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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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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: Drexel Hamilton, 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.)

110 East 42nd Street, Suite 1502

(No. and Street)

New York

(City)

New York

(State)

10017

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

John W Edwards Jr 646-412-1533

(Name)

(Area Code – Telephone Number)

jedwards@drexelhamilton.com

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Citrin Cooperman & Company, LLP

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

50 Rockefeller Plaza

(Address)

New York

(City)

NY

(State)

10020

(Zip Code)

11/02/2005

(Date of Registration with PCAOB)(if applicable)

2468

(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, Anthony Felice, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Drexel Hamilton, 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.

Ivan Guan
Notary Public, State of New York
Reg. No. 01GU0018724
Qualified in Queens County
Commission Expires 12/15/2027

Signature: _____

Anthony Felice

Title: _____

Chief Executive Officer



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.**

DREXEL HAMILTON, LLC

**STATEMENT OF FINANCIAL CONDITION
REPORT OF INDEPENDENT PUBLIC ACCOUNTING FIRM**

DECEMBER 31, 2023

DREXEL HAMILTON, LLC

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members
Drexel Hamilton, LLC

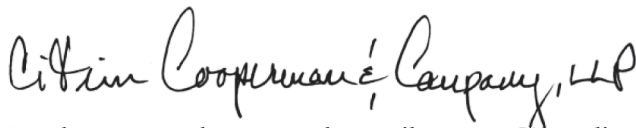
Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Drexel Hamilton, LLC 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 Drexel Hamilton, 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 Drexel Hamilton, LLC's management. Our responsibility is to express an opinion on Drexel Hamilton, 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 Drexel Hamilton, 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 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 Drexel Hamilton, LLC's auditor since 2023.
New York, New York
April 1, 2024

DREXEL HAMILTON, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2023

ASSETS

ASSETS:

Cash	\$	7,897,737
Deposit with clearing organizations		369,638
Receivables from clients net of allowances		2,067,048
Property and equipment, net of accumulated depreciation of \$174,509		2,995
Secured demand note		6,500,000
Investment		1,000,000
Notes receivable		1,228,466
Taxes receivable		406,321
Right of use asset		1,167,008
Deferred tax assets		20,905
Other assets		252,068
		<hr/>
TOTAL ASSETS	\$	20,912,186

LIABILITIES AND MEMBER'S EQUITY

LIABILITIES:

Accounts payable	\$	359,663
Accrued expenses		823,702
Accrued compensation		1,948,908
Lease liability		1,242,909
Subordinated loan		6,500,000
		<hr/>

TOTAL LIABILITIES 10,875,182

MEMBER'S EQUITY

 10,037,004

TOTAL LIABILITIES AND MEMBER'S EQUITY \$

 20,912,186

DREXEL HAMILTON, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2023

Note 1 - Organization

Drexel Hamilton, LLC (the "Company") is a limited liability company organized in 2006 in the State of Pennsylvania. The Company is a registered broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority ("FINRA") since October 2011. The Company introduces all transactions with and for customers on a fully disclosed basis with its clearing broker.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statement are presented in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Cash and Cash Equivalents

The Company considers all demand and time deposits and all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost. The cost of property and equipment is depreciated over the estimated useful lives of the related assets, which is three to seven years. Leasehold improvements are amortized over the lesser of the remaining term of the related lease or the estimated useful lives of the assets. Depreciation and amortization are computed using the straight-line method.

Impairment of Long-Lived Assets

The Company's long-lived assets, including right to use asset, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The Company also evaluates the period of depreciation and amortization of long-lived assets to determine whether events or circumstances warrant revised estimates of useful lives. When indicators of impairment are present, the Company determines the recoverability of long-lived assets by comparing the carrying value of its long-lived assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the estimated future undiscounted cash flows demonstrate the long-lived assets are not recoverable, an impairment loss would be calculated based on the excess of the carrying amounts of the long-lived assets over their fair value.

DREXEL HAMILTON, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

Income Taxes

The Company as a limited liability Company electing to be taxed as a C-Corporation.

Income taxes are accounted for in accordance with the provisions of the FASB Accounting Standards Codification No. 740 ("ASC 740") "*Accounting for Income Taxes*". As required under ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of assets and liabilities and the respective tax basis amounts. Deferred tax assets and liabilities are measured under tax rates that are expected to apply to taxable income in the years in which these differences are expected to be realized. The effect of a change in tax rate on deferred tax assets and liabilities is recognized in the period of the tax change.

Uncertain tax positions

The Company evaluates uncertain income tax positions taken or expected to be taken in a tax return for recognition in its financial statement. The Company was not required to recognize any amounts from uncertain tax positions. The Company's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof, as well as other factors. Generally, federal, state and local authorities may examine the Company's tax returns for three years from the date of filing; consequently, the respective tax returns for years prior to 2020 are no longer subject to examination by tax authorities.

Use of Estimates

The preparation of a statement of financial condition in conformity with accounting principles generally accepted in the United States of America 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 statement. Actual results could differ from those estimates.

Receivables from Clients

Receivables from clients are stated at cost, net of an allowance for expected credit losses. The allowance is based on management's estimate of the amount of receivables that will actually be collected. The Company has concluded that there are de minimis expected credit losses based on the nature and contractual life or expected life of the receivables and immaterial historic and expected losses.

DREXEL HAMILTON, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

FASB ASC 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

FASB ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs - Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.

Level 2 Inputs - Inputs other than the quoted prices in level 1 that are observable either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 Inputs - Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurement.

As of December 31, 2023, the carrying values of non-derivative financial instruments, including cash, due from employees and brokers, receivables from clients and related parties, other assets, accounts payable and accrued expenses, and due to clearing broker approximate their fair values due to the short-term nature of these financial instruments. The subordinated loan approximates its fair value due to the interest being charged. There were no changes in methods or assumptions used during the year ended December 31, 2023.

Rights-of-use assets and lease liabilities

The Company recognizes its leases in accordance with ASC Topic 842, Leases ("ASC 842"). The guidance increases transparency and comparability by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial condition.

The Company conducts an analysis of contracts, including real estate leases and service contracts to identify embedded leases, to determine the initial recognition of

DREXEL HAMILTON, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

Rights-of-use assets and lease liabilities (continued)

ROU assets and lease liabilities, which required subjective assessment over the determination of the associated discount rates.

The discount rate is the implicit rate if it is readily determinable or otherwise the Company uses its incremental borrowing rate. The implicit rates of the Company's leases are not readily determinable and accordingly, the Company uses its incremental borrowing rate based on the information available at the commencement date for all leases. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The present value of the lease payments was determined using a 7% incremental borrowing rate.

The Company has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes lease costs associated with short-term leases on a straight-line basis over the lease term.

Recently Accounting Pronouncements – Issues but not yet Adopted

The Company's management has evaluated all of the recently issued, but not yet effective, accounting standards that have been issued or proposed by the FASB or other standards-setting bodies through the filing date of the Statement of Financial Condition

Note 3 - Concentrations

The Company maintains cash balances with only high credit quality financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per institution. From time to time, the Company's balances may exceed these limits. As of December 31, 2023, the Company exceeds this limit by approximately \$7,450,000. The Company continuously monitors the credit rating of these institutions to ensure any risk is minimal.

Note 4 - Investments

The Company invested in an unrelated company in March 2022 through a Simple Agreement for Future Equity (SAFE). The Company follows Accounting Standards Codification ("ASC") 321, Investments, Equity Securities, ("ASC 321") to account for its ownership interest in noncontrolled entities. Under ASC 321, equity securities that do not have readily determinable fair values (i.e., non-marketable equity securities) can be

DREXEL HAMILTON, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2023

Note 4 - Investments (continued)

valued using the measurement alternative, that is, measured at cost and remeasured to fair value when impaired or upon occurrence of observable transaction prices. The balance reported on the Statement of Financial Condition at December 31, 2023 represents investment at cost in the amount of \$1,000,000. Management believes there has been no impairment in the carrying value of investments at December 31, 2023.

Note 5 - Property and Equipment

Property and equipment, net at December 31, 2023 are summarized as follows:

Property and equipment	\$ 177,505
Less: accumulated depreciation	174,510
	<u>\$ 2,995</u>

Note 6 - Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital, as defined, of the greater of \$100,000 or one-fifteenth of aggregate indebtedness, as defined. At December 31, 2023, the Company had net capital of \$12,445,273 which exceeded its requirement of \$208,406 by \$12,236,867. Additionally, the Company must maintain a ratio of aggregate indebtedness to net capital of 15:1 or less. At December 31, 2023, this ratio was 0.251 to 1.

Note 7 - Right of Use Asset and Lease Liability

On February 1, 2023 the Company rented office space in New York City for a term of 7 years, starting on February 1, 2023, through January 31, 2030, and contained 4 months of free rent. Additionally, the Company entered into a lease agreement for a copier in October 2023. The lease runs for a term of 5 years. The company does not have an option to renew the leases.

The operating lease asset and lease liability are determined at the commencement date of the lease based on the present value of the lease payments. As the Company's lease does not provide an implicit rate, the Company utilized its incremental borrowing rate which is the rate of interest to borrow on a collateralized basis for a similar term, to determine the present value of lease payments for the lease. The Company utilized a discount rate of 7.0% in determining the lease liability as of December 31, 2023.

DREXEL HAMILTON, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2023

Note 7 - Right of Use Asset and Lease Liability (continued)

Future minimum lease payments, and a reconciliation of undiscounted lease cash flows and the lease liability recognized in the Statement of Financial Condition as of December 31, 2023, is shown below:

	2024	\$ 237,453
	2025	243,525
	2026	230,168
	2027	262,957
	2028	270,069
	2029	273,922
	2030	22,882
Total future minimum lease payments (undiscounted)		<u>1,540,976</u>
Discounting effect on cash flows		<u>(298,067)</u>
Lease liability (discounted)		<u>\$ 1,242,909</u>

Weighted average:

Remaining lease term (in years)	5.5
Discount Rate	7.0%

Note 8 - Other Assets

Other assets consist of the following:

Prepaid expenses	\$ 147,769
Security deposits	56,299
Deferred commission expense	48,000
Total	<u>\$ 252,068</u>

Note 9 – Subordinated Loan

In April 2018, the Company executed a subordinated loan of \$6,500,000, which carries an annual interest rate of 1%, 1.25% starting on April 1, 2023. The subordinated loan is secured through a pledge of securities. The securities pledged are collateral for the subordinated loan and remain pledged from the initial transaction. As of December 31, 2023 the pledged securities had a market value of \$16,278,751. If after applying a 30% haircut on the market value should the value of the securities decline below \$6,500,000, the Company will accordingly reduce the value of the subordinated loan.

DREXEL HAMILTON, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2023

Note 9 - Subordinated Loan (continued)

The subordinated loan agreements was made under agreements pursuant to rules and regulations of the Securities and Exchange Commission, approved by FINRA and is subordinated to claims of general creditors.

Under the terms of the subordinated loan agreement, any repayments prior to its due date are subject to written approval by FINRA. The amount of the subordinated liability is considered part of the Company's regulatory capital. As of December 31, 2023 the balance of accrued interest due was \$34,083.

Note 10 - Income Taxes

The Company used an effective tax rate of 28.3% comprised as follows:

Statutory federal income tax rate	19.0%
State taxes on income, net of federal income tax benefit	<u>9.3%</u>
Total effective tax rate	28.3%

The income tax provision (benefit) consists of the following:

Current - Federal	\$ 83,881
Current - State	40,919
Deferred	18,095
Prior year overaccrual	<u>(243,418)</u>
Provision for income taxes	<u><u>\$ (100,523)</u></u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Net deferred tax assets consist of the following components as of December 31, 2023:

Charitable contributions	\$ 21,408
Depreciation and amortization	<u>(503)</u>
	20,905
Valuation allowance	<u>-</u>
Net deferred tax asset	<u><u>\$ 20,905</u></u>

The income tax provision differs from the amount of income tax determined by applying the US federal income tax rate to pretax income from continuing operations for the period ended December 31, due to the following:

DREXEL HAMILTON, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2023

Note 10 - Income Taxes (continued)

Income before taxes	\$ 88,296	28.3%
Meals and entertainment	18,408	5.9%
Other	(207,227)	-66.5%
	<u>\$ (100,523)</u>	<u>-32.3%</u>

Note 11 - Legal and Other Contingencies

Indemnification

The Company introduces all customer transactions in securities traded on U.S. securities markets to a clearing broker on a fully-disclosed basis. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to non-performance by customers or counter parties.

The Company's exposure to credit risk associated with the non-performance of customers and counter parties in fulfilling their contractual obligations pursuant to these securities transactions can be directly impacted by volatile trading markets which may impair the customer's or counter party's ability to satisfy their obligations to the Company. In the event of non-performance, the Company may be required to purchase or sell financial instruments at unfavorable market prices resulting in a loss to the Company. The Company does not anticipate non-performance by customers and counter parties in the above situations.

Litigation

The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. The outcomes of legal proceedings and claims brought against the Company are subject to significant uncertainty. Professional standards require that an estimated loss from a loss contingency such as a legal proceeding or claim should be accrued by a charge to expense if it is probable that an asset has been impaired, or a liability has been incurred and the amount of the loss can be reasonably estimated. Disclosure of a contingency is required if there is at least a reasonable possibility that a loss has been incurred. In determining whether a loss should be accrued, management evaluates among other factors, the probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the loss. Changes in these factors could materially impact results of operations, financial position, and or the Company's cash flows. Management believes however, based in part upon the opinions of counsel, that any liabilities that may ultimately result from the resolution of these matters have been accrued and accounted for in the financial statement. As of December 31, 2023 the Company determined there were no accruals warranted.

DREXEL HAMILTON, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2023

Note 12 – Notes Receivable

On October 22, 2021, a promissory note for \$200,000 was issued to an employee of the Company. The term of the note was amended on January 25, 2024, to extend the term of the loan to no later than November 1, 2026 (the “maturity date”). Interest is to be accrued at the rate of 1% per annum, compounded annuity and is due upon maturity date. As of December 31, 2023, the balance due, including interest, is \$204,383.

On November 21, 2023, a promissory note for \$1,000,000 was issued to an employee of the Company. The note is payable no later than December 31, 2030 (the “maturity date”). Interest is to be accrued at the rate of 1% per annum, compounded annuity and is due upon maturity date. As of December 31, 2023, the balance due, including interest, is \$900,082.

Note 13 - Subsequent Events

The Company has evaluated subsequent events and transactions that occurred after December 31, 2023 through April 1, 2024, which is the date that the financial statement was issued. There have been no material subsequent events that occurred during such period that would require disclosure in this report or would be required to be recognized in the financial statement as of December 31, 2023.