

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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: Oct. 31, 2023  
Estimated average burden  
hours per response: 12

ANNUAL REPORTS  
FORM X-17A-5  
PART III

SEC FILE NUMBER  
8-68523

FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/21 AND ENDING 12/31/21  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: American Elm Partners LLC

TYPE OF REGISTRANT (check all applicable boxes):

- Broker-dealer     Security-based swap dealer     Major security-based swap participant  
 Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

100 Arboretum Drive, Ste 105

(No. and Street)

Portsmouth

NH

03801

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Ilina Stamova

212-668-8700

istamova@acisecure.com

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

Nawrocki Smith, LLP

(Name – if individual, state last, first, and middle name)

100 Motor Parkway, Suite 580 Hauppauge

NY

11788

(Address)

(City)

(State)

(Zip Code)

3/4/2009

3370

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

FOR OFFICIAL USE ONLY

\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

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, Michael Ponticello, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of American Elm Distribution Partners, LLC December 31, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

Dated: February 18, 2022



Signature: [Handwritten Signature]

Title: President

Notary Public

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

- (a) Statement of financial condition.
(b) Notes to consolidated 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...
(d) Statement of cash flows.
(e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
(f) Statement of changes in liabilities subordinated to claims of creditors.
(g) Notes to consolidated financial statements.
(h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
(i) Computation of tangible net worth under 17 CFR 240.18a-2.
(j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
(k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
(l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
(m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
(n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
(o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
(p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
(q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
(r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(t) Independent public accountant's report based on an examination of the statement of financial condition.
(u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
(v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
(x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
(y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
(z) Other:

\*\*To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

# **American Elm Distribution Partners, LLC**

---

## **Report on Audit of Financial Statement**

**As of and For the Year Ended December 31, 2021**

**This report is pursuant to Rule 17a-5(e)(3) under the Securities Exchange Act of 1934 as  
a Public Document**

# American Elm Distribution Partners, LLC

---

Year Ended December 31, 2021

## Contents

### Financial Statement

Report of Independent Registered Public Accounting Firm	1
Statement of Financial Condition	2
Notes to Financial Statement	3-6



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member of  
American Elm Distribution Partners, LLC:

**Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of American Elm Distribution Partners, LLC (the “Company”) as of December 31, 2021, and the related notes (collectively referred to as the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of American Elm Distribution Partners, LLC as of December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

This financial statement is the responsibility of American Elm Distribution Partners, LLC’s management. Our responsibility is to express an opinion on American Elm Distribution Partners, 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 American Elm Distribution Partners, LLC in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

We have served as American Elm Distribution Partners, LLC’s auditor since 2021.

Hauppauge, New York  
February 18, 2022

*Nawrocki Smith LLP*

## American Elm Distribution Partners, LLC

(A LIMITED LIABILITY COMPANY)

Statement of Financial Condition

As of December 31, 2021

### ASSETS

Cash and cash equivalents	\$	149,882
Accounts Receivable		45
Prepaid expenses		16,613
Furniture and equipment, net		<u>916</u>

**TOTAL ASSETS** **\$** 167,456

### LIABILITIES AND MEMBER'S EQUITY

#### LIABILITIES

Accounts payable and accrued expenses	\$	<u>21,862</u>
---------------------------------------	----	---------------

#### MEMBER'S EQUITY

**TOTAL LIABILITIES AND MEMBER'S EQUITY** **\$** 167,456

See accompanying notes to the financial statement.

# American Elm Distribution Partners, LLC

(A LIMITED LIABILITY COMPANY)

Notes to Financial Statement

As of and for the Year Ended December 31, 2021

## 1. Organization and Nature of Business

American Elm Distribution Partners, LLC (the "LLC") was formed on January 14, 2010 as a Delaware limited liability company and is a wholly-owned subsidiary of Arboretum Group, LLC. The LLC is a registered broker dealer, a member of the Financial Industry Regulatory Authority, Inc. (FINRA) and is exempt from the requirements of rule 15c3-3 of the Securities and Exchange Commission (the "SEC") since the LLC does not take custody of any customer funds or securities. The LLC's primary business activity is to underwrite and sell partnership interests in publicly registered equipment leasing programs sponsored by its affiliated entities.

Prior to the change in ownership, the LLC was owned by SQN Capital Management, LLC. As of September 6, 2017 FINRA approved a change in ownership and the LLC was purchased by Arboretum Group, LLC. The Company has filed a Continuing Membership application with FINRA for a change in ownership which as of December 31, 2021 is still pending.

## 2. Significant Accounting Policies

**Basis of accounting** - The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenue is recognized when earned, while expenses and losses are recognized when incurred.

**Cash and cash equivalents** - The LLC considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of funds maintained in a checking account held at financial institutions.

**Revenue recognition** - The LLC recognizes revenue in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606. Base fees are received in advance as a flat fee and are recorded on a monthly basis in connection with the offering period in accordance with the terms of the agreement. Underwriting fees are earned upon closings based on the total purchase price of all units sold in accordance with the terms of the agreement.

Disaggregation of the LLC's revenue by major sources for the year ending December 31, 2021 is as follows:

Revenue Stream	Income Statement Classification	Total Revenue
Base fee revenue	Fee income	\$ 261,120
Underwriting fees	Fee income	883,021

# American Elm Distribution Partners, LLC

(A LIMITED LIABILITY COMPANY)

Notes to Financial Statement

As of and for the Year Ended December 31, 2021

## 2. Significant Accounting Policies (continued)

**Income taxes** – The LLC is a single member which is treated as a disregarded entity for U.S. tax purposes and no provision for income taxes is recorded since the liability for such taxes is that of the Member rather than the LLC. The LLC's income tax returns are subject to examination by the federal and state taxing authorities, and changes, if any, could adjust the individual income tax of the Member.

**Uncertain tax positions** - The LLC follows the provisions of Financial Accounting Standards Board (FASB) Topic 740, Accounting for Uncertainty in Income Taxes ("Uncertain Tax Position"). This accounting guidance prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Under Uncertain Tax Position, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The LLC has evaluated its tax position for the year ended December 31, 2021, and does not expect any material adjustments to be made.

**Use of estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the LLC to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates and such differences could be material.

**Accounts receivable** - The LLC carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the LLC evaluates its accounts receivable and establishes an allowance for doubtful accounts based on history of past write-offs and collections and current credit conditions. No allowance for doubtful accounts was required at December 31, 2021.

## 3. Related Party Transactions

For the year ended December 31, 2021, the LLC earned \$969,141 as revenue for its services as selling agent for affiliated funds.

As of February 1, 2017 the LLC entered into an expense sharing agreement with Arboretum Investment Advisors, LLC, an entity under common ownership that shall remain in effect for a period of one year and shall automatically renew for additional year periods until either party delivers written notice of termination to the other party. This agreement covers occupancy and office expenses. The amount of expenses incurred pursuant to the expense sharing agreement with Arboretum Investment Advisors, LLC as of December 31, 2021 was \$54,047.

## American Elm Distribution Partners, LLC

(A LIMITED LIABILITY COMPANY)

Notes to Financial Statement

As of and for the Year Ended December 31, 2021

### 4. Net Capital Requirements

The LLC is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2021, the LLC had net capital of \$128,020 which was \$123,020 in excess of its required net capital of \$5,000. The LLC's ratio of aggregate indebtedness to net capital was 17.08%.

### 5. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is based on the straight line method over five years, the estimated useful lives of the assets. Fixed assets were placed in service on January 1, 2018.

Fixed assets consist of the following:

Furniture and equipment	\$	4,585
Less: accumulated depreciation		(3,669)
Furniture and equipment, net	\$	<u>916</u>

Depreciation expense for the year ended December 31, 2021 was \$917.

### 6. Concentrations of Credit Risk

Cash - The LLC maintains principally all cash balances in one financial institution which, at times may exceed the amount insured by the Federal Deposit insurance Corporation. The exposure to the LLC is solely dependent upon daily bank balances and the respective strength of the financial institution. The LLC has not incurred any losses on this account. At December 31, 2021, the balance was not in excess of insured amount of \$250,000.

Revenue - For the year ended December 31, 2021, the LLC's revenues were derived from three customers.

## **American Elm Distribution Partners, LLC**

---

(A LIMITED LIABILITY COMPANY)

Notes to Financial Statement

As of and for the Year Ended December 31, 2021

### **7. Indemnifications**

In the normal course of its business, the LLC indemnifies and guarantees certain service providers against specified potential losses in connection with their acting as an agent of, or providing services to, the LLC. The maximum potential amount of future payments that the LLC could be required to make under these indemnifications cannot be estimated. However, the LLC believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statement for these indemnifications.

The LLC provides representations and warranties to counterparties in connection with a variety of commercial transactions and occasionally indemnifies them against potential losses caused by the breach of those representations and warranties. The LLC may also provide standard indemnifications to some counterparties to protect them in the event additional taxes are owed or payments are withheld, due either to a change in or adverse application of certain tax laws. These indemnifications generally are standard contractual terms and are entered into in the normal course of business. The maximum potential amount of future payments that the LLC could be required to make under these indemnifications cannot be estimated. However, the LLC believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statement for these indemnifications.

### **8. Subsequent Events**

The LLC has evaluated events and transactions that occurred between January 1, 2022 and February 18, 2022, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statement. Based upon this review, the LLC has determined that there were no events which took place that would have material impact on the financial statement.