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

FEB 28 2020

PART III

|                 |
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| SEC FILE NUMBER |
| 8-70014         |

Washington DC  
 Information Required of Brokers and Dealers Pursuant to Section 17 of the  
 Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

FACING PAGE

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: **Gray Oak Capital, LLC**  
 ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**537 Steamboat Road, Suite 200**

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

(No. and Street) **Greenwich** **CT** **06830**  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
 Mark Halvorsen (203) 987-0015  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Raich Ender Malter & Co. LLP**

(Name - if individual, state last, first, middle name)  
**1375 Broadway, 15th Floor** **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.

|                              |
|------------------------------|
| <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)

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OATH OR AFFIRMATION

I, Mark Halvorsen, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Gray Oak Capital, 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:

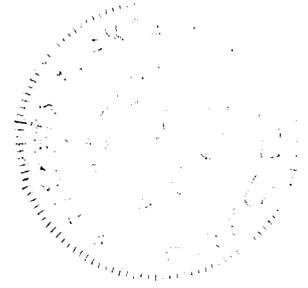
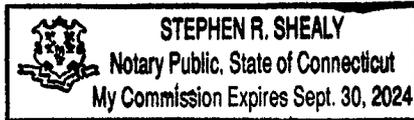
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*Mark Halvorsen*  
Signature

CEO

Title

*Stephen R. Shealy*  
Notary Public



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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (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).

**GRAY OAK CAPITAL, LLC**

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Statement of Financial Condition

December 31, 2019

Filed Pursuant to Rule 17a-5 Under the  
Securities and Exchange Act of 1934

PUBLIC DOCUMENT

**GRAY OAK CAPITAL, LLC**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of  
Gray Oak Capital, LLC  
Greenwich, Connecticut

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Gray Oak Capital, LLC 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 Gray Oak Capital, LLC 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 Gray Oak Capital, LLC's management. Our responsibility is to express an opinion on Gray Oak Capital, 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 Gray Oak Capital, 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 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.



RAICH ENDE MALTER & CO. LLP

We have served as Gray Oak Capital, LLC's auditor since 2019.  
New York, New York  
February 26, 2020

**Gray Oak Capital, LLC**

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Statement of Financial Condition  
December 31, 2019

**Assets**

|                               |           |                              |
|-------------------------------|-----------|------------------------------|
| Cash                          | \$        | 156,799                      |
| Prepaid expenses and deposits |           | <u>738</u>                   |
| <b>Total Assets</b>           | <b>\$</b> | <b><u><u>157,537</u></u></b> |

**Liabilities and Members' Equity**

**Liabilities**

|                                       |    |                     |
|---------------------------------------|----|---------------------|
| Accounts payable and accrued expenses | \$ | 6,687               |
| Due to affiliate                      |    | <u>510</u>          |
| <b>Total Liabilities</b>              |    | <b><u>7,197</u></b> |

|                        |  |                       |
|------------------------|--|-----------------------|
| <b>Members' Equity</b> |  | <b><u>150,340</u></b> |
|------------------------|--|-----------------------|

|  |           |                              |
|--|-----------|------------------------------|
| <b>Total Liabilities and Members' Equity</b> | <b>\$</b> | <b><u><u>157,537</u></u></b> |
|--|-----------|------------------------------|

See accompanying notes.

# Gray Oak Capital, LLC

Notes to Financial Statement  
December 31, 2019

## 1. ORGANIZATION AND NATURE OF BUSINESS

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Gray Oak Capital, LLC (the "Company") was organized in Delaware in February 2017. The Company is a securities broker-dealer registered with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority ("FINRA"), since April 2019.

The Company's primary business is referring stock loan business to other broker-dealers and introducing customers to prime brokers. The Company operates under the provisions of paragraph (k)(2)(i) and (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934. The Company does not hold funds or securities for customers and does not carry customer accounts.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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### Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The accounting policies and reporting practices of the Company conform to the predominant practices in the broker-dealer industry.

### Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements, as well as their related disclosures. Such estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Government and Other Regulation

A broker-dealer of securities business is subject to significant regulation by various governmental agencies and self-regulatory organizations. 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 Securities and Exchange Commission's net capital rule (Rule 15c3-1) which requires that the Company maintain a minimum net capital, as defined.

### Cash and Cash Equivalents

For purposes of reporting the Statement of Cash Flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash balances in excess of FDIC and similar insurance coverage are subject to the usual banking risks associated with funds in excess of those limits.

## Gray Oak Capital, LLC

Notes to Financial Statement  
December 31, 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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#### Income Taxes

The Company is treated as a partnership for federal income tax purposes and generally would not incur income taxes. Instead, its earnings and losses are included in the Federal tax returns of its members and taxed depending on the members' tax situation. However, the Company is subject to the Connecticut pass-through entity-tax.

The Company adopted Accounting Standards Codification ("ASC") 740 which clarified the accounting and disclosures for uncertain tax positions related to income taxes recognized in the financial statements and address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company did not have unrecognized tax benefits as of December 31, 2019 and does not expect this to change significantly over the twelve months. The Company will recognize interest and penalties accrued on unrecognized tax benefits as a component of income tax expense. As of December 31, 2019, the Company had no accrued interest or penalties related to uncertain tax positions.

#### Recent Accounting Pronouncements

Effective January 1, 2019, the Company adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842) ("ASC Topic 842"). The Company has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Company accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 2019) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

The Company defines a short-term lease as a lease that, at the commencement date, has a lease term of 12 months or less and does not contain an option to purchase the underlying asset that the lease is reasonably certain to exercise. The Company elected to recognize short-term lease payments as an expense on a straight-line basis over the lease term. Related variable lease payments are recognized in the period in which the obligation is incurred.

The Company's lease obligations are deemed to be short-term. As such, there was no impact on the financial statements upon adoption.

### 3. TRANSACTIONS WITH RELATED PARTIES

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The Company shares its office space as well as various administrative services with affiliates of the Company. The Company entered into an expense sharing agreement whereby all expenses associated with the operations of the Company paid by the affiliate entity were charged to the Company. Under the agreement, certain expenses of the affiliate entity such as rent and office expenses are allocated to the Company at cost as well as all direct expenses of the Company paid on behalf of the Company.

At December 31, 2019, the Company has a balance due to affiliate in the amount of \$510 reflected on the accompanying Statement of Financial Condition. The due to affiliate balance is non-interest bearing and is due on demand.

## Gray Oak Capital, LLC

Notes to Financial Statement  
December 31, 2019

### 4. REGULATORY REQUIREMENTS

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The Company, as a registered broker-dealer in securities, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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 8 to 1 in its first year of operation (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, 2019, the Company had net capital of \$149,602 which was \$49,602 in excess of its required net capital of \$100,000. At December 31, 2019, the percentage of aggregate indebtedness to net capital was 4.81%.

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 as the Company does not hold customers' cash or securities.

### 5. COMMITMENTS AND CONTINGENCIES

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The Company is exposed to unasserted potential claims encountered in the normal course of business. The Company has no litigation in progress at December 31, 2019.

### 6. SUBSEQUENT EVENTS

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Management has performed an evaluation of events that have occurred subsequent to December 31, 2019, and through February 26, 2020, the date this financial statement was available to be issued. There have been no material subsequent events that occurred during such period that would require disclosure in the financial statement or would be required to be recognized in the financial statements as of December 31, 2019.