Battery East Group, LLC

Annual Audit Report

December 31, 2023

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

ANNUAL REPORTS
FORM X-17A-5
PART III

FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/23 (MM/DD/YY) AND ENDING 12/31/23 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Battery East Group, 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.)

915 Battery Street, 1st Floor
(No. and Street)

San Francisco	California	94111
(City)	(State)	(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Clark Tucker	205-721-0507	tucker@scenicadvisement.com
(Name)	(Area Code – Telephone Number)	(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Ernst Wintter & Associates LLP
(Name – if individual, state last, first, and middle name)

675 Ygnacio Valley Road, Suite A200	Walnut Creek	CA	94596
(Address)	(City)	(State)	(Zip Code)

02/24/09	3438
(Date of Registration with PCAOB)(if applicable)	(PCAOB Registration Number, if applicable)

FOR OFFICIAL USE ONLY

* 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, Michael Sobel, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Battery East Group, 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.

See Attached CA Notarial Language for Public Notary: Dayved Black Commission # 2374469

Signature:

Title: President and COO

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.*

GOLDEN GATE
NOTARY & APOSTILLE

CALIFORNIA JURAT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA }
COUNTY OF San Francisco }

Subscribed and sworn to (or affirmed) before me on this 28th (Date) day of March (Month), 2024 (Year)

by Michael Sobel

Name of Signers

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature: ______________________
Signature of Notary Public

DAYVED BLACK
COMM. #2374469
Notary Public - California
San Mateo County
My Comm. Expires Sep. 9, 2025
NR01

Seal
Place Notary Seal Above

---------- **OPTIONAL** ----------

Though this section is optional, completing this information can deter alteration of the document or fraudulent attachment of this form to an unintended document.

Description of Attached Document
Title or Type of Document: Form X-17A-5 (short

Document Date: ______________________

Number of Pages: ______________________

Signer(s) Other Than Named Above: ______________________

ERNST WINTTER & ASSOCIATES LLP *Certified Public Accountants*

675 Ygnacio Valley Road, Suite A200 (925) 933-2626
Walnut Creek, CA 94596 Fax (925) 944-6333

Report of Independent Registered Public Accounting Firm

To the Member of
Battery East Group, LLC (dba Scenic Advisement)

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Battery East Group, LLC (dba Scenic Advisement) (the "Company") as of December 31, 2023, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with 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.

Ernst Wintter & Associates LLP

We have served as Battery East Group, LLC (dba Scenic Advisement)'s auditor since 2023.
Walnut Creek, California
March 29, 2024

Battery East Group, LLC
Statement of Financial Condition
December 31, 2023

Assets		
Cash	$	2,569,524
Prepaid expenses and other assets		219,239
Fixed assets, net of accumulated depreciation and amortization of $1,802,636		141,787
Operating lease right of use asset		139,408
Due from related parties		217,957
Total assets	$	3,287,915
Liabilities and Member's equity		
Liabilities		
Accounts payable and accrued expenses	$	623,867
Operating lease liabilitiy		161,192
Total liabilities		785,059
Member's equity		2,502,856
Total Liabilities and Member's Equity	$	3,287,915

The accompanying notes are an integral part of this financial statement.

1. Organization and Nature of Business

Battery East Group LLC, dba Scenic Advisement, (the "Company") is a Delaware Limited Liability Company formed on August 29, 2013, and its principal place of business is located in San Francisco, California. The Company is a private placement broker-dealer registered with the U.S. Securities and Exchange Commission ("SEC"), on August 15, 2014, and is regulated by the Financial Industry Regulatory Authority ("FINRA").

The Company is a wholly owned subsidiary of Scenic Advisement, Inc. (“Member”). The Company is an investment banking advisory firm providing advice to corporations, private equity investors, partnerships, and institutions. The Company provides high quality independent advice and transaction execution capabilities to corporations and investors in connection with secondary market transactions in private company shares.

2. Summary of Accounting Policies

Basis of Presentation

The financial statements of the Company have been prepared using accounting principles generally accepted in the United States of America ("U.S. GAAP"). Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Deposits held by commercial bank may, at times, exceed federally insured limits. The Company has never experienced any losses related to this balance. As of December 31, 2023, the balance consists entirely of cash at a bank.

Accounts Receivable

Accounts receivable consists of amounts due from services provided under investment banking. There were no accounts receivable at December 31, 2023, and therefore, no allowance for credit losses have been provided.

The Company accounts for estimated credit losses on financial assets measured at an amortized cost basis in accordance with FASB ASC 326-20, Financial Instruments – Credit Losses. FASB ASC 326-20 requires the Company to estimate the expected credit losses over the life of its financial assets as of the reporting date based on the relevant information about past events, current conditions, and reasonable and supportable forecasts. The provisions of this standard were adopted using a method to estimate the allowance for credit losses that considered both the aging of accounts receivable and a projected loss rate of receivables. We have determined that long-term forecasted information is not relevant to our accounts receivable, which are primarily short-term. Accounts receivable and the related allowance for credit losses are written off when it becomes remote that payment for services will be received.

Contract Costs

Direct incremental costs to obtain a contract or fulfill a contract are evaluated under the criteria for capitalization on a contract-by-contract basis. There were no capitalized contract costs at December 31, 2023.

Income Taxes

The Company is a single member limited liability company and is treated as a disregarded entity for income tax reporting purposes. The Internal Revenue Code ("IRC") provides that any income or loss is passed through to the ultimate beneficial individual member for federal, state, and certain local income taxes. Accordingly, the Company has not provided for income taxes.

2. Summary of Accounting Policies (continued)

At December 31, 2023, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. This determination will always be subject to ongoing reevaluation as facts and circumstances may require. The Company is however subject to the annual California limited liability tax of $800 and California limited liability fee based on gross revenue. The Company is no longer subject to examination by major tax authorities for years before 2019.

3. Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which updates reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance. This ASU also requires that an entity with a single reportable segment, such as the Company, provide all of the disclosures required as part of the updates and all existing disclosures required by Topic 280. This update is effective for fiscal years beginning after December 15, 2023, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its financial statements, however, it does not expect this update to have an impact on its financial condition or results of operations.

4. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Office equipment and furniture are depreciated over their useful lives of seven years. Computers and electronics are depreciated over their useful lives of three years. Tenant improvements are amortized over the lesser of the asset's useful life or the term of the lease. Website development is amortized over its three-year useful life.

The Company's fixed assets as of December 31, 2023, were as follows:

Tenant improvements	$ 715,771
Furniture and equipment	229,041
Website development	933,525
Computers and electronics	66,086
Total	1,944,423
Less: Accumulated depreciation and amortization	(1,802,636)
Net fixed assets	$ 141,787

5. Leases

The Company has one operating lease for its corporate office located in San Francisco, CA. This lease, which commenced on July 1, 2016, was for an initial period of seven years with an option to extend for five years. In May 2021, the Company agreed to a one year extension to June 30, 2024.

Leases with an initial term of 12 months or less are not recorded on the Statement of Financial Condition, and the Company recognizes lease expense for these leases on a straight-line basis over the lease terms. Leases with terms greater than 12 months are included in operating lease right-of-use asset and operating lease liability in the Company's Statement of Financial Condition as of December 31, 2023. The Company was uncertain of the option to extend the lease for five years would be exercised and therefore has not included the extension in the operating lease right-of-use asset and lease liability as of December 31, 2023. Lease expense for lease payments is recognized on a straight-line basis over the lease term. As of December 31, 2023, the Company did not execute any lease agreements with a term less than 12 months.

The Company entered into an agreement to sublease part of its corporate offices. The sublease expires on December 31, 2023 with an option to extend to May 2024.

5. Leases (continued)

The Company is using a discount rate of 6% to calculate the net present value of lease payments. The total operating lease cost included in the Statement of Operations for the year ended December 31, 2023 was $167,799.

Amounts reported in the Statement of Financial Condition as of December 31, 2023 are as follows:

Operating lease right of use asset	$139,408
Operating lease liability	$161,192

Maturities of operating lease liabilities as of December 31, 2023, are as follows:

Total undiscounted lease payments	
Ending period ending June 30, 2024	$164,024
Less imputed interest	(2,832)
Total operating lease liability	$161,192

6. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1) (the "Rule"), which, among other items, requires the maintenance of minimum net capital and the maintenance of a maximum ratio of aggregate indebtedness to net capital, both as defined by the Rule, of 15 to 1. The Rule also restricts the timing and amounts of capital withdrawals or dividends paid. At December 31, 2023, the Company had net regulatory capital of $1,923,873, which was $1,880,829 in excess of its minimum required net capital of $43,043 for the year ended December 31, 2023. The Company's ratio of aggregate indebtedness to net capital was 0.34:1 as of December 31, 2023.

7. Related Party Transactions

Under an Expense Sharing Agreement, the Company, Member and other solely owned entities of Member share personnel, occupancy and other overhead costs. As of December 31, 2023, Member and other solely owned entities of Member owed the Company $217,957 for expenses paid on their behalf. The Company's financial condition could differ significantly from those that would have been obtained if the entities were autonomous.

8. Employee Retirement Plans

The Company established a Cash Balance plan ("the Plan") covering all eligible employees as of January 1, 2018. The plan includes a 5%. All amounts will be funded by the required due date in fiscal year 2024. To participate in the Plan, an employee must be twenty-one years of age, completed at least one year of service and one thousand hours of service. All employees are fully vested in the Plan within the year the contribution to the plan is made. The Plan was frozen effective March 1, 2023 with regards to new participants and principal credits.

The Company recognizes and measures its fair value of financial instruments in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 820 which defines fair value, establishes a framework for measuring fair value, and establishes a hierarchy of fair value inputs. 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.

8. Employee Retirement Plans (continued)

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

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

Level 3 - Unobservable inputs for the assets or liabilities.

Summary of Cash Balance Plan Assets of December 31, 2023

	Total	Quote Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificate of Deposit (a)	$ 1,402,792	$ 1,402,792		

(a) Investment vehicles for cash reserves

The trustees have the sole discretion to invest and manage Plan assets.
The annual measurement date is December 31 for the Plan benefits.

Assumptions used in the measurement of the Plan at December 31, 2023

To determine the Plan benefit obligations:	
Weighted average discount rate	5%
Weiged average rate of compensation increase*	N/A
To determine the periodic benefit costs:	
Weighted average discount rate	5%
Weiged average rate of compensation increase*	N/A
Weighted average expected return on plan assets	5%

*Future salary increases are irrelevant as all future benefit accruals have been frozen.

GAAP requires an employer disaggregate the service cost component from the other components of net pension benefit cost and report the service cost component in the same income statement line item as other compensation costs arising from services rendered by the pertinent employees during the year. The other components of net benefit cost are required to be presented in the income statement separately from the service costs component and outside a subtotal of income from operations, if one is presented.

8. Employee Retirement Plans (continued)

Summary of the Plan as of December 31, 2023		
Change in Benefit Obligation		
Benefit obligation at January 1	$	-
Service cost		-
Interest cost		77,329
Amendments		1,546,577
Actuarial loss		-
Benefits paid		-
Benefit obligation at December 31	$	1,623,906
Change in Plan Assets		
Fair value of the Plan assets at January 1	$	1,095,855
Actual return on Plan assets		2,381
Employer contributions		304,556
Fair value of Plan assets at December 31	$	1,402,792
Funded Status		
Projected benefit obligation	$	(1,623,906)
Fair value of plan assets at January 1		1,402,792
Funded Status	$	(221,114)
Net periodic benefit cost	$	80,508
Plan amounts recognized in the Statement of Financial Condition consist of:		
Liabilities included in accrued expenses	$	221,114
Plan contributions expected to be paid in 2024	$	-
Plan benefit payments, which reflect expected future service expected to be paid:		
2024	$	-
2025		-
2026		-
2027		-
2028		-
2029-2033		332,184
Total	$	332,184

The Company also established a Profit Sharing 401(k) plan covering all eligible employees effective January 1, 2018. A contribution in the amount of $67,637 has been accrued at year end. Certain members of the Company serve as trustees for both plans. In addition, an employee becomes 100% vested with respect to the employer contributions after completing 6 years of service starting in 2018.

9. Indemnifications

The Company enters into contracts that contain various indemnifications. The Company's maximum exposure under these agreements is not estimable. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of material loss to be remote.

10. Litigation

The Company in the ordinary course of its business is subject from time to time to various threatened or filed legal actions. Although the amount of ultimate exposure cannot be determined, the Company accrues for losses that management considers probable. As of December 31, 2023, no amount was accrued.

11. Subsequent Events

The Company has evaluated events and transactions that occurred after December 31, 2023, through the date these financial statements were issued. The Company has determined that there were no subsequent events or transactions that would require recognition or disclosure in these financial statements.