

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

ANNUAL REPORTS  
FORM X-17A-5  
PART III

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

FILING FOR THE PERIOD BEGINNING 01/01/23 AND ENDING 12/31/23  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Sage Partners Securities, 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.)

11111 Santa Monica Boulevard, Suite 2200

(No. and Street)

Los Angeles

CA

90025

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Mark Vidergauz

310-478-7899

mvidergauz@sagellc.com

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

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

Farber Hass Hurley LLP

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

9301 Oakdale Avenue, Suite 230 Chatsworth

CA

91311

(Address)

(City)

(State)

(Zip Code)

10/22/2003

223

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

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\* 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, Mark Vidergauz, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Sage Partners Securities, LLC, as of 12/31, 2023, 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.

Signature: \_\_\_\_\_



Title: \_\_\_\_\_

Chief Executive Officer

SEE ATTACHED

  
\_\_\_\_\_  
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 (as defined in § 210.1-02 of Regulation S-X).
- ☐ (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.**

**CALIFORNIA JURAT**

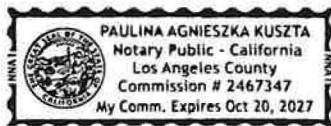
GOVERNMENT CODE § 8202

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of LOS ANGELES

Subscribed and sworn to (or affirmed) before me on

this 29TH day of FEBRUARY, 2024, by  
Date Month Year(1) MARK VIDERGAUZ(and (2) \_\_\_\_\_),  
Name(s) of Signer(s)proved to me on the basis of satisfactory evidence to  
be the person(s) who appeared before me.

Place Notary Seal and/or Stamp Above

Signature \_\_\_\_\_  
Signature of Notary Public**OPTIONAL**

Completing this information can deter alteration of the document or  
fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**Title or Type of Document: SEC FORM X-17A-5 PART III

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**SAGE PARTNERS SECURITIES, LLC**  
**(A Wholly Owned Subsidiary of The Sage Group, LLC)**

FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

DECEMBER 31, 2023

(CONFIDENTIAL REPORT PURSUANT 17a-5(e)(3))



**FARBER HASS HURLEY LLP**

CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of  
Sage Partners Securities, LLC

**Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Sage Partners Securities, LLC as of December 31, 2023, 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 Sage Partners Securities, LLC as of December 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

This financial statement is the responsibility of Sage Partners Securities, LLC's management. Our responsibility is to express an opinion on Sage Partners Securities, 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 Sage Partners Securities, 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.

Farber Hass Hurley LLP

We have served as Sage Partners Securities, LLC's auditor since 2019.  
Chatsworth, California  
February 29, 2024

9301 Oakdale Avenue, Suite 230 Chatsworth, CA 91311

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[fhhcpas.com](http://fhhcpas.com)

**SAGE PARTNERS SECURITIES, LLC**  
**(A Wholly Owned Subsidiary of The Sage Group, LLC)**  
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**SAGE PARTNERS SECURITIES, LLC**  
(A Wholly Owned Subsidiary of The Sage Group, LLC)  
STATEMENT OF FINANCIAL CONDITION

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**December 31, 2023**

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**ASSETS**

Cash	\$ 1,323,711
Certificate of deposit	564,157
Retainer fee receivable	50,000
Prepaid expenses	3,000
Warrants	<u>150,000</u>
	<u>\$ 2,090,868</u>

**LIABILITIES AND MEMBER'S EQUITY**

**Liabilities**

Accounts payable	\$ 5,207
Due to parent	222,740
Deferred revenue	<u>201,108</u>
Total liabilities	429,055

<b>Member's equity</b>	<u>1,661,813</u>
	<u>\$ 2,090,868</u>

# **SAGE PARTNERS SECURITIES, LLC**

## **(A Wholly Owned Subsidiary of The Sage Group, LLC)**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2023**

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#### **1. Nature of business and summary of significant accounting policies**

##### *Nature of Business*

Sage Partners Securities, LLC (the "Company"), a California Limited Liability Company, located in Los Angeles, California, was formed in June 2000 as a wholly owned subsidiary of The Sage Group, LLC (the "Parent" and, collectively with the Company, "Sage"). The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA").

The Company is an investment banking firm that provides a variety of corporate finance and financial advisory services to middle market and emerging growth clients throughout the United States. Such services include advisory on mergers, acquisitions, divestitures, management buyouts, and restructurings, as well as providing valuation services, fairness opinions and other related services in connection with client transactions. Sage may also participate in private equity placements, private debt, or mezzanine placements.

The Company does not accept customer funds in the name of Sage Partners Securities, LLC. In addition, the Company does not currently engage in the purchase or sale of listed, over the counter equities, options or futures, and does not plan to be a securities market maker.

##### *Basis of Presentation*

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

##### *Valuation of Investments in Securities and Securities at Fair Value - Definition and Hierarchy*

In accordance with GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches. In accordance with GAAP, a fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:



# **SAGE PARTNERS SECURITIES, LLC**

**(A Wholly Owned Subsidiary of The Sage Group, LLC)**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2023**

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### **1. Nature of business and summary of significant accounting policies (continued)**

#### *Valuation of Investments in Securities and Securities at Fair Value - Definition and Hierarchy (continued)*

*Level 1* - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

*Level 2* - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

*Level 3* - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

#### *Valuation Techniques*

The Company values its investment in the certificate of deposit at cost, plus accrued interest earned.

The Company may provide consulting, broker and other services to its clients, pursuant to contractual arrangements, in exchange for equity instruments. Share-based payment transactions are accounted for and recognized in the Statement of Income based on the fair value of the equity instruments issued. Management measures the fair value of the equity instruments in connection with these transactions using the stock price and other measurement assumptions as of the earlier of 1) the date that the parties come to a mutual understanding of the terms of the equity-based compensation arrangement and a commitment for performance by the Company to earn the equity instruments is reached or, 2) the date at which the Company's performance necessary to earn the equity instruments is complete (that is, the vesting date). During the year ended December 31, 2023, the Company recognized \$150,000 of revenue related to warrants to acquire Series A preferred stock received in connection with services provided to one client. This amount is included in investment banking fees in the Statement of Income.

The face value of the warrants is \$300,000. Based on the Company's significant experience involving valuations in the industry, management assessed the instrument's lack of marketability and lack of control and applied a discount of 25% for each of 1) lack of marketability and 2) lack of control for a total discount of 50%. The application of the 50% discount to the \$300,000 face value resulted in the recognition of \$150,000 in investment banking fees for the year ended December 31, 2023. The Company had no realized or unrealized gains or losses on these investments during the year ended December 31, 2023.

#### *Revenue Recognition*

The Company principally generates revenue from investment banking and advisory services. Investment banking fees are recognized as revenue upon closing of a client transaction. All associated revenue is due in full on the closing date. A transaction is deemed closed when the funds have been received in full from the client. The transaction price includes variable consideration as investment banking pricing is based on outcomes of the transaction. The amount of revenue recognized as investment banking fees is the total amount received upon closing of a client transaction. The Company believes that the point in time at which the Company performs its obligation is the transaction completion date, as the customer has control of the service and the Company's obligation to the customer has been completed. At that point, the Company has a present right to payment, the customer has accepted the service and the uncertainty of variable consideration is resolved.

# **SAGE PARTNERS SECURITIES, LLC**

**(A Wholly Owned Subsidiary of The Sage Group, LLC)**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2023**

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### **1. Nature of business and summary of significant accounting policies (continued)**

Advisory service revenues are non-refundable retainer fees collected in advance and are deferred and amortized over the period the services are provided by the Company. The Company believes that advisory service revenues satisfy the criteria for being recognized over time since advisory fees are non-refundable retainer fees collected in advance and services are simultaneously provided by the Company and consumed by the client as the Company performs the service. The service period is the length of time stipulated in the signed engagement letter that the agreement is valid for. The service time period is typically between three and twelve months. The retainers received from customers before the end of the service period are reflected as deferred revenue. Retainer revenue is recorded as income ratably over the course of the engagement service time period.

The Company had \$266,456 of deferred revenue at December 31, 2022, \$204,998 of which has been recognized as advisory services revenue in 2023. The Company has \$201,108 of deferred revenue at December 31, 2023, all of which will be recognized as advisory services revenue in 2024.

### **Disaggregated Revenue from Contracts with Customers**

The following table presents revenue by major source

<b>Revenue from contracts with customers</b>	
Investment banking fees	\$ 4,374,098
Advisory services	665,349
Consulting fees	10,000
<b>Total revenue from contracts with customers</b>	<b><u>\$ 5,049,447</u></b>

### *Costs to Obtain a Client*

The Company incurs minimal costs that are directly allocable to the revenue contracts. The majority of contracts include a provision for the reimbursement of reasonable, documented out-of-pocket expenses incurred in connection with the engagement such as travel and document production costs. The Company does not incur any incremental costs, such as commissions, for obtaining new clients, and therefore all expenses related to obtaining new clients are expensed when incurred.

### *Certificate of Deposit*

The Company records the investment in certificates of deposit at cost which approximates fair market value. The balance invested in the certificate of deposit is \$564,157 at December 31, 2023. As per the fair value hierarchy discussed earlier in Note 1, Valuation of Investments in Securities and Securities at Fair Value - Definition and Hierarchy, the Company considers the certificate of deposit as Level 2 inputs.

### *Income Taxes*

The Company is a limited liability company, and treated as a partnership for income tax reporting purposes. The Internal Revenue Code ("IRC") provides that any income or loss is passed through to the members for federal and state income tax purposes. Accordingly, the Company has not provided for federal or state income taxes.

# SAGE PARTNERS SECURITIES, LLC

(A Wholly Owned Subsidiary of The Sage Group, LLC)

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

### 1. Nature of business and summary of significant accounting policies (continued)

At December 31, 2023, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. This determination will always be subject to ongoing reevaluation as facts and circumstances may require. The Company remains subject to U.S. federal and state income tax audits for all periods subsequent to 2020.

#### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the amounts disclosed in the financial statements. Actual results could differ from those estimates.

### 2. Fair value measurements

The Company's assets recorded at fair value have been categorized based upon a fair value hierarchy as described in the Company's significant accounting policies in Note 1.

The Company's Level 3 investments measured at fair value consisted of warrants of a non-public issuer. The warrants were received on March 13, 2023, as part of the Company's investment banking fees. The Company had no realized or unrealized gains or losses on these investments during the year ended December 31, 2023.

The following table presents information about the Company's assets measured at fair value as of December 31, 2023:

	in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2023
<b>Assets (at fair value)</b>				
Certificate of deposit	\$ -	\$ 564,157	\$ -	\$ 564,157
Warrants	-	-	150,000	150,000
Total	<u>\$ -</u>	<u>\$ 564,157</u>	<u>\$ 150,000</u>	<u>\$ 714,157</u>

### 3. Cash Concentration

The Company maintains its cash balances in various financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At times, the Company's cash balances may be in excess of the insured limits. The Company has not experienced any losses in such accounts to date and believes it is not exposed to any significant credit risk on cash.

# **SAGE PARTNERS SECURITIES, LLC**

**(A Wholly Owned Subsidiary of The Sage Group, LLC)**

## **NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023**

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### **4. Revenue Concentration**

The Company had certain customers whose revenue individually represented 10% or more of the Company's total revenue as follows:

For the year ended December 31, 2023, one customer accounted for 27%, a second customer accounted for 21%, and a third customer accounted for 15% of revenue.

### **5. Transactions with Related Party**

Pursuant to a management fee agreement, the Parent provides all managerial, administrative, and compliance services to the Company. In exchange for these services, the Parent charged the Company \$4,472,740 for the year ended December 31, 2023.

The Company has a Due to Parent balance of \$222,740 as of December 31, 2023, due immediately, in connection with the above services

### **6. Litigation**

The Company is subject to legal claims and lawsuits that arise in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations, and cash flows of the Company.

### **7. Net capital requirement**

The Company, as a member of FINRA, is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and 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, 2023, the Company's net capital was \$1,451,038 which was \$1,422,435 in excess of its minimum requirement of \$28,604.

### **8. Exemption from Rule 15c3-3**

The Company is exempt from the Securities and Exchange Commission Rule 15c3-3 and is relying on Footnote 74 of the SEC Release No. 34-70073, adopting amendments to 17 C.F.R. §240.17a-5 because the Company limits its business activities exclusively to providing merger and acquisition advisory services, private placement of securities, and other consulting services.

### **9. Subsequent events**

Management of the Company has evaluated all subsequent transactions through February 29, 2024, the date the financial statements were issued. It has been determined that there are no subsequent events that require disclosure.