

BLUEROCK CAPITAL MARKETS, LLC

FINANCIAL STATEMENT

December 31, 2023

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: Bluerock Capital Markets, 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.)

1345 Avenue of the Americas, 32nd floor

(No. and Street)

New York

NY

10105

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Chad Kirschenblatt 516 222 9111

chad.kirschenblatt@jrsfinancialservices.com

(Name)

(Area Code - Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Mazars USA LLP

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

60 Crossways Park Drive West Woodbury

NY

11797

(Address)

(City)

(State)

(Zip Code)

10/08/2003

339

(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, Paul Dunn, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Bluerock Capital Markets, 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.


Notary Public



Signature: 

Title:

EV/CCO

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 Directors and Members of Bluerock Capital Markets, LLC

Opinion on the Financial Statement

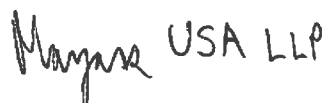
We have audited the accompanying statement of financial condition of Bluerock Capital Markets, LLC, (the "Company"), as of December 31, 2023, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, 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

This 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 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 provides a reasonable basis for our opinion.

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



Woodbury, NY
February 28, 2024

BLUEROCK CAPITAL MARKETS, LLC
STATEMENT OF FINANCIAL CONDITION

December 31, 2023

ASSETS

Cash and cash equivalents	\$ 4,752,752
Accounts receivable	174,880
Prepaid expenses and other assets	391,579
Right of use asset	158,377
Due from related party	2,422
Property and equipment - net	46,675
Total Assets	<u>\$ 5,526,685</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities	
Accounts payable and accrued expenses	\$ 1,240,043
Accrued commissions payable	341,271
Lease liability	172,023
Due to related party	42,110
Total Liabilities	<u>\$ 1,795,447</u>
Members' Equity	<u>\$ 3,731,238</u>
Total Liabilities and Members' Equity	<u>\$ 5,526,685</u>

December 31, 2023

Note 1 – Nature of Business and Significant Accounting Policies

ORGANIZATION AND NATURE OF BUSINESS

Bluerock Capital Markets, LLC (the "Company"), is a Massachusetts limited liability company that is registered with the Securities and Exchange Commission, for the purpose of conducting business as a broker-dealer in securities. The Company does not claim an exemption from SEA Rule 15c3-3 but instead files an exemption report, in reliance on Footnote 74 to SEC Release 34-70073, and as discussed in Q&A 8 of the related FAQ issued by SEC staff. The Company was formed on August 8, 2005, as Sunbelt New England Equities. BR Capital Markets, LLC (*currently the Company's sole Series A and Preferred member*) purchased 20 percent of the Company's LLC units on December 23, 2010. BR Capital Markets, LLC purchased the remaining LLC units in 60 percent and 20 percent increments on April 5, 2011, and October 21, 2011, respectively. Upon completion of these purchases, the Company's name was changed to Bluerock Capital Markets, LLC. BR Capital Markets, LLC admitted Interval Management, LLC, Interval Management II, LLC, and Interval Management III, LLC as Series B members on December 11, 2019, September 30, 2020, and October 11, 2021, respectively.

SIGNIFICANT ACCOUNTING POLICIES ARE AS FOLLOWS:

BASIS OF ACCOUNTING

The Company maintains its accounting records and prepares its financial statements on an accrual basis, which is in accordance with accounting principles generally accepted in the United States of America ("GAAP").

CASH AND CASH EQUIVALENTS

The Company maintains the majority of its cash and cash equivalents with financial institutions in the form of cash deposits and Treasury Bills. Certain deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. From time to time, the Company has had cash in financial institutions in excess of federally insured limits of approximately \$2,490,000. The Company has not incurred any losses in connection with these deposits.

The Company considers all investments purchased with a maturity of three months or less to be cash equivalents.

The Company does not have any restricted cash as of December 31, 2023.

ACCOUNTS RECEIVABLE

Accounts receivables are based on current contracts and stated at estimated net amounts due. The Company considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts are determined to be uncollectible, they are charged to operations at the time of such determination.

December 31, 2023

Note 1 – Nature of Business and Significant Accounting Policies (continued)

CREDIT LOSSES

The Company applies the provisions of Accounting Standards Update (“ASU”) No. 2016-13, Financial Instruments - Credit Losses (Topic 326), which introduces a credit loss methodology, Current Expected Credit Losses (CECL) that requires earlier recognition of credit losses, while also providing additional transparency about credit risk.

The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. Under the accounting update, the Company has the ability to determine that there are no expected credit losses in certain circumstances (e.g., based on the credit quality of the customer).

At December 31, 2023, the Company determined it had no estimated credit loss affecting its financial statements.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is computed using straight-line methods for all assets over their estimated useful lives of five years.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews long-lived assets, including Property and Equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such impairment losses.

MANAGING BROKER DEALER AND MARKETING DUE DILIGENCE FEES AND EXPENSES

The Company recognizes managing broker dealer and marketing and due diligence fees on the trade-date as securities transactions occur. The Company acts as principal as it relates to these fees given it is primarily responsible for fulfilling all marketing and due diligence functions related to its offerings. The Company in turn pays a portion of these fees to third party dealers.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

December 31, 2023

Note 1 – Nature of Business and Significant Accounting Policies (continued)

INCOME TAXES

As a multi-member owned limited liability company, the Company files partnership tax return in all applicable jurisdictions. The Company is not subject to Federal income taxes; however, may be subject to certain state or local income taxes. All items of income, expense, gains, and losses are reportable by the members for tax purposes.

The Company follows the accounting guidance for uncertainty in income taxes pursuant to Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by tax authorities.

The Company had no unrecognized tax benefits at December 31, 2023. No accrued interest and penalties associated with uncertain tax positions were recorded during the year ended December 31, 2023, or accrued for as of December 31, 2023.

Generally, federal, state and local authorities may examine the Company's members' tax returns for three years from the date of filing; consequently, the respective tax returns for the years prior to 2020 are no longer subject to examination by tax authorities.

REVENUE RECOGNITION

In accordance with ASC 606, "Revenue from Contracts with Customers" ("ASC Topic 606") revenues from contracts with customers is recognized when, or as, the Company satisfies its performance obligations by transferring the promised services to the customers. A service is transferred to a customer when, or as, the customer obtains control of that service. A performance obligation may be satisfied at a point in time or over time. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time that the Company determines the customer obtains control over the promised service. Revenue from a performance obligation satisfied over time is recognized by measuring the Company's progress in satisfying the performance obligation in a manner that depicts the transfer of the services to the customer. The amount of revenue recognized reflects the consideration the Company expects to receive in exchange for those promised services (i.e., the "transaction price"). In determining the transaction price, the Company considers multiple factors, including the effects of variable consideration, if any.

The Company sells securities and beneficial interest in DST products on behalf of related parties. Each time a customer enters into buy transaction and transfers proceeds to related parties, the Company charges Managing broker-dealer & Marketing due diligence ("MBD & MDD") fees. The Company sells shares of related closed-end registered investment companies ("Funds"). Each time a customer enters into buy transaction and transfers proceeds to the Funds, the Company, via a third-party Distributor, receives distribution fees over the length of the investment. The Company advances commissions to third-party Distributors, Inc. for certain share classes of the Funds and subsequently receives reimbursement over 12 months via third- party Distributors. The Company recognizes any reimbursement above the total amount due as commission income.

December 31, 2023

Note 1 – Nature of Business and Significant Accounting Policies (continued)

The Company believes that the performance obligation is satisfied on the trade date. That is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon, and the risks and rewards of ownership have been transferred to/from the customer.

For the year-end 2023, the beginning balance of the Company's receivable was \$1,089,953. The closing balance was \$174,880.

FAIR VALUE MEASUREMENTS

The Company follows the guidance in FASB ASC 820, Fair Value Measurement. Using that guidance, fair value is 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 fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

Using the provisions within FASB ASC 820, the Company has characterized its investments in securities, based on the order of liquidity of the inputs used to value the investments, into a three-levels fair value hierarchy. The fair value hierarchy gives the highest order of liquidity to quoted prices in active markets for identical assets or liabilities [Level 1], and the lowest order of liquidity to unobservable inputs [Level 3]. If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the investment.

The Company's fair value measurements are classified into one of three categories as follows based on the measurement inputs:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Company has ability to access. The investments are exchange traded equity and over the counter securities.

Level 2. These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments. These investments would be comprised of less liquid restricted securities and warrants that trade less frequently. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about the assumptions that market participants would use in pricing the investments.

December 31, 2023

Note 2 – Advanced Commissions

Bluerock Total Income+ Real Estate Fund and Bluerock High Income Institutional Credit Fund, a Delaware Statutory Trust (the "Funds") are closed-end registered investment companies under the Investment Company Act of 1940, as amended, and in the case of certain share classes of the Funds, an investor pays no commission on its purchase, but ALPS Distributors, Inc (the "Distributor") has agreed to pay commissions to the selling broker-dealer pursuant to the Fund's prospectus ("Advanced Commissions"). The Distributor is entitled to receive distribution and shareholder servicing plan fees ("Plan Fees") for a period of time, and contingent deferred sales charges ("CDSCs") as repayment of the Advanced Commissions. The Company reimburses the Distributor for the Advanced Commissions the Distributor pays to the selling broker-dealer, and the Distributor pays the Company the Plan Fees and CDSCs it receives with respect to the applicable shares for the 12-month period succeeding each Advanced Commission payment. The Plan Fees are based on Fund Net Asset Value ("NAV") and can fluctuate from month to month. The Company has entered into a Wholesale Marketing Agreement which governs the relationship between the Distributor and the Company.

The Company carries the balance of Advanced Commissions net of any recoupment related thereto as a component of "Accounts receivable" on the Statement of Financial Condition. The Advance Commissions are payable monthly on an arrearage basis but are not included as a component of Accounts payable and accrued expenses as of the balance sheet date because the Advanced Commissions do not meet the true definition of a liability as it is the liability of the Distributor, and not the liability of the Company.

As of December 31, 2023, the Company has paid total Advanced Commissions of \$8,635,479, of which \$8,498,269 has been recouped through Plan Fees, resulting in \$137,210 in future recoupment, which is presented as a component of Accounts receivable on the Statement of Financial Condition.

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. The Rule also provides that equity capital may not be withdrawn, or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. As of December 31, 2023, the Company had net capital of \$3,142,440, of which \$3,033,302 was in excess of the minimum net capital requirement of \$109,138. The Company's ratio of aggregate indebtedness to net capital as of December 31, 2023, was 0.52 to 1.

Note 4 – Related Party Transactions

For the year ended December 31, 2023, substantially all of the Company's revenues, were earned from investors' transactions in various investment funds related to the Company by common control.

As of December 31, 2023, the Company is due reimbursable expenses in the amount of \$2,422 from a related entity through common ownership and owes expenses in the amount of \$42,110 to a related entity through common ownership.

December 31, 2023

Note 4 – Related Party Transactions (continued)

These transactions are conducted in the normal course of business and are measured at their exchange value, which is the amount established and agreed to by the related parties. The Company's operations and financial position could differ from those that would have been obtained if these entities were unrelated.

For the year ended December 31, 2023, the Company's preferred member, BR Capital Markets, LLC, made contributions of cash in the amount of \$17,550,000 to the Company.

Note 5 – Property and Equipment

Major classes of Property and equipment are as follows:

Asset Type	Amount	Depreciable Life – Years
Computer and equipment	\$ 47,360	5
Furniture and fixtures	42,189	5
Leasehold improvements	15,443	5
Computer software	24,259	5
Total Cost	\$ 129,251	
Accumulated Depreciation	\$ (82,576)	
Property and equipment – net	\$ 46,675	

Repairs and maintenance costs are expensed as incurred. All repairs or maintenance that increases the value, capacity, or lives of assets are capitalized and depreciated over their estimated useful lives.

Note 6 – Leases

The Company accounts for leases in accordance to ASC 842 – Leases. The guidance requires the recognition of right of use assets and lease liabilities on the statement of financial condition for most operating leases.

Right of use asset represent the Company's right to use the underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right of use assets and lease liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. As the Company's leases do not provide an implicit rate and the implicit rate is not readily determinable, the Company estimates its incremental borrowing rate based on the information available at the measurement date in determining the present value of the lease payments. The present value of the lease payments was determined using a 3.75% incremental borrowing rate.

The Company occupies office space at 4100 Newport Place, Suite 650 in Newport Beach, California under a lease agreement through February 28, 2025.

Minimum future rental payments under non-cancelable operating leases are as follows:

December 31, 2023

Note 6 – Leases (continued)

Year Ending	Total
12/31/2024	150,446
12/31/2025	25,663
Total Future Lease Payments	\$ 176,109
Less: Imputed Interest	4,086
Lease Liability	\$ 172,023

Note 7 – Economic Dependency

The Company is dependent on related entities, properties, and equity offerings, for revenue and equity contributions that are essential and critical, including but not limited to commission income, reimbursed costs, and member contributions. In the event that these related entities and properties are unable to provide substantial income and equity contributions, the Company would be required to seek revenue or funding from other sources.

Note 8 – Fair Value Measurements

Assets and liabilities measured at fair value are based on one or more of three valuation techniques. The valuation techniques are as follows:

- a. Market approach. Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- b. Cost approach. Amount that would be required to replace the service capacity of an asset (replacement cost); and
- c. Income approach. Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option pricing and excess earnings models).

The following table summarizes the Company's assets required to be measured at fair value on a recurring basis at December 31, 2023:

Assets Measured at Fair Value on a Recurring Basis at December 31, 2023				
Asset	Level 1	Level 2	Level 3	Balance at December 31, 2023
US Treasury Bills	\$ 2,015,559	\$ -	\$ -	\$ 2,015,559

As of December 31, 2023, all of the Company's U.S. Treasury Bills included in Cash and cash equivalents were considered to be Level 1 in the valuation hierarchy, valued based upon quoted prices in markets that are active and which the Company has the ability to access.

There were no liabilities required to be measured at fair value on a recurring basis at December 31, 2023.

December 31, 2023

Note 9 – Company Sponsored Plan

The Company sponsors a 401(k) plan for substantially all employees. The plan provides for the Company to make a discretionary matching contribution. There were no contributions in 2023.

Note 10 – Subsequent Events

The financial statement and related disclosures include evaluation of events up through and including February 28, 2024, which is the date the financial statement was available to be issued.

As of February 28, 2024, BR Capital Markets, LLC, as a preferred member of the Company, contributed capital of \$2,500,000.