

6/27/2014

STATEMENT OF FINANCIAL CONDITION

TD Private Client Wealth LLC  
April 30, 2014  
(Unaudited)

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(Unaudited)

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**Assets**

Cash	\$ 19,268,815
Cash deposited with clearing organizations or segregated under federal and other regulations or requirements	<u>250,000</u>
Cash and cash equivalents	19,518,815
Other assets	<u>122,891</u>
Total assets	<u>\$ 19,641,706</u>

**Liabilities and member's equity**

Liabilities:

Payable to affiliate	\$ 3,265,130
Other payables	<u>545,446</u>
Total liabilities	<u>3,810,576</u>

Member's equity	<u>15,831,130</u>
Total liabilities and member's equity	<u>\$ 19,641,706</u>

*See accompanying notes.*

# TD Private Client Wealth LLC

## Notes to Statement of Financial Condition

(Unaudited)

April 30, 2014

### **1. Nature of Operations, Basis of Presentation and Summary of Significant Accounting Policies**

#### **Nature of Operations**

TD Private Client Wealth LLC (the Company), formerly Bancnorth Investment Planning Group, Inc., is a wholly-owned subsidiary of TD Bank N.A.(the Parent), which is a wholly-owned subsidiary of TD Bank US Holding Company. TD Bank US Holding Company is an indirect subsidiary of The Toronto–Dominion Bank. The Company converted to a limited liability company (LLC) in July 2012, changed its name and subsequently recorded its initial capitalization.

The Company is a registered broker-dealer and investment advisor engaged principally in the provision of investment advisory services and products to high-net-worth clients. This includes the distribution of securities, including certain mutual funds, limited partnerships, and equity and fixed income securities through its brokerage platform and the provision of managed investment accounts. It became licensed to engage in investment advisor activity in February 2013 and broker-dealer activity throughout the United States in April 2013. The Company is registered with the Financial Industry Regulatory Authority (FINRA).

Pershing LLC acts as the clearing agent for the Company's trading activity.

Except as otherwise provided by the Delaware Limited Liability Company Act, and by applicable case law, a member of a Delaware limited liability company is generally not liable for the debts, obligations, or liabilities of the Company, much in the same manner as the shareholder, officers and directors of a corporation are generally not liable for the acts and omissions of the corporation.

#### **Basis of Presentation**

The accompanying statement of financial condition is prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). Certain U.S. GAAP policies, which significantly affect the determination of financial position, are summarized below.

# TD Private Client Wealth LLC

## Notes to Statement of Financial Condition

(Unaudited)

April 30, 2014

### **1. Nature of Operations, Basis of Presentation and Summary of Significant Accounting Policies (continued)**

#### **Summary of Significant Accounting Policies**

##### *Accounting Estimates and Assumptions*

The preparation of the statement of financial condition in conformity with GAAP requires management to make estimates and assumptions affecting the amounts reported in the statement of financial condition and accompanying notes. Actual results could differ from those estimates and assumptions.

##### *Cash and Cash Equivalents*

Cash and cash deposited with clearing organizations are carried at cost and have an original maturity of three months or less. Cash and cash equivalents includes \$2.2 million of cash on deposit with TD Bank N.A. as of April 30, 2014. See Note 3 – Related Party Transactions for additional information. Cash on deposit with clearing organizations represent those amounts required under the Company's clearing agreement with Pershing LLC.

##### *Commission Revenue and Expense*

Revenue for customer securities including brokerage commissions, fees for riskless principal trading, and other revenue related to client security transactions and holdings and related expenses are recorded on a trade-date basis. Fees related to client-managed account holdings are received quarterly in advance based on client asset holdings as of the end of the previous quarter. Fees related to new accounts opened during a quarter are captured through a monthly process and is recognized in advance for the remainder of the current quarter. Fees received but not yet earned include \$257 in Other Payables on the Statement of Financial Condition.

##### *Income Taxes*

The Company, its Parent, and its affiliates file a consolidated U.S. federal income tax return. Pursuant to a tax-sharing arrangement, TD Bank US Holding Company arranges for the payment of U.S. federal, state, and local income taxes on behalf of the entire consolidated group. The Company reimburses or receives payment on a current basis from TD Bank US Holding Company based upon its proportionate share of

# TD Private Client Wealth LLC

## Notes to Statement of Financial Condition

(Unaudited)

April 30, 2014

### **1. Nature of Operations, Basis of Presentation and Summary of Significant Accounting Policies (continued)**

the group's U.S. federal, state, and local tax liability. TD Private Client Wealth LLC is treated as a disregarded entity for U.S. tax purposes, and files combined state and local income tax returns with its Parent.

Tax assets and liabilities are determined in accordance with Accounting Standards Codification No. 740, *Accounting for Income Taxes*. Deferred tax assets or liabilities are recognized for the estimated future tax effects attributable to temporary differences and carryforwards. A temporary difference is the difference between the tax basis of an asset or liability and its reported amount in the financial statements. Deferred tax assets and liabilities are determined at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. Subsequent changes in the tax laws or rates require adjustment to these assets and liabilities with the cumulative effect included in statement of income realized for the period in which the change was enacted. A deferred tax valuation allowance is established when, in the judgment of management, it is more likely-than not that all or a portion of deferred tax assets will not be realized.

The Company recognizes the financial statement effects of a tax position when it is more-likely than-not, based on the technical merits, that the position will be sustained upon examination.

### **2. Income Taxes**

The Company adopted accounting guidance that clarifies the accounting for uncertain tax positions by prescribing a "more-likely-than-not" recognition threshold that a tax position is required to meet before being recognized in the financial statements. In addition, the guidance clarifies the measurement of uncertain tax positions, classification of interest and penalties, and requires additional disclosures on tax reserves. At April 30, 2014, the Company had no uncertain tax positions which would affect the effective tax rate if recognized. The Company does not expect a change in the unrecognized benefits in the next 12 months.

During the six-months ended April 30, 2014 the Company did not accrue for the payment of interest and penalties.

The Company operates in the U.S., and other state tax jurisdictions, and years 2012-2013 remain subject to examination by tax authorities.

# TD Private Client Wealth LLC

## Notes to Statement of Financial Condition

(Unaudited)

April 30, 2014

### **3. Related Party Transactions**

The Company maintains a demand deposit bank account with TD Bank N.A. which amounted to \$2.2 million at April 30, 2014. This account is utilized to settle amounts due to or from its parent, TD Bank N.A., including settlement of income tax transactions. The Company's intent is to sweep these periodic settlements from this account into its operating account maintained at BNY Mellon.

The Company has entered into a services agreement with its Parent for the provision of services related to the business of the Company. Costs related to employees who provide substantial service to the Company have been identified and allocated to the Company, including compensation and benefit expense, general office expense and travel expense. Also, costs related to the provision of support services such as finance and accounting support, human resources support, risk management support, compliance support, legal support, and general management oversight of the Company are identified and allocated to the Company. TD Bank N.A. also provides services such as the payments of direct expenses which are reimbursed by the Company. The Company has recorded \$3.3 million payable to TD Bank N.A. at April 30, 2014.

The Company has also entered into agreements with The Toronto-Dominion Bank related to the provision of services related to the business of the Company. The agreements provide for the Toronto-Dominion Bank to provide services related to the development and management of the Company's investment product offering. The agreements are effective for services provided during the six-months ended April 30, 2014. The Company has accrued \$383 included in Payable to Affiliate at April 30, 2014.

### **4. Contingencies and Commitments**

#### **Contingencies**

##### *Regulatory and Litigation Matters*

Regulatory bodies, such as the SEC, FINRA, and other regulatory bodies regularly make inquiries and conduct examinations or investigations concerning our compliance with, among other things, securities laws, laws governing the activities of broker-dealers, and registered investment advisers. Legal and regulatory proceedings in which the Company is a defendant or respondent may arise in the normal course of business. At April 30, 2014, there was no pending litigation against the Company.

# TD Private Client Wealth LLC

## Notes to Statement of Financial Condition

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### 5. Regulatory and Net Capital Requirements

As a registered broker-dealer and member of the FINRA, the Company is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission (SEC).

Advances to the parent and its affiliates, repayment of liabilities, dividend payments and other equity withdrawals are subject to certain notification and other provision of the Net Capital rule of the SEC. The Company is subject to the SEC 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 by Rule 15c3-1, may not exceed 15 to 1 (or may not exceed 8 to 1 for 12 months after commencing business as a broker or dealer).

	<u>April 30, 2014</u>
Minimum net capital requirement	\$ 109,756
Net capital	<u>15,708,074</u>
Excess net capital	<u>\$ 15,598,318</u>
Aggregate indebtedness:	
Items included in the statement of financial condition:	
Payable to affiliate	\$ 3,265,130
Reduced by amounts on deposit with affiliate	(2,164,236)
Other payables	<u>545,446</u>
Aggregate indebtedness	<u>\$ 1,646,340</u>
Ratio of aggregate indebtedness to net capital	<u>0.1048 to 1</u>