

# **Galaxy Digital Partners LLC**

**Statement of Financial Condition**

**December 31, 2020**

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

OMB APPROVAL
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**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**  
**FACING PAGE**

SEC FILE NUMBER
8-70001

**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 01/01/20 AND ENDING 12/31/20  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER - DEALER:

Galaxy Digital Partners LLC

OFFICIAL USE ONLY

FIRM ID. NO.

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

107 Grand Street  
(No. and Street)

New York NY 10013  
(City) (State) (Zip Code)

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

Fredric Obsbaum (212) 897-1694  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

WithumSmith+Brown, PC

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

200 Jefferson Park Whippany NJ 07981  
(Address) (City) (State) (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 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). SEC 1410 (3-91)*

# Galaxy Digital Partners LLC

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

- ☒ Report of Independent Registered Public Accounting Firm
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- ☒ Footnotes.
- ☐ Statement of Operations.
- ☐ Statement of Changes in Member's Equity.
- ☐ Statement of Cash Flows.
- ☐ Statement of Changes in Liabilities Subordinated to Claims of General Creditors.
- ☐ Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.
- ☐ Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.
- ☐ Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).
- ☐ A Reconciliation, including appropriate explanations, of the Computation of Net Capital Pursuant to Rule 15c3-1 (included with item (g)) and the Computation for Determination of Reserve Requirements Under Rule 15c3-3 (included in item (g)).
- ☐ A Reconciliation Between the Audited and Unaudited Statements of Financial Condition With Respect to Methods of Consolidation (not applicable).
- ☒ An Affirmation.
- ☐ A copy of the SIPC Supplemental Report.
- ☐ A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control).
- ☐ Independent Auditors' Report Regarding Rule 15c3-3 exemption.
- ☐ Rule 15c3-3 Exemption Report.

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

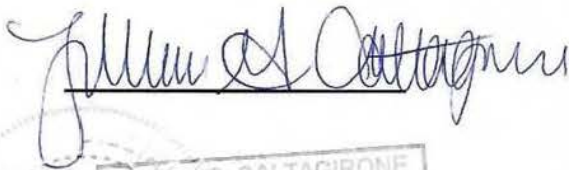
## AFFIRMATION

I, Fredric Obsbaum, affirm that, to the best of my knowledge and belief, the accompanying statement of financial condition pertaining to Galaxy Digital Partners LLC for the year ended December 31, 2020, are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.

  
Signature

CFO  
Title

Subscribed and sworn  
to before me 19 March, 2021







## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member and Management of  
Galaxy Digital Partners LLC

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Galaxy Digital Partners LLC (the "Company"), as of December 31, 2020, 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, 2020, 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 this 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.

*WithumSmith+Brown, PC*

We have served as the Company's auditor since 2019.

March 24, 2021

# Galaxy Digital Partners LLC

## Statement of Financial Condition December 31, 2020

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### Assets

Cash	\$ 1,763,049
Receivable from broker	4,930
Accounts receivable	94,585
Due from Parent	150,910
Prepaid expenses and other assets	<u>13,753</u>
Total assets	<u><b>\$2,027,227</b></u>

### Liabilities and Member's Equity

#### Liabilities

Accounts payable and accrued liabilities	\$ 22,374
Due to affiliated company	<u>148,209</u>
Total liabilities	<u><b>170,583</b></u>

#### Member's equity

	<u>1,856,644</u>
Total liabilities and member's equity	<u><b>\$2,027,227</b></u>

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

# Galaxy Digital Partners LLC

## Notes to Financial Statements For the Year Ended December 31, 2020

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### 1. Organization and Business

Galaxy Digital Partners LLC (the “Company”) is a limited liability company formed under the laws of New York and is a wholly owned subsidiary of Galaxy Digital LP., (the “Parent”). The Company is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”).

The Company’s principal businesses are selling private placements and underwriting.

The company is reliant on its Affiliate to pay shared expenses and its Parent to make capital contributions as necessary, in order, to continue as a going concern. The Parent has significant financial assets at its disposal to amply fund the Company’s capital and cash requirements to operate for at least the next year from the date these financial statements are issued.

### 2. Summary of Significant Accounting Policies

#### Basis of Presentation

This statement of financial condition was 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. Actual results could differ from these estimates.

#### Cash

All cash deposits are held by two financial institutions and therefore are subject to the credit risk at those 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 wholly owned single member limited liability company and is treated as a disregarded entity for tax purposes.

At December 31, 2020, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. This determination will be subject to ongoing reevaluation as facts and circumstances may require. Interest and penalties assessed, if any, are recorded as income tax expense.

#### Accounts Receivable and Contract Assets and Liabilities Balances

Accounts receivable arise when the Company has an unconditional right to receive payment under a contract with a customer and are derecognized when the cash is received. There were accounts receivable of \$123,975 on January 1, 2020 and no contract assets or contract liabilities. As of December 31, 2020, there were accounts receivable of \$94,585, and no contract assets or liabilities.

#### Allowance for Credit Losses

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 by requiring a current expected credit loss (“CECL”) methodology to estimate expected credit losses over the entire life of the financial asset. Under the accounting update, the Company could determine there are no expected credit losses in certain circumstances (e.g., based on the credit quality of the client).



# Galaxy Digital Partners LLC

## Notes to Financial Statements For the Year Ended December 31, 2020

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### 2. Summary of Significant Accounting Policies (continued)

The Company identified fees receivable 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 member's equity as of the January 1, 2020. Accordingly, the Company recognized no adjustment upon adoption.

The allowance for credit losses is based on the Company's expectation of the collectability of its receivables 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 its receivables is not significant. Accordingly, the Company has not provided an allowance for credit losses at December 31, 2020.

### 3. Transactions with Related Parties

At December 31, 2020, the Company had a service agreement with Galaxy Digital Services LLC ("GDS" or the "Affiliate"), an affiliated company. The affiliate provides office space, compensation expenses, professional and consulting fees, and other services pursuant to a service agreement. The Company is not required to make any payments to GDS under the agreement.

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.

The Affiliate paid expenses of \$148,209 on behalf of the Company that are reflected as due to affiliated company on the statement of financial condition.

As of December 31, 2020, there were amounts due from Parent in the amount of \$150,910 that are reflected on the statement of financial condition.

### 4. Regulatory Requirements

The Company is subject to SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934, 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 15 to 1. At December 31, 2020, the Company had net capital of approximately \$1,597,000 which exceeded the required net capital of \$100,000 by approximately \$1,497,000.

The Company does not hold customers' cash or securities; therefore, it has no obligations under SEC Rule 15c3-3 under the Securities Exchange Act of 1934.



# Galaxy Digital Partners LLC

## Notes to Financial Statements For the Year Ended December 31, 2020

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### 5. COVID-19

During the 2020 calendar year, the World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern”. This pandemic has disrupted economic markets and the economic impact, duration and spread of the COVID-19 virus is uncertain at this time. The financial performance of the Company is subject to future developments related to the COVID-19 outbreak and possible government advisories and restrictions placed on the financial markets and business activities. The impact on financial markets and the overall economy, all of which are highly uncertain, cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Company’s results may be materially affected. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.