

PUBLIC

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

OMB APPROVAL	
OMB Number.	3235-0123
Expires:	August 31, 2020
Estimated average burden	
hours per response	12.00

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-69058

**FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING JANUARY 1, 2019 AND ENDING DECEMBER 31, 2019
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER: **SAGEWORKS CAPITAL, LLC**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1177 AVENUE OF THE AMERICAS, 7TH FLOOR

(No. and Street)

NEW YORK
(City)

NY
(State)

10036
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
VLAD UCHENIK

215-806-9031
(Area Code - Telephone No.)

B. ACCOUNTANT DESIGNATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

OHAB AND COMPANY, PA

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

100 E. SYBELIA AVENUE, SUITE 130, MAITLAND

(Address and City)

FLORIDA
(State)

32751
(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its Possessions

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*Claims for exemption from the requirement that the annual audit be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Potential persons who are to respond to the collection of information contained in this form are required to respond unless the form displays a current valid OMB control number.

SEC 1410 (06-02)

OATH OR AFFIRMATION

I, VLAD UCHENIK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm or SAGEWORKS CAPITAL, LLC, as of DECEMBER 31, 2019 are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature

CCO
Title


Public Notary

Sworn to and subscribed before me
this 17th day of MARCH 2020.

Commonwealth of Pennsylvania - Notary Seal
CHRISOVALONTIS MOUNTIS, Notary Public
Bucks County
My Commission Expires August 30, 2022
Commission Number 1224743

This report** contains (check all applicable boxes);

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements under Exhibit A of Rule 15c3-1.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

** For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

SAGEWORKS CAPITAL, LLC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2019

SAGEWORKS CAPITAL, LLC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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THE SECURITIES AND EXCHANGE COMMISSION

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hab and Company, P.A.

100 E. Sybelia Ave. Suite 130
Maitland, FL 32751

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Members'
of Sageworks Capital, LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Sageworks Capital, LLC as of December 31, 2019, and the related notes (collectively referred to as the "financial statement"). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of Sageworks Capital, LLC as of December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of Sageworks Capital, LLC's management. Our responsibility is to express an opinion on Sageworks Capital, 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 Sageworks Capital, 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 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.

O'hab and Company, P.A.

We have served as Sageworks Capital, LLC's auditor since 2019.

Maitland, Florida

March 17, 2020

SAGEWORKS CAPITAL, LLC.
STATEMENT OF FINANCIAL CONDITION
FOR THE YEAR ENDED
DECEMBER 31, 2019

A S S E T S

Cash	\$ 353,331
Prepaid expenses	<u>22,544</u>
 TOTAL ASSETS	 <u>\$ 375,875</u>

LIABILITIES AND MEMBERS' CAPITAL

Liabilities:	
Accounts payable and accrued expenses	\$ 5,337
Subordinated Loans	260,000
Interest payable	<u>1,036</u>
 TOTAL LIABILITIES	 <u>266,373</u>
 Members' capital:	
Member's capital	109,502
 TOTAL MEMBERS' CAPITAL	 <u>109,502</u>
 TOTAL LIABILITIES AND MEMBERS' CAPITAL	 <u>\$ 375,875</u>

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

SAGEWORKS CAPITAL, LLC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2019

NOTE 1. ORGANIZATION AND NATURE OF BUSINESS

Sageworks Capital, Inc. (the "Company") was originally organized as a Corporation in May 2011 in the State of North Carolina. The Company's majority owner, Raiseworks, LLC., sold an 11% minority ownership stake to CFX Direct, LLC via a Stock Purchase Agreement dated January 1, 2016. Subsequently, Raiseworks, LLC decided to terminate operations in June 2016. In conjunction with this decision, Raiseworks, LLC, and its 100% owner, GLI, LTD., transferred their remaining 89% ownership stake in the Company to CEO, Vlad Uchenik via a Stock Power and a letter from GLI to FINRA dated June 21, 2016. On June 21, the Company submitted a CMA to FINRA and the transaction was approved June 28, 2016. Subsequent to that, Sageworks Capital, Inc. filed a succession filing with SEC and FINRA to become Sageworks Capital, LLC, which is a Pennsylvania Limited Liability Company with the same ownership structure as Sageworks Capital, Inc. The succession filing was approved April 3, 2017. Subsequent to that, Vlad Uchenik entered into a Purchase Agreement with CFX Direct, LLC on July 18, 2018 to sell Mr. Uchenik's 89% stake to CFX Direct, LLC. A CMA was filed by the Company and approved by FINRA in April 2019. The actual sale closed in July 2019. After the sale, CFX Direct, LLC now owns 100% of the Company. The Company is a securities broker-dealer, registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority Inc. ("FINRA").

The Company is an ATS that provides a secondary market trading platform for traditional securities called CFX Markets and for digital securities called Openfinance. The secondary market transactions may include private non-listed REITs, Reg A+, Reg D, Reg CF and any other private securities transactions.

The Company holds no customer funds or securities and does not participate in the underwriting of Securities. Accordingly, the Company claims exemption from the requirements of Rule 15c3-3 under Section (k)(2)(i) of the rule.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") unless otherwise disclosed.

SAGEWORKS CAPITAL, LLC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2019

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates

(c) Statement of Cash Flows

For purposes of the statement of cash flows the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months, that are not held for sale in the ordinary course of business. The company has adopted the indirect method of presenting the statement of cash flows in accordance with current authoritative pronouncements. There were no cash equivalents at December 31, 2019. Cash is held at a major financial institution and is insured by the Federal Deposit Insurance Corporation.

(d) Revenue Recognition

Revenue from contracts with customers includes commission income and fees from investment banking. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgement is required to determine whether performance obligations are satisfied in 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; whether revenue should be presented gross or net of certain costs; and whether constraints on variable consideration should be applied due to uncertain events.

The Company received commissions from secondary market trading and recorded on the trade date. The Company also provides services to clients offering securities directly to the public in offerings that are generally exempt from registration under Regulation A+. The Company charges a setup fee and is also entitled to certain success fees based on the aggregate amount raised by the client from investors. The company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership of the securities have been transferred to/from the customer.

(e) Income Tax

The Company elected to be treated as a partnership under the applicable sections of the Internal Revenue Service Code ("Code") and Pennsylvania corporate tax law. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements. The

SAGEWORKS CAPITAL, LLC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2019

(e) Income Tax – continued

Company's tax returns and the amount of income or loss allocable to the members are subject to examination by federal and state taxing authorities. In the event of an examination of the Company's tax return, the tax liability of the members could be changed if an adjustment in the Company's income or loss is ultimately determined by the taxing authorities.

Certain transactions may be subject to accounting methods for federal and state income tax purposes which differ from the accounting methods used in preparing the financial statements. Accordingly, the net income or loss of the members and the resulting balances in the members' capital accounts reported for federal and state income tax purposes may differ from the balances reported for those same items in these financial statements.

The Company recognizes and measures its unrecognized tax benefits in accordance with ASC Topic 740, Income Taxes. Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of the financial reporting period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change

Management has determined that the Company has no uncertain tax positions that would require financial statement recognition at December 31, 2019. This determination will always be subject to ongoing evaluation as facts and circumstances may require. The Company remains subject to U.S. federal and state income tax audits for all years subsequent to 2015.

In addition, no income tax related penalties or interest have been recorded for the year ended December 31, 2019.

(f) Fair Value Hierarchy

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. 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.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

SAGEWORKS CAPITAL, LLC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2019

(e) Income Tax – continued

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2. Inputs other than quoted prices included in level 1 that are observable for the assets or liability either directly or indirectly.

Level 3. Inputs are unobservable for the assets or liability.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, the liquidity of markets, and other characteristics particular to the security.

To the extent the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining the fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

(g) Advertising and Marketing

Advertising and marketing costs are expensed as incurred.

(h) General and Administrative Expenses

General and administrative costs are expensed as incurred.

NOTE 3. NET CAPITAL REQUIREMENT

As a registered broker-dealer, the Company is subject to the SEC's Uniform Net Capital for Broker-Dealers Rule (Rule 15c3-1). Rule 15c3-1 requires the maintenance of minimum net capital of \$5,000 as defined and requires that the aggregate indebtedness, as defined, shall not exceed fifteen times net capital. At December 31, 2019, the Company had net capital of \$346,958 which exceeded the required net capital of \$250,000 by \$96,958. At December 31, 2019, the Company's aggregate indebtedness to net capital ratio was 0.0184 to 1.

Advances to affiliates, contributions, distributions and other withdrawals are subject to certain notification and other requirements of Rule 15c3-1 and other regulatory rules.

The Company is registered with FINRA as a broker dealer exempt from SEC Rule 15c3-3 under Section (k)(2)(i). Therefore, it is not subject to possession or control requirements under SEC Rule 15c3-3 and is not required to compute 15c3-3 reserve requirements.

NOTE 4. CONCENTRATIONS

The Company's revenues (as discussed in Note 2 above) and profitability are affected by many conditions, including changes in economic conditions, inflation, political events, investor sentiment, and the changing security laws. These factors are unpredictable and beyond the Company's control, earnings may fluctuate significantly from year to year.

NOTE 5. RELATED PARTY TRANSACTIONS

The Company provides broker/dealer services using the technology of its 100% shareholder (CFX Direct, LLC) in order to process secondary market private securities transactions through their ATS. An ATS is an alternative trading system that allows users to place bids and asks for privately held securities previously issued in the primary market. In addition, 100% of its secondary market commission income was generated using the ATS.

The Company and Openfinance Holdings, Inc. the entity that owns 100% of CFX Direct, LLC, have an expense sharing agreement.

NOTE 6. COMMITMENTS AND CONTINGENCIES

Pursuant to Securities and Exchange Commission Rule 15c3-1(e)(2) the Company may not authorize distributions to its member if such distributions cause the Company's net capital to fall below 120% of the Company's minimum net capital requirement. As of December 31, 2019, the Company was not in violation of this requirement.

The Company had no lease or equipment rental commitments, no underwriting commitments, no contingent liabilities and had not been named as a defendant in any lawsuit at December 31, 2019 or during the year then ended.

The Company is the subject of SEC and FINRA investigations seeking to determine whether the Company has committed violations of the federal securities laws or FINRA rules, or both, in the conduct of its digital securities business. The Company has asked the SEC and FINRA to identify with particularity any law, rule or regulation that it has violated and is continuing to violate. None has been identified to it yet. The Company plans to vigorously defend itself in the event of an enforcement action. The parent company is taking responsibility for all attorney fees. The outcome is completely uncertain at this time and as such no liabilities have been accrued.

NOTE 7. SUBSEQUENT EVENTS

The Company has performed an evaluation of events that have occurred subsequent to December 31, 2019, and through March, 17, 2020, the date of the filing of this report. 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 statements as of December 31, 2019.