

# TPEG SECURITIES, LLC

## FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION, & INDEPENDENT AUDITOR'S REPORT

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FOR THE YEAR ENDED DECEMBER 31, 2020

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Members  
of TPEG Securities, LLC

### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of TPEG Securities, LLC as of December 31, 2020, the related statements of operations, changes in members' capital, and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of TPEG Securities, LLC as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis of Opinion**

These financial statements are the responsibility of TPEG Securities, LLC's management. Our responsibility is to express an opinion on TPEG Securities, LLC's financial statements 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 TPEG 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 statements are 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 statements, 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.

### **Supplemental Information**

The supplemental information contained in Schedule I – Computation of Net Capital and Aggregate Indebtedness Pursuant to Rule 15c3-1 of the Securities and Exchange Commission, Schedule II - Determination of Reserve Requirements Under Rule 15c3-3 of The Securities and Exchange Commission, Schedule III - Information Relating to the Possession or Control Requirements Under Rule 15c3-3 of The Securities and Exchange Commission has been subjected to audit procedures performed in conjunction with the audit of TPEG Securities, LLC's financial statements. The supplemental information is the responsibility of TPEG Securities, LLC's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information contained in Schedule I – Computation of Net Capital and Aggregate Indebtedness Pursuant to Rule 15c3-1 of the Securities and Exchange Commission, Schedule II - Determination of Reserve Requirements Under Rule 15c3-3 of The Securities and Exchange Commission, Schedule III - Information Relating to the Possession or Control Requirements Under Rule 15c3-3 of The Securities and Exchange Commission is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Mod. PLLC*

We have served as TPEG Securities, LLC's auditor since 2016.

Fort Worth, Texas  
February 8, 2021

**TPEG Securities, LLC**  
**Statement of Financial Condition**  
**December 31,2020**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 234,679
Prepaid expenses	<u>38,109</u>

**Total current assets** **\$ 272,788**

**Total Assets** **\$ 272,788**

**LIABILITIES AND MEMBERS' CAPITAL**

**Current Liabilities**

Accounts payable	\$ 119,925
Accrued franchise tax	<u>24,946</u>

**Total current liabilities** **\$ 144,871**

**Total long-term liabilities** 0

**Total Liabilities** **144,871**

**Members' Capital** 127,917

**Total Liabilities and Members' Capital** **\$ 272,788**

The accompanying notes are an integral part of these financial statements.

**TPEG Securities, LLC**  
**Statement of Operations**  
**For The Year Ended December 31, 2020**

**Revenue**

Private placement offerings	\$ 11,847,885
Regulatory fees	<u>9,948</u>

**Total Revenue** **\$ 11,857,833**

**Expenses**

Employee compensation and benefits	6,783,914
General operating expenses	4,903,351
Occupancy and equipment	24,720
Regulatory and clearance	50,480
Technology and communication	<u>6,000</u>

**Total Expenses** **11,768,465**

**Income Before the Provisions for Income Taxes** **89,368**

Provision for Income Taxes

State	<u>24,947</u>	<u>24,947</u>
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**Net Income** **\$ 64,421**

The accompanying notes are an integral part of these financial statements.

**TPEG Securities, LLC**  
**Statement of Changes in Members' Capital**  
**For The Year Ended December 31, 2020**

<b>Beginning Capital</b>	\$ 138,496
Contributed capital	100,000
Distributions	(175,000)
Net income for the year ended December 31, 2020	<u>64,421</u>
<b>Ending Capital</b>	<u><u>\$ 127,917</u></u>

The accompanying notes are an integral part of these financial statements.

**TPEG Securities, LLC**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2020**

**Cash Flows from Operating Activities**

Net income		\$ 64,421
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) Decrease in:		
Prepaid expenses	\$ (38,109)	
Increase (Decrease) in:		
Accounts payable	75,822	
Accrued franchise taxes	24,946	
Total adjustments		<u>62,659</u>
Net cash provided by operating activities		127,080
<b>Cash Flows from Financing Activities</b>		
Contributed capital	100,000	
Distributions	<u>(175,000)</u>	
Net cash (used) by financing activities		<u>(75,000)</u>
<b>Net Increase in Cash</b>		52,080
Cash and cash equivalents at beginning of year		<u>182,599</u>
<b>Cash and cash equivalents at end of year</b>		<u><u>\$ 234,679</u></u>

**Supplemental Disclosures of Cash Flow Information:**

**Cash Paid During the Year for**

Interest	\$ 0
Taxes	<u>35,712</u>
<b>Total</b>	<u><u>\$ 35,712</u></u>

The accompanying notes are an integral part of these financial statements.



**TPEG Securities, LLC**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

**Note 1: Description of Business**

TPEG Securities, LLC (the "Company") is limited liability company organized in the State of Texas on October 15, 2007. The Company is a registered member of the Financial Industry Regulatory Authority ("FINRA") as a broker/dealer, and with the Securities and Exchange Commission ("SEC") under the Federal Securities Exchange Act of 1934 ("Act").

The Company acts as a dealer/investment advisor for certain private placement offerings and does not carry customer accounts, hold customer funds or securities, or introduce accounts on a fully-disclosed basis to a clearing firm.

**Note 2: Summary of Significant Accounting Policies**

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) which is required by the SEC and FINRA.

Use of estimates

The presentation of the financial statements in conformity 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 and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include investments with maturities at the time of acquisition of three months or less. The Company has not designated any other assets as cash equivalents in determining the net change in cash in the statements of cash flows.

Credit risk

The Company maintains deposits at a financial institution which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Recent accounting pronouncements

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement. ASU 2018-13 removes or modifies certain current disclosures and adds additional disclosures. The changes are meant to provide more relevant information regarding valuation techniques and inputs used to arrive at measures of fair value, uncertainty in the fair value measurements, and how changes in fair value measurements impact an entity's performance and cash flows. Certain disclosures in ASU 2018-13 will need to be applied on a retrospective basis and others on a prospective basis. Early adoption is permitted. The Company adopted the provisions of this guidance on January 1, 2020. The adoption had no material effect on the disclosures of the Company's financial instruments.

**TPEG Securities, LLC**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

**Note 3: Revenue Recognition**

Revenue from contracts with customers consists entirely of commission income. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events.

The Company earns revenue on the sale of interests in private placement offerings in the period in which customer subscriptions to such offerings are funded, upon the Company reaching the minimum subscription requirement of such offerings. Revenue is recognized on a settlement basis as this is the date that services are rendered, and the performance obligations have been satisfied. There were no unsatisfied performance obligations at December 31, 2020.

**Note 4: Fair Value Measurement**

The carrying value of cash and cash equivalents and accounts payable approximate fair value due to the short maturity of these instruments.

**Note 5: Related Party Transactions**

The Company shares office space, personnel, and other general expenses with a business owned and operated by the members of the Company. The Company reimburses the related entity \$3,060 per month to cover their allocation of expenses. The Company also pays transaction fees to the same related entity which totaled \$4,660,407 for the year ended December 31, 2020.

**Note 6: Net Capital Requirements**

The Company is subject to the net capital requirements of rule 1Sc3-1 of the Securities Exchange Commission, which requires a broker dealer to have at all times sufficient liquid assets to cover indebtedness. In accordance with the rule, the Company is required to maintain minimum net capital of the \$5,000 or 1/15 of aggregate indebtedness. As of December 31, 2020, the Company had net capital, as defined, of \$89,808 which exceeded the required minimum net capital by \$80,145. Aggregate indebtedness at December 31, 2020 totaled \$144,871 and the ratio of aggregate indebtedness to net capital was 1.613.

**Note 7: Income Taxes**

The Company is not a tax paying entity for federal income tax purposes, and thus no income tax expense has been recorded in the financial statements. The Company's taxable income is passed through its members' personal and business income tax returns.

**TPEG Securities, LLC**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2020**

**Note 7: Income Taxes (Continued)**

The Company is subject to the Texas franchise tax, and total franchise tax accrued for the year ended December 31, 2020 was \$24,946.

The Company has also adopted the provisions of ASC Topic 740 (*Income Taxes*) relating to unrecognized tax benefits on January 1, 2009. This standard addresses the financial statement recognition, measurement and disclosure of uncertain tax positions, and requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Because the Company is a partnership for federal income tax purposes, and therefore not a tax paying entity, there are no liabilities recorded for uncertain tax positions for the year ended December 31, 2020.

The Company is no longer subject to U.S. Federal income tax examinations by tax authorities for years before 2017 or subject to Texas franchise tax examinations for years before 2015.

**Note 8: Subordinated Liabilities**

There were no liabilities which were subordinated to the claims of general creditors at December 31, 2020.

**Note 9: Subsequent Events**

Management evaluated subsequent events through the date the financial statements were available for issue, February 8, 2021. There were no material subsequent events that need to be disclosed to keep the financial statements from being misleading.

**TPEG Securities, LLC**  
**Schedule I - Computation of Net Capital and Aggregate Indebtedness Pursuant**  
**to Rule 15c3-1 of the Securities and Exchange Commission**  
**As Of December 31, 2020**

**Computation of Net Capital:**

Total stockholders' equity	\$ 127,917	
Add: subordinated liabilities	<u>0</u>	
Total capital and allowable subordinated liabilities		\$ 127,917
Deductions and/or charges:		
Non-allowable assets		<u>(38,109)</u>
Net capital before haircuts on securities positions		89,808
Haircut on securities		<u>0</u>
<b>Net Capital</b>		<b><u>\$ 89,808</u></b>

**Computation of Basic Net Capital Requirement**

Minimum net capital required - 6.67% of aggregate indebtedness	<u>\$ 9,663</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000</u>
Excess net capital	<u>\$ 80,145</u>
Net capital less greater of 10% of aggregate indebtedness or 120% of minimum net capital requirement	<u>\$ 75,321</u>

See independent auditor's report on supplemental schedule.

**TPEG Securities, LLC**  
**Schedule I - Computation of Net Capital and Aggregate Indebtedness Pursuant**  
**to Rule 15c3-1 of the Securities and Exchange Commission (Continued)**  
**As Of December 31, 2020**

**Computation of Aggregate Indebtedness**

Total liabilities	\$ 144,871
Less: exclusions	<u>0</u>
Aggregated Indebtedness	<u><u>\$ 144,871</u></u>
Percentage of aggregate indebtedness to net capital	<u><u>161.31%</u></u>

**Reconciliation with Company's Allowable Net Capital**

Net capital, as reported in Company's unaudited Focus Report	\$ 243,427
Audit adjustments	<u>(115,510)</u>
<b>Adjusted net capital</b>	<u><u>\$ 127,917</u></u>

See independent auditor's report on supplemental schedule.

**TPEG Securities, LLC**  
**Schedules II and III**  
**December 31, 2020**

**Schedule II – Computation for Determination of Reserve Requirements**  
**Under Rule 15c3-3 Of The Securities and Exchange Commission**

The Company is exempt from the Computation for Determination of Reserve Requirement for Broker/Dealer under Rule 15c3-3 of the Securities and Exchange Commission. The Company is considered “Non-Covered Firm” exempt from 17 C.F.R. § 240.15c3-3 and is filing an Exemption Report relying on footnote 74 to SEC Release 34-70073, and as discussed in Q&A 8 of the related FAQ issued by the SEC staff. The Company limits its business activities exclusively to advisory services for certain private placement offerings.

**Schedule III – Information Relating to The Possession or Control Requirements**  
**Under Rule 15c3-3 Of The Securities and Exchange Commission**

The Company is exempt from the Information for Possession or Control Requirement for Broker/Dealer under Rule 15c3-3 of the Securities and Exchange Commission. The Company is considered “Non-Covered Firm” exempt from 17 C.F.R. § 240.15c3-3 and is filing an Exemption Report relying on footnote 74 to SEC Release 34-70073, and as discussed in Q&A 8 of the related FAQ issued by the SEC staff. The Company limits its business activities exclusively to advisory services for certain private placement offerings.



## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Members  
of TPEG Securities, LLC

We have reviewed management's statements, included in the accompanying Statement of Exemption from SEC Rule 15c3-3, in which (1) TPEG Securities, LLC (the "Company") stated that the Company does not hold customers' cash or securities on behalf of customers and limits its business to advisory services for certain private placement offerings and, therefore, has no obligations under Rule 15c3-3 under the Securities Exchange Act of 1934. In addition, as a result of the Company having no obligations under SEC Rule 15c3-3, it may file an Exemption Report and (2) the Company stated that it had no exceptions under SEC Rule 15c3-3 throughout the year ended December 31, 2020. The Company did not directly or indirectly receive, hold or otherwise owe funds or securities for or to customers, did not carry accounts of or for customers, and did not carry PAB accounts as defined in Rule 15c3-3. Management is responsible for compliance with 17 C.F.R. § 240.15c3-3 and its statement.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's declaration concerning the provisions set forth in Rule 15c3-3 under the Securities and Exchange Act of 1934. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on Rule 15c3-3 under the Securities Exchange Act of 1934.

*Mesa PUC*

Fort Worth, Texas  
February 8, 2021

### **Statement of Exemption from SEC Rule 15c3-3**

TPEG Securities, LLC (the “Company”) is a registered broker-dealer subject to Rule 17a-5 of the Securities and Exchange Commission (the “SEC”) Act of 1934. To the best of its knowledge and belief, the Company states the following:

The Company does not hold customers’ cash or securities on behalf of customers and limits its business to advisory services for certain private placement offerings and, therefore, has no obligations under SEC Rule 15c3-3 under the Securities Exchange Act of 1934. Further, the Company did not directly or indirectly receive, hold or otherwise owe funds or securities for or to customers, did not carry accounts of or for customers, and did not carry PAB accounts as defined in Rule 15c3-3. In addition, as a result of the Company having no obligations under SEC Rule 15c3-3, it may file an Exemption Report. The Company had no exceptions under SEC Rule 15c3-3 throughout the year ended December 31, 2020.

TPEG Securities, LLC

I, Daniel S. Meader, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

By:



Dan Meader  
Managing Member

February 8, 2021





**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**  
**ON APPLYING AGREED-UPON PROCEDURES**

Members of TPEG Securities, LLC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below, which were agreed to by TPEG Securities, LLC and the Securities Investor Protection Corporation (SIPC) with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of TPEG Securities, LLC for the year ended December 31, 2020, solely to assist you and SIPC in evaluating TPEG Securities, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). TPEG Securities, LLC's management is responsible for TPEG Securities, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records, noting no differences;
- 2) Compared the Total Revenue amount reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2020 with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2020, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
- 4) Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences; and
- 5) Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the applicable instructions of the Form SIPC-7. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

*Mod. PUC*

Fort Worth, Texas  
February 8, 2021