

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

ANNUAL REPORTS  
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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 01/01/22 AND ENDING 12/31/22  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Hannon Armstrong Securities, LLC

TYPE OF REGISTRANT (check all applicable boxes):

- ☒ Broker-dealer ☐ Security-based swap dealer ☐ Major security-based swap participant  
☐ Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

200 Park Place, Suite 200

(No. and Street)

Annapolis

Maryland

21401

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Carolyn J Kasky

410-571-6181

ckasky@hasi.com

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

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

Ernst & Young LLP

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

1775 Tysons Blvd

Tysons

VA

22102

(Address)

(City)

(State)

(Zip Code)

10/20/2003

42

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

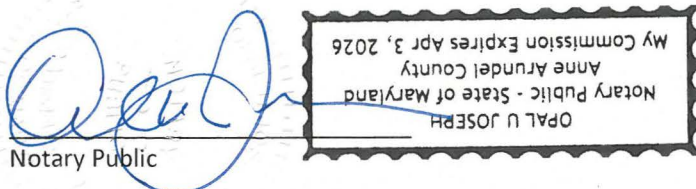
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\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), 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, Carolyn J Kasky, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Hannon Armstrong Securities, LLC, as of 3/30, 2023, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.



Signature: Carolyn J Kasky  
Title: CFO, Financial Operations Principal

### 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.

# HANNON ARMSTRONG SECURITIES, LLC

MEMBER FINRA AND SIPC

## FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Hannon Armstrong Securities, LLC  
For the Year Ended December 31, 2022  
With Report of Independent Registered Public Accounting Firm

Hannon Armstrong Securities, LLC

Financial Statements and Supplementary Information

For the Year Ended December 31, 2022

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Report of Independent Registered Public Accounting Firm





Ernst & Young LLP  
1775 Tysons Blvd  
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## Report of Independent Registered Public Accounting Firm

To the Member of Hannon Armstrong Securities, LLC

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Hannon Armstrong Securities, LLC (the Company) as of December 31, 2022, the related statements of operations, changes in member's equity, 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 the Company at December 31, 2022, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company'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 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 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 accompanying information contained in the Computation of Net Capital schedule has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. Such information is the responsibility of the Company's management. Our audit procedures included determining whether the 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. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with Rule 17a-5 under the Securities Exchange Act of 1934. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Ernst & Young LLP*

We have served as the Company's auditor since 2011.

March 30, 2023

## Financial Statements and Related Notes

Hannon Armstrong Securities, LLC

Statement of Financial Condition

December 31, 2022

**Assets**

Cash and cash equivalents	\$ 3,782,237
Other assets	<u>22,885</u>
Total assets	<u>\$ 3,805,122</u>

**Liabilities and member's equity**

Accounts payable and accrued expenses	\$ 61,500
Other liabilities	<u>18,943</u>
Total liabilities	<u>80,443</u>

Member's equity	<u>3,724,679</u>
Total liabilities and member's equity	<u>\$ 3,805,122</u>

*See accompanying notes.*



Hannon Armstrong Securities, LLC

Statement of Operations

For the Year Ended December 31, 2022

Revenue:	
Advisory services	\$ 1,101,679
Placement fees	800
Total revenues	<u>1,102,479</u>
Expenses:	
Professional and consulting services	146,500
General and administrative – related party	78,042
General and administrative	10,212
Regulatory expenses	9,568
Total expenses	<u>244,322</u>
Net income (loss)	<u>\$ 858,157</u>

*See accompanying notes.*

## Hannon Armstrong Securities, LLC

### Statement of Changes in Member's Equity

Balance, December 31, 2021	\$ 2,791,682
Capital contributions	74,840
Distribution to Member	-
Net income (loss)	<u>858,157</u>
Balance, December 31, 2022	<u><u>\$ 3,724,679</u></u>

*See accompanying notes.*

Hannon Armstrong Securities, LLC

Statement of Cash Flows

For the Year Ended December 31, 2022

**Operating activities**

Net income (loss)	\$ 858,157
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization expense	216
Related party expenses (See Note 4)	74,840
Changes in operating assets and liabilities:	
Accounts receivable	(200)
Prepaid expenses	2,222
Accounts payable and accrued expenses	20,150
Net cash provided by (used in) operating activities	<u>955,385</u>
Increase (decrease) in cash, cash equivalents, and restricted cash	955,385
Cash, cash equivalents, and restricted cash at beginning of year	<u>2,828,544</u>
Cash, cash equivalents, and restricted cash at end of year	<u><u>\$ 3,783,929</u></u>

*See accompanying notes.*

# Hannon Armstrong Securities, LLC

## Notes to Financial Statements

December 31, 2022

### 1. Background

Hannon Armstrong Securities, LLC (the “Company”) is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulation Authority (“FINRA”) effective February 1, 2011. The Company, which was formed on July 22, 2008, is a Maryland limited liability company and is wholly owned by HAT Holdings I, LLC (“Member”), which is a wholly owned subsidiary of Hannon Armstrong Capital, LLC (collectively referred to as the “Parent”).

The Company’s principal business involves providing advisory services to clients seeking financing for infrastructure projects.

### 2. Summary of Significant Accounting Policies

#### Basis of Presentation and Use of Estimates

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of financial statements in accordance with U.S. GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Revenue Recognition

The Company recognizes revenue for financial advisory services provided to customers in accordance with ASC 606, *Revenue from Contracts with Customers*. The revenue recognition guidance requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance requires an entity to follow a five-step model to (a) identify the contract(s) with a customer, which includes assessing the collectability of the consideration to which it will be entitled in exchange for the good or services transferred to the customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. For the year ended December 31, 2022, the Company recognized revenue for certain structured transactions in the amount of \$1,101,679 upon the completion of advisory services specified within the contract.

The Company also received placement fees for certain property assessed clean energy ("PACE") and other transactions where the Company is the named placement agent. The total revenue recognized in 2022 for those services was \$800.

### **Cash and Cash Equivalents**

Cash and cash equivalents include unrestricted cash and short-term cash investments with original maturity of three months or less at the date of purchase. As of December 31, 2022, we had cash deposits subject to credit risk and in excess of amounts federally insured of \$3,532,237.

### **Restricted Cash**

Restricted cash includes cash and cash equivalents set aside primarily to support certain regulatory compliance activities on behalf of the Company's registered representatives. Restricted cash is reported as part of other assets in the Statement of Financial Condition. As of December 31, 2022, the Company had restricted cash of \$1,692.

### **Other Assets**

Other assets include accounts receivable, representing outstanding balances from customers. The Company provides for an allowance for doubtful accounts based on estimates of uncollectible accounts under ASC Topic 326 Financial Instruments – Credit Losses ("Topic 326").

As of December 31, 2022, the Company had outstanding accounts receivable of \$200. There is no allowance for doubtful accounts as of December 31, 2022.

### **Income Taxes**

No provision has been made for federal and state income taxes since the income, if any, from the Company's operations is included in the tax returns of the Member. Franchise and other taxes paid to state authorities are recorded as general and administrative expense on the Statement of Operations when incurred. We have no income tax examinations in progress, and none are expected at this time, although 2018 through 2021 are open. The Company does not have any uncertain tax positions as of December 31, 2022.

### **Recently Issued Accounting Pronouncements**

There are no accounting standards updates issued before March 30, 2023, and effective after December 31, 2022, that are expected to have a material effect on our Statement of Financial Condition, Statement of Operations, Statement of Changes in Member's Equity or the Statement of Cash Flows.

### **3. Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule ("SEC 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 12 to 1. In addition, it also provides that equity capital may not be withdrawn, or cash dividends paid if the resulting indebtedness to net capital ratio would exceed 10 to 1. As of December 31, 2022, the Company had net capital of \$3,720,485 which exceeded required net capital by \$3,715,485 and the Company's indebtedness to net capital ratio was 0.005 to 1.

### **4. Related-Party Transactions**

The Company has entered into an Expense Sharing and Administrative Services Agreement (the Agreement) with the Parent. Pursuant to this Agreement, the Parent provides management services and other support costs to the Company. These services and costs, primarily payroll and benefits, rent, and other shared services, are allocated and charged to the Company based on estimates of time spent by key personnel and other rational allocation methods and are recorded as "General and administrative – related party" expenses on the Statement of Operations. If the Parent is not reimbursed, the amounts are recorded as capital contributions to the Company by the Parent.

During the year ended December 31, 2022, capital contributions were made to the Company by the Parent in the amount of \$74,840 related to expenses paid by the Parent on behalf of the Company. The \$78,042 of general and administrative expense sharing costs with the Parent includes cash rent payments by the Company in the amount of \$2,986. There were no outstanding general and administrative expenses due to the Parent as of December 31, 2022.

Further, as discussed in Footnote 2, the Company received advisory fees for performing certain structured transactions throughout the year ended December 31, 2022. During the year, the Company performed such services to an entity in which the Parent owns an equity interest. The Company recognized \$1,101,679 in Advisory fees within the Statement of Operations for the services performed.

### **5. Commitments and Contingences**

#### **Leases**

The company is the sublessee to one sublease for office space that extends through January 31, 2033 that qualifies as an operating lease. The minimum rental payments for the sublease are as follows:

<b>Year Ending December 31,</b>	<b>Minimum Rental Payments</b>	
2023	\$	2,095
2024		2,147
2025		2,201
2026		2,256
2027		2,313
Thereafter		12,677
Total	\$	<u>23,689</u>

## **6. Subsequent Events**

The Company evaluated subsequent events through March 30, 2023, the date the financial statements were issued. The company accrued a distribution payable to the parent company in the amount of \$3,500,000 on March 14, 2023. As required by FINRA and SEA Rule 15c3-1(i), the Company calculated the excess net capital before and after the distribution, and determined that the Company has sufficient excess net capital for business operations going forward pursuant to regulatory requirements.

The Company has determined there are no other material events or transactions that would affect their financial statements or require disclosure in their financial statements.



## Supplementary Information

## Hannon Armstrong Securities, LLC

### Computation of Net Capital

December 31, 2022

#### Computation of net capital

Member's Equity	\$ 3,724,679
Less: Deductions and/or Other Charges	
Non-Allowable Assets	<u>(4,194)</u>
Net Capital	3,720,485
Minimum Net Capital Required	<u>5,000</u>
Excess Net Capital	<u><u>\$ 3,715,485</u></u>

#### Computation of aggregate indebtedness

Total aggregate indebtedness	<u>\$ 20,191</u>
Ratio of Aggregate Indebtedness to Net Capital	<u><u>0.005</u></u>

There are no material differences between the preceding computation and the Company's corresponding unaudited part II of Form X-17A-5 as of December 31, 2022, filed on January 26, 2023.