BALANCE SHEET SOLUTIONS, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(With Independent Auditor's Report Thereon)

BALANCE SHEET SOLUTIONS, LLC

TABLE OF CONTENTS

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Independent Auditor's Report

March 16, 2020

To the Sole Manager
of Balance Sheet Solutions, LLC

Report on the Financial Statements

We have audited the accompanying statements of financial condition of Balance Sheet Solutions, LLC as of December 31, 2019 and 2018, and the related notes to the statements of financial condition.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these statements of financial condition in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statements of financial condition that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these statements of financial condition based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the statements of financial condition are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statements of financial condition. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statements of financial condition, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statements of financial condition in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statements of financial condition.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

DoerenMayhew

Opinion

In our opinion, the statements of financial condition referred to above present fairly, in all material respects, the financial position of Balance Sheet Solutions, LLC as of December 31, 2019 and 2018, in accordance with accounting principles generally accepted in the United States of America.

Doeren Mayhew

Doeren Mayhew
Miami, FL

BALANCE SHEET SOLUTIONS, LLC

STATEMENTS OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2019 AND 2018

Assets	**2019**	**2018**
Cash	$2,025,746	$2,593,765
Accounts receivable - trade	480,427	791,203
Accounts receivable - related party	123,236	—
Prepaid and other assets	380,453	236,811
Total assets	$3,009,862	$3,621,779
Liabilities and Members' Equity		
Liabilities:		
Accrued expenses and other liabilities	$541,598	$825,225
Accounts payable - related party	—	87,115
Total liabilities	541,598	912,340
Members' Equity:		
Contributed capital	850,000	850,000
Retained earnings	1,618,264	1,859,439
Total members' equity	2,468,264	2,709,439
Total liabilities and members' equity	$3,009,862	$3,621,779

See accompanying notes to the statements of financial condition.

Note 1 - Nature of Business and Significant Accounting Policies

Organization

Balance Sheet Solutions, LLC (the Company) was formed on October 10, 2002, as an Illinois limited liability company. The Company is a wholly owned subsidiary of Alloya Corporate Federal Credit Union (Alloya). The Company offers securities transactions through an alliance with CU Investment Solutions (ISI), a member of Financial Industry Regulation Authority (FINRA) and Securities Investor Protection Corporation (SIPC), and nondiscretionary investment advisory services to its customers, principally credit unions. The Company also solicits time deposits for financial institutions through the SimpliCD program. In addition, the Company provides investment accounting and analytical services to credit unions. The Company was an investment advisory registered with the Securities and Exchange Commission and provided asset and liability management (ALM) Risk Modeling and ancillary services through May 31, 2019. The Company operates a main office in Illinois, with service branches in Michigan and New York.

The Company operated under the provisions of Paragraph (k)(2)(I) of Rule 15c3-3 of the SEC and, accordingly, was exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(2)(I) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a broker dealer. The clearing broker dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker dealer. The broker dealer handles all operations and is the designated clearing agent.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP/USA) 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 could differ from those estimates.

Cash

For purposes of reporting cash flows, cash includes amounts placed on deposit with Alloya which may, at times, exceed federally insured limits.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation. Furniture and equipment is depreciated using the straight-line method over the estimated useful lives of the assets. The Company reviews property and equipment (long-lived assets) for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Receivable/Payable to Parent Company

The Company operates under a Master Services Agreement with Alloya. The receivable/payable to the parent company represents fee income/corporate support service expenses due from/to Alloya. The receivable to the parent company of approximately $123,000 is included with accounts receivable in the statement of financial condition as of December 31, 2019. The payable to the parent company of approximately $87,000 is included with accrued expenses and other liabilities in the statement of financial condition as of December 31, 2018.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities are mainly comprised of funds due to employees for compensation and benefits and certain other accrued expenses.

Prepaid and Other Assets

Prepaid and other assets primarily consist of prepaid software expense, prepaid other outside service expenses and a contingency asset. Prepaid assets are amortized using the straight-line method over the life of the assets. The contingency asset of approximately $115,000 represents expected future cashflows from the three-year revenue share plan.

Accounts Receivable

Accounts receivable primarily consist of fee billings for services performed and commissions on sales.

Dividend Distribution

In April 2018, the Company made a $10,000,000 dividend distribution to Alloya.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Income Taxes

As a single-member limited liability company (LLC), the Company is a flow-through entity, which provides that the LLC passes on all income and expenses to its parent company to be taxed at the parent company level. Alloya is a federally chartered credit union regulated by the National Credit Union Administration, with no tax liability under state or federal laws for itself and all subsidiaries, including the Company. There is one exception to this exemption with regard to revenue generated by the Company within the state of California. Specifically, the Company pays a California LLC tax as well as a LLC fee annually.

Accounting principles generally accepted in the United States of America require Company management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Subsequent Events

Management has evaluated subsequent events through March 16, 2020, the date the financial statements were available to be issued. Effective January 1, 2020, the Company officially became Alloya Solutions, LLC.

Note 2 - Property and Equipment

Property and equipment is carried at cost, less accumulated depreciation and amortization, and is summarized as of December 31, 2019 and 2018 by major classification as follows:

	2019	**2018**
Computer equipment and software	$64,386	$71,830
Less accumulated depreciation and amortization	(64,386)	(71,830)
	$—	$—

There was no depreciation and amortization expense for the years ended December 31, 2019 and 2018.

* * * End of Notes * * *