

Report of Independent Registered Public
Accounting Firm and Financial Statements
(with supplemental information) for

Steward Partners Investment Solutions, LLC

(SEC I.D. No. 8-0121943)

As of and for the year ended December 31, 2023

Filed pursuant to Rule 17a-5(e)(3) under the
Securities and Exchange Act of 1934 as a PUBLIC DOCUMENT

The annual report of Steward Partners Investment
Solutions, on Form X-17 A-5 at December 31, 2023, is available for examination
at 15495 SW Sequoia Parkway Portland, Oregon, and also at the San Francisco,
California office of the United States Securities and Exchange Commission

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 01/01/2023 AND ENDING 12/31/2023
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Steward Partners Investment Solutions 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.)

15495 SW Sequoia Parkway Suite 150

(No. and Street)

Portland

OR

97224

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Kellie Gold

828-393-5192

kellie.gold@stewardpartners.com

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Baker Tilly, US, LLP

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

66 Hudson Blvd E Suite 2200 New York

NY

10001

(Address)

(City)

(State)

(Zip Code)

10/22/2003

23

(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.

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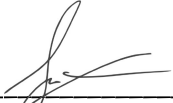
OATH OR AFFIRMATION

I, Joseph Faber, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Steward Partners Investment Solutions, LLC, as of December 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.

State of Nevada County of Clark

Signed and sworn to (or affirmed) before me

on 04/07/2024 by Joseph Sidney Faber



Sean Newmark
NOTARY PUBLIC
STATE OF NEVADA
Appt. No. 22-7053-01
Expires February 1, 2025

Signature:

Joseph Faber

Title:

Chief Financial Officer

Notary Public

Notarized remotely using audio-video communication technology via Proof.

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.**

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Report of Independent Registered Public Accounting Firm

To the Board of Directors of Steward Partners Holdings, LLC and Member of
Steward Partners Investment Solutions, LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Steward Partners Investment Solutions, LLC (the Company) as of December 31, 2023, 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 the Company as of December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

The financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company'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 the Company 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 provided a reasonable basis for our opinion.

Baker Tilly US, LLP

We have served as the Company's auditor since 2023.

New York, New York
April 5, 2024

STEWARD PARTNERS INVESTMENT SOLUTIONS, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2023

Assets

Cash	\$	2,171,805
Receivable from clearing organization		8,879,348
Receivables from customers		2,462,971
Deposits with clearing organizations		950,000
Due from affiliate		1,132,433
Prepaid expenses and other assets		<u>898,451</u>

Total assets	\$	<u>16,495,008</u>
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Liabilities and member's equity

Liabilities

Accrued commissions	\$	2,382,988
Accounts payable and accrued expenses		1,036,573
Due to affiliate		5,169,601
Deferred revenue		<u>100,000</u>

Total liabilities		<u>8,689,162</u>
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<i>Commitments and contingencies (Note 5)</i>		-
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Member's equity

Total member's equity		<u>7,805,846</u>
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Total liabilities and member's equity	\$	<u>16,495,008</u>
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See accompanying notes to financial statements

STEWARD PARTNERS INVESTMENT SOLUTIONS, LLC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Note 1 - Organization

Steward Partners Investment Solutions, LLC (the Company) was initially organized in 1928 and is a broker-dealer registered with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA). The Company is also a registered investment advisory (RIA). The Company is a Delaware limited liability company with operational offices geographically located across the United States. Steward Partners Holdings, LLC (SPH) is the sole member and owns 100% of the issued and outstanding equity interests.

The Company is principally engaged in the general business of, securities brokerage, agent, principal, and is a registered investment advisor offering discretionary and nondiscretionary asset management services. These activities include managing a customer's portfolio of investments, buying, selling, exchanging, or otherwise dealing in stocks, bonds, evidence of property or indebtedness, or any securities or paper ordinarily or necessarily dealt with by security brokers, agents, or principals. The Company is exempt from Rule 15c3-3 of the Securities Exchange Act of 1934 under subparagraph (k)(2)(i) and (k)(2)(ii) as most of the customer transactions are cleared through clearing agents on a fully disclosed basis and there is some direct business that is held outside the clearing agents. The agreements with the clearing agents, as well as the agreements held directly with the carriers, provide for payment of an agent clearing fee. The Company carries no customers' accounts, promptly transmits customer funds and customer securities to the issuer or the clearing broker and does not otherwise hold funds or securities of customers.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Use of estimates - The preparation of financial statements in accordance with GAAP 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, expenses, gains and losses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - Cash consists of cash and cash equivalents held at banks. The carrying amount of cash and cash equivalents approximates fair value. The Company defines cash equivalents as highly liquid investments with original maturities of three months or less. The Company has cash deposits with multiple financial institutions, each insured by the FDIC. On December 31, 2023, there were no cash equivalents.

Financial instruments - credit losses - Under the Current Expected Credit Losses model ("CECL"), the allowance for losses for financial assets measured at amortized cost reflects management's estimate of credit losses over the remaining expected life of the financial assets. Expected credit losses for newly recognized financial assets and changes to expected credit losses during the period are recognized in earnings. Expected credit losses are measured based on historical experience, current conditions, and reasonable and supportable forecasts.

The Company has determined that long-term forecasted information is not relevant to its receivables, which are primarily short-term. The Company has not incurred any losses on receivables. Losses (if realized) are monitored to consider current factors that would require an adjustment to the credit loss allowance. In addition, the Company performs periodic qualitative assessments to monitor risks associated with current and forecasted conditions that may require an adjustment to the expected credit loss rates.

STEWART PARTNERS INVESTMENT SOLUTIONS, LLC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Note 2 - Summary of Significant Accounting Policies (*cont'd*)

Receivable and deposit from clearing organization - Receivable from clearing organization represents amounts arising primarily in connection with security transactions and is stated at the amount management expects to collect. No allowance for credit loss is recorded as no material losses are expected. The Company monitors the credit standing of the clearing organization with which it conducts business to mitigate the Company's exposure to credit risk. At times, the Company will have receivables and or payables to the clearing organizations for cash balances, commissions and amounts due to/from for securities transactions that have not settled as of December 31, 2023. The Company is required to maintain collateral accounts with a minimum value of \$950,000 in cash or qualifying US Treasuries. As of December 31, 2023, collateral of \$950,000 in cash is included in deposits with clearing organization.

Receivables from customers - Receivables from customers consist primarily of mutual fund trails, 529 plan trails, variable and fixed annuity trails and trust fees charged to the Company's customers. The Company records a receivable from its customers, net of any allowance for expected credit losses, when relevant revenue recognition criteria have been achieved, and payment is conditioned on the passage of time. As of December 31, 2023, there was no allowance for credit losses on receivables from customers.

Fair value of financial instruments - The carrying value of the Company's assets and liabilities, which qualify as financial instruments, approximate fair value.

Fair value measurements - Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." A three-level hierarchy is used for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources, while unobservable inputs reflect estimates about market data. In general, fair values determined by Level 1 inputs utilize quoted prices for identical assets or liabilities traded in active markets that the Company has the ability to access. Fair values determined by Level 2 inputs utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

STEWART PARTNERS INVESTMENT SOLUTIONS, LLC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Note 2 - Summary of Significant Accounting Policies (*cont'd*)

Fair value measurements (*cont'd*)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the asset or liability.

Income Taxes - The Company is a limited liability company under the laws of the State of Delaware and is treated as a disregarded entity for income tax purposes. The Company's taxable income and expenses are included in the consolidated federal and applicable state income tax returns filed by SPH. The Company is not a part of a master tax sharing agreement with SPH and did not make distributions to SPH for tax reimbursements. The Company has no present intention to enter into a tax-sharing agreement or make future distributions to SPH for tax reimbursements. Accordingly, it does not file any tax returns, but its taxable income is reported as part of SPH's tax return.

Note 3 - Net Capital Requirements

The Company 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 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 aggregate indebtedness to net capital ratio would exceed 10 to 1).

At December 31, 2023, the Company had net capital of \$3,551,956, which was \$2,989,765 in excess of its required net capital of \$562,191. The Company's ratio of aggregate indebtedness to net capital was 2.4 to 1.

Note 4 - Commitments and Contingencies

In the ordinary course of business, the Company is a party to various legal and regulatory claims, actions, and complaints. Although the ultimate resolution of these matters cannot be predicted with certainty, management believes that the likelihood of these matters having a material adverse effect beyond amounts already recorded by the Company is remote.

The Company is required to post collateral aggregating \$950,000 against its obligations under separate agreements with its four clearing organizations for the market value of trading securities on December 31, 2023. If the Company breached any of the collateral provisions, each clearing organization has the right to require settlement of the respective obligations immediately under the agreement.

The Company is obligated to settle transactions with brokers and other financial institutions even if its customers fail to meet their obligations to the Company. Customers are required to complete their transactions on the settlement date, generally three business days after the trade date. The Company may incur losses if customers do not fulfill their contractual obligations. The Company has established various procedures to reduce this risk; therefore, the potential for the Company to make payments under these customer transactions is remote. Accordingly, no liability has been recognized for these transactions.

STEWARD PARTNERS INVESTMENT SOLUTIONS, LLC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Note 5 - Related Party Balances and Transactions

Related parties consist of principal officers and employees of Steward Partners Global Advisory (SPGA). In the ordinary course of business, the Company receives funds from and advances funds to SPGA. These receivables and payables consist of other businesses and organization owned or controlled by the Company's parent, SPH, are short-term in nature and bear no interest. The Company incurred allocated expenses from SPGA, including salaries and related expenses, operational expenses, occupancy, and equipment usage expenses based on a service and cost allocation agreement. These expenses are allocated pursuant to an expense sharing agreement whereby shared expenses are systematically allocated to the Company based on specific activities. The allocated costs were \$67,720,369 for the year ended December 31, 2023. As of December 31, 2023, the amount due to SPGA was \$5,169,601 and is presented as due to affiliates on the statement of financial condition.

The Company advances funds to pay affiliates, is charged platform fees by the clearing firm, and is reimbursed for its share of these charges by SPIA. These receivables are short-term in nature and bear no interest. As of December 31, 2023, the amount owed to SPIA was \$1,132,433 which includes \$987,649 due from SPIA and \$144,784 due from SPGA. For financial regulatory reporting purposes, intercompany receivables due from SPIA are reported as non-allowable assets.

Note 6 - Disclosures about Risk

In the ordinary course of business, the Company enters into transactions in various financial instruments. The Company's financial instruments are subject to, but are not limited to, the following risks.

Credit Risk

The Company is engaged in various trading and brokerage activities with counterparties, which primarily include broker-dealers, banks, and other financial institutions. The Company is exposed to credit risk should counterparties not fulfill their obligations. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

Financial instruments which potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents and receivables from customers. The Company maintains cash and cash equivalents at a broker-dealer and a bank offering protection for cash by the Securities Investor Protection Corporation ("SIPC") up to \$500,000 or Federal Depository Insurance Company ("FDIC").

Market Risk

The Company's revenues are subject to substantial fluctuations due to various factors that cannot be predicted with great certainty, including the overall condition of the economy and the securities markets. Our exposure to market risk is directly related to revenue from fees earned based on a percentage of assets on our platform. In the year ended December 31, 2023, 62.7% of our total revenue was based on the market value of assets on our platform and was recurring in nature. Fluctuations also occur due to the change in the fair value of the marketable securities owned by the Company. As a result, net income and revenues may vary significantly from year-to-year.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. The Company outsources a portion of its critical business functions to third-party firms, including its custodians and various technology providers. Accordingly, the Company negotiates its agreements with these firms with attention focused not only on the delivery of core services but also on the safeguards afforded by backup systems and disaster recovery capabilities.

STEWARD PARTNERS INVESTMENT SOLUTIONS, LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

Note 6 - Disclosures about Risk (*cont'd*)

Cyber-Security Risk

Cyber-security risk is the risk that the Company's computer systems, software, and networks may be vulnerable to unauthorized access, computer viruses or other malicious code, and other events that could have a security impact. To mitigate the risks related to cyber-attacks on the Company's critical data, the Company takes protective measures and devotes significant resources to maintaining and upgrading its systems and networks. Such measures include intrusion and detection prevention systems, monitoring firewalls to safeguard critical business applications, monitoring third parties that the Company does business with and employee training. The Company carries cyber security insurance to help reduce financial risk.

Interest Rate Risk

Interest rate risk represents a change in interest rates, which could result in an adverse change in the fair value of an interest-bearing financial instrument. A rising interest rate environment generally results in our earning a larger net interest spread on cash sweeps. Conversely, in those operations, a falling interest environment generally results in our earning a smaller net interest spread. Additionally, margin interest and securities-based lending are typically variably priced, so changes in interest rates may change the underlying amount of balances subject to these programs, the spread that the Company earns, or both.

Note 8 - Subsequent Events

The Company has performed an evaluation of events that have occurred subsequent to December 31, 2023, and through April 5, 2024, the date of the filing of this report, and determined that there have been no events that have occurred that would require adjustments to the disclosures in the financial statements.