick Chism

(484) 840-3711  
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

Sanville & Company

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

1514 Old York Road  
(Address)

Abington  
(City)

PA  
(State)

19001  
(Zip Code)

CHECK ONE:

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

SEC Mail Processing

MAR 02 2020

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Washington, DC

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

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OATH OR AFFIRMATION

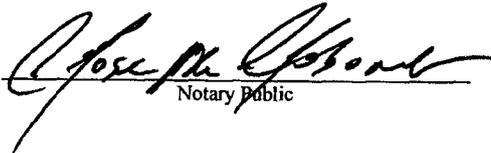
I, Patrick Chism, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Herald Investment Marketing, LLC, as of December 31, 2019, are true and correct. I further swear (or affirm) that neither the company 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:

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

Sworn to and subscribed before me this 26th day of FEB, 2020

  
Signature

\_\_\_\_\_  
President  
Title

  
Notary Public

Commonwealth of Pennsylvania - Notary Seal  
Joseph Johnson, Notary Public  
Chester County  
My commission expires November 16, 2021  
Commission number 1219801  
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

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

- (a) Facing page.
- (b) Statement of Financial Condition.
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- (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 Requirements Under Exhibit A of Rule 15c3-3.
- N/A  (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  (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Exemption Report.

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

**Herald Investment Marketing, LLC**  
**Financial Statement**  
**December 31, 2019**

**Herald Investment Marketing, LLC**

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December 31, 2019

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ON THE FINANCIAL STATEMENT..... 3**

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**FINANCIAL STATEMENT**

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# Sanville & Company

CERTIFIED PUBLIC ACCOUNTANTS

ROBERT F. SANVILLE, CPA  
MICHAEL T. BARANOWSKY, CPA  
JOHN P. TOWNSEND, CPA

1514 OLD YORK ROAD ABINGTON, PA 19001  
(215) 884-8460 • (215) 884-8686 FAX

MEMBERS OF  
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PENNSYLVANIA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

---

100 WALL STREET, 8<sup>th</sup> FLOOR  
NEW YORK, NY 10005  
(212) 709-9512

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of  
Herald Investment Marketing, LLC

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Herald Investment Marketing, LLC (the "Company") as of December 31, 2019, 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 Company as of December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company'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 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 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 statement. 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 statement. We believe that our audit provides a reasonable basis for our opinion.



We have served as the Company's auditor since 2017  
Abington, Pennsylvania  
February 26, 2020

**Herald Investment Marketing, LLC**  
**Statement of Financial Condition**  
**December 31, 2019**

---

**Assets**

Cash and cash equivalents	\$ 532,958
Accounts receivable	39,840
Prepaid expenses and other assets	<u>32,959</u>
Total assets	<u><u>\$ 605,757</u></u>

**Liabilities and Member's Equity**

**Liabilities**

Due to affiliate	\$ 19,140
Accounts payable and accrued expenses	51,647
Deferred income	65,674
Commissions and fees payable	<u>114,482</u>
Total liabilities	<u>250,943</u>

<b>Member's Equity</b>	<u>354,814</u>
Total liabilities and member's equity	<u><u>\$ 605,757</u></u>

The accompanying notes are an integral part of this financial statement.

# Herald Investment Marketing, LLC

## Notes to Financial Statement

December 31, 2019

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### 1. Organization

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**Herald Investment Marketing, LLC**  
**Notes to Financial Statements (continued)**  
**December 31, 2019**

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**5. Computation for Determination of Reserve Requirements**

The Company will operate in accordance with the exemptive provisions of paragraph (k)(2)(i) of SEC Rule 15c3-3. No customer accounts are maintained and transactions are limited to sales and redemption of shares of registered investment companies and/or variable annuities.