

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

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

OMB APPROVAL
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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 01/01/2020 AND ENDING 12/31/2020  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **SHOREBRIDGE CAPITAL SECURITIES LLC**

OFFICIAL USE ONLY

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

FIRM I.D. NO.

**780 THIRD AVENUE**

(No. and Street)

**NEW YORK**

**NY**

**10017**

(City)

(State)

(Zip Code)

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

JANICE PARISE

(212) 751-4422

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**PRAGER METIS CPAS LLC**

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

**222 MOUNT AIRY ROAD**

**BASKING RIDGE**

**NJ**

**07920**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

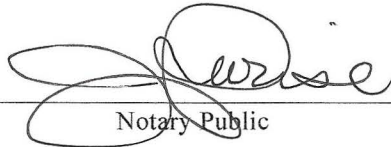
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, DOUGLAS BLAGDON, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SHOREBRIDGE CAPITAL SECURITIES LLC, as of DECEMBER 31, 2020, 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

JANICE PARISE  
Notary Public, State of New York  
No. 41-4968956  
Qualified in Queens County  
Commission Expires July 9, 2022

  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) 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 Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' 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 15c3-3.
- ☐ (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).

# **ShoreBridge Capital Securities LLC**

**Statement of Financial Condition**

**Pursuant to Rule 17a-5 under the Securities Exchange  
Act of 1934**

**December 31, 2020**

# ShoreBridge Capital Securities LLC

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December 31, 2020

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## Report of Independent Registered Public Accounting Firm

To the Member of  
ShoreBridge Capital Securities LLC

*Prager Metis CPAs, LLC*

222 MOUNT AIRY ROAD  
BASKING RIDGE, NJ 07920

T 908.766.9800  
F 908.766.9811

[www.pragermetis.com](http://www.pragermetis.com)

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of ShoreBridge Capital Securities LLC, formerly ShoreBridge Capital Advisors LLC, (the “Company”) as of December 31, 2020, 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 the Company as of December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

This financial statement is the responsibility of ShoreBridge Capital Securities LLC’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 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 statement. We believe that our audit provides a reasonable basis for our opinion.

*Prager Metis CPAs, LLC*

We have served as ShoreBridge Capital Securities LLC’s auditor since 2018.

Prager Metis CPAs, LLC  
Basking Ridge, New Jersey  
February 26, 2021



*An affiliate of Prager Metis International*

NORTH AMERICA

EUROPE

ASIA

**ShoreBridge Capital Securities LLC**  
**Statement of Financial Condition**  
**As of December 31, 2020**

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**Assets**

Cash	\$ 81,543
Accounts receivable	2,021,250
Prepaid expenses	15,920
Total assets	<u>\$ 2,118,713</u>

**Liabilities and Member's Equity**

Accounts payable and other accrued expenses	<u>\$ 23,169</u>
Total liabilities	23,169

Member's equity	2,095,544
Total Liabilities and Member's Equity	<u>\$ 2,118,713</u>

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



# **ShoreBridge Capital Securities LLC**

## **Notes to the Statement of Financial Condition**

### **For the year ended December 31, 2020**

#### **1. Organization**

ShoreBridge Capital Securities LLC “formerly known as ShoreBridge Capital Advisors, LLC” (the “Company”), is a limited liability company organized under the laws of the state of Delaware on May 12, 2015. The Company effected a name change in June 2020. The Company is a wholly-owned subsidiary of ShoreBridge Capital Partners LLC (the “Parent”). On February 4, 2016 the Company became a broker-dealer and as such is registered with the Securities and Exchange Commission (the “SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”).

The Company’s operations consist of private placement of securities, Mergers and Acquisitions, corporate financing, investment advisory services and referral arrangements with investment advisors, pursuant to which the Company will refer prospective customers in return for a finder’s fee.

ShoreBridge Capital Securities LLC does not hold customer funds or securities.

#### **2. Summary of Significant Accounting Policies**

##### **Basis of Presentation**

These financial statements were prepared in conformity with accounting principles generally accepted in the United States of America which 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 amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

##### **Revenue Recognition**

##### **Revenue from Contracts with Customers**

Revenue from contracts with customers includes fees earned for advisory and placement services pursuant to the terms of individual engagement letters with customers. 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; whether revenue should be presented gross or net of certain costs; and whether constraints on variable consideration should be applied due to uncertain future events.

##### *Advisory fees*

The Company provides investment advisory services with relation to the private placement of securities. Generally these services are being provided during the term of the period stated in the customer engagement letter. The Company believes the performance obligation for providing advisory services is satisfied over time because the customer is receiving and consuming the benefits as they are provided by the Company. Fees are received monthly and are recognized over time during the period defined in the terms of the engagement letter as they relate specifically to the services provided in that period, which are distinct from the services provided in other periods.

##### *Placement fees*

The Company is contracted to be a placement agent in connection with the private placement of interests in funds managed by the customer. Fee terms for placement fees are stated in the customer engagement letter. The Company records placement revenues at the point in time when the closing of the private placement occurs and the services for the transactions are completed under the terms of each engagement.



# **ShoreBridge Capital Securities LLC**

## **Notes to the Statement of Financial Condition**

### **For the year ended December 31, 2020**

#### **Recent Accounting Pronouncements**

Effective January 1, 2020, the Company adopted ASC Topic 326, Financial Instruments – Credit Losses (“ASC 326”). ASC 326 impacts the impairment model for certain financial assets measured at amortized cost by requiring a current expected credit loss (“CECL”) methodology to estimate expected credit losses over the entire life of the financial asset, recorded at inception or purchase. Under the accounting update, the Company has the ability to determine there are no expected credit losses in certain circumstances.

#### **Fees Receivable**

Fees receivable are carried at the amounts billed to customers, net of an allowance for credit losses, which is an estimate for credit losses based on a review of all outstanding amounts.

#### **Allowance for Credit Losses**

The Company identified fees receivable carried at amortized cost as impacted by the new guidance. ASC 326 specifies that the Company adopt the new guidance prospectively by means of a cumulative-effect adjustment to the opening retained earnings as of the beginning of the first reporting period effective. The Company believes there is no impact to opening member’s equity upon adoption of ASC 326.

The allowance for credit losses is based on the Company’s expectation of the collectability of financial instruments carried at amortized cost, including fees receivable utilizing the CECL framework. The Company considers factors such as historical experience, credit quality, age of balances and current and future economic conditions that may affect the Company’s expectation of the collectability in determining the allowance for credit losses. The Company’s expectation is that the credit risk associated with fees receivables is not significant until they are 90 days past due on the contractual arrangement and expectation of collection in accordance with industry standards. Management does not believe that an allowance is required as of December 31, 2020.

#### **Cash**

All cash deposits are held by one financial institution and therefore are subject to the credit risk at that financial institution. The Company has not experienced any losses in such accounts and does not believe there to be any significant credit risk with respect to these deposits.

#### **Income Taxes**

The Company is a single member limited liability company, and is treated as a disregarded entity for federal 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. Management confirms that no election was made as of the date of the financial statements for the Company to be taxed as a corporation. The Parent is taxed as a partnership and files a consolidated tax return.

The Company is a single member limited liability company and accordingly, no provision has been made in the accompanying financial statement for any federal, state, or city income taxes. The Company’s sole member is subject to New York City Unincorporated Business Tax (“UBT”), but the Company is a disregarded entity for tax purposes. All revenue and expenses retain their character and pass directly to the Parent’s income tax returns. Based on an analysis of the operations of the Broker Dealer there was no UBT tax provision required.



# **ShoreBridge Capital Securities LLC**

## **Notes to the Statement of Financial Condition**

### **For the year ended December 31, 2020**

At December 31, 2020, 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's tax preparers reviewed the Company's tax position and the results from operations and as a result of this review, the Company has determined there were no uncertain tax positions.

#### **3. Transactions with Related Parties**

During 2016, the Company entered into an Expense Sharing Agreement ("ESA") with its Parent whereby the Parent is to provide office and administrative services to the Company. The ESA had a term of one year and is automatically renewed annually, unless terminated or modified by written notice. During 2017, the Company amended its ESA as such that the Company is now incurring and recording its proportionate share of expenses in relation to activities performed by the Parent for the benefit of the Company.

The terms of these arrangements may not be the same as those that would otherwise exist or result from agreements and transactions among unrelated parties.

In 2017 the Company's Parent formed a new wholly owned subsidiary, ShoreBridge Capital Management, LLC. That entity has since registered with the SEC as an investment advisor.

The subsidiary provides investment advisory services to two funds. Those funds have each engaged the Company for the placement of interests in the respective funds. That relationship is not subject to compensation to the Company.

#### **4. Concentrations**

The Company earned placement fees from one client that accounted for 99% of fee income in 2020. Cash held by financial institutions which exceed the Federal Deposit Insurance Corporation ("FDIC") limits of \$250,000 expose the Company to concentrations of credit risk. Balances throughout the year usually exceed the maximum coverage provided by the FDIC on insured depositor accounts.

#### **5. Member's Equity**

For the period ended December 31, 2020, the Company received \$162,239 in cash contributions. The Company recorded \$166,104 in capital contributions representing forgiveness of the intercompany payable to the Parent for the Company's share of its expenses provided for in the amended ESA. The Company did not make any distributions.

#### **6. Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. Under Rule 15c3-1, the Company is required to maintain a minimum net capital, equal to the greater of \$5,000 or 6 2/3% of aggregate indebtedness. At December 31, 2020, the Company had regulatory net capital of \$58,374 which was \$53,374 above the required net capital of \$5,000. The Company's ratio of aggregate indebtedness to regulatory net capital was .40 to 1 at December 31, 2020.

# **ShoreBridge Capital Securities LLC**

## **Notes to the Statement of Financial Condition**

### **For the year ended December 31, 2020**

#### **7. Commitments and Contingencies**

The Parent of the Company is the named lessor of the Company's office space, therefore there are no commitments to the Company for the office lease. As of December 31, 2020, there were no claims or lawsuits brought by or against the Company.

#### **8. Guarantees**

FASB ASC 460, Guarantees, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying factor (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of the indebtedness of others.

The Company has issued no guarantees at December 31, 2020 or during the year then ended.

#### **9. Novel Coronavirus**

The outbreak of the novel coronavirus ("COVID-19") in many countries continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The World Health Organization has declared COVID-19 a "Public Health Emergency of International Concern." The global impact of the outbreak continues to evolve, and as cases of the virus have continued to be identified, many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19. Nevertheless, COVID-19 could have a material impact on the Company's financial statements.

#### **10. Subsequent Events**

Management of the Company evaluated and noted no subsequent events or transactions that occurred from January 1, 2021 through February 26, 2021, the date these financial statements were issued, that would require recognition or disclosure in the financial statements.