

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

ANNUAL REPORTS
FORM X-17A-5
PART III

OMB APPROVAL
OMB Number: 3235-0123
Expires: Oct. 31, 2023
Estimated average burden hours per response: 12
SEC FILE NUMBER
8-70732

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 08/11/23 AND ENDING 12/31/23
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Percent 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.)

145 East 57th Street

(No. and Street)

New York

NY

10022

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Susan Hayes

609-642-6593

shayes@pattentraining.com

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

PKF O'Connor Davies, LLP

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

245 Park Avenue

New York

NY

10167

(Address)

(City)

(State)

(Zip Code)

09/29/03

127

(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, Susan Hayes, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Percent Securities, 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.

8004043



Commonwealth of Virginia
County of Newport News

Signature: Susan Hayes

The foregoing instrument was subscribed and sworn
before me on 02/29/2024 by Susan Hayes.

Title:
Principal Financial Officer

Qwest Darnell Stanley

Notary Public Commission Expiration: 09/30/2026 Notarized remotely online using communication technology via Proof.

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.

PERCENT SECURITIES, LLC

Statement of Financial Condition and
Report of Independent Registered Public Accounting Firm
Pursuant to Rule 17a-5

December 31, 2023

Percent Securities, LLC

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December 31, 2023

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of Percent Securities, LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Percent Securities, LLC (the "Company") as of December 31, 2023, and the related notes to the statement of financial condition (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

The 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 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PKF O'Connor Davies, LLP

February 29, 2024

Percent Securities, LLC
Statement of Financial Condition
December 31, 2023

ASSETS

Cash and cash equivalents	\$	623,892
Accounts receivable		19,639
Prepaid expenses		<u>59,275</u>

Total Assets	\$	<u>702,806</u>
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LIABILITIES AND MEMBER'S EQUITY

LIABILITIES

Accounts payable and accrued liabilities	\$	59,050
Payable to parent		44,922
Deferred income		<u>10,000</u>

Total Liabilities		113,972
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MEMBER'S EQUITY

	<u>588,834</u>
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Total Liabilities and Member's Equity	\$	<u>702,806</u>
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The accompanying notes are an integral part of this financial statement.

NOTE 1. ORGANIZATION AND NATURE OF BUSINESS

Percent Securities, LLC (the “Company”) was organized on April 12, 2021 as a limited liability company in accordance with the laws of the State of Delaware. The Company is a wholly-owned subsidiary of Cadence Group, Inc. (“Parent”), a Delaware corporation. The Company became a registered broker-dealer with the Securities and Exchange Commission (“SEC”) on August 11, 2023 and is a member of the Financial Industry Regulatory Authority (“FINRA”) and Securities Investor Protection Corporation (“SIPC”).

The Company's operations consist primarily of acting as placement agent in private placements of affiliated and unaffiliated issuers on a best-efforts basis in the distribution of debt securities to accredited institutional and individual investors located throughout the United States. These private placements are generally not registered with the SEC and are eligible for the exemption under Rule 506 of Regulation D. Customers of the Company use an internet-based financial technology platform (Cadence Group Platform, LLC, dba Percent Technologies Platform, or the “Platform”) owned by the Parent. The Company uses the Platform to introduce its customers to debt offerings. Customers maintain accounts on the Platform and may direct their funds to invest in those offerings.

The Company also provides advisory services to assist clients with mergers and acquisitions and acts as a broker to connect buyers and sellers.

The Company is currently registered to do business in thirty-eight states and the District of Columbia. Once the Company is registered in all fifty states it will take custody of customer funds which are currently held by the Platform. The Company does not currently have custody of customer funds.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as detailed in the Financial Accounting Board’s (“FASB”) Accounting Standards Codification (“ASC”) 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all liquid investments with a maturity of three months or less to be cash equivalents. The Company maintains its deposits in a commercial checking account in a high

credit quality financial institution. Balances at year end and at various times during the reporting period have exceeded federally insured limits of \$250,000. At December 31, 2023 the Company exceeded FDIC limits at its commercial bank, Flagstar Bank, by approximately \$373,892.

Accounts Receivable

Accounts receivable include advisory fees and placement fees for transactions that have closed and are generally collected in full within 30 days of billing. Therefore, management has not recorded an allowance for credit losses. Accounts receivable totaled \$19,639 at December 31, 2023.

Revenue Recognition

Significant Judgments

Revenue from contracts includes private placement commissions and advisory fees related to mergers, acquisitions and capital-raising activities. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether the 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; and whether constraints on variable consideration should be applied due to uncertain future events.

Private Placement Commissions

The Company participates in the distribution of debt securities in private placement offerings on a best-efforts basis. The Company earns commissions on those offerings based on agreements with the issuers. Commission revenue is recognized on the settlement date of each offering. The Company believes that the performance obligation is satisfied on the settlement date because that is when the underlying private placement interest is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to the customer.

The Company earned placement fees of \$56,985 from private placement offerings with an affiliated issuer (the Platform) and \$22,000 from transactions with third-party underwriters for the period ended December 31, 2023.

Advisory Fees

The Company contracts with clients to provide advisory services related to investment banking with its primary focus being capital-raising services. Advisory services are invoiced in advance and revenue for these services is recognized ratably over the period for which the services are provided. The Company earned \$60,000 in advisory fees for the period ended December 31, 2023.

Deferred Income

Income derived from contracts for advisory services is considered deferred when the contract is signed since work on the engagement does not begin until the initial invoice for services has been paid. Income is recognized over the period for which the Company delivers advisory services to the client and meets its performance obligations. At December 31, 2023 the Company had \$10,000 in deferred income for advisory fees for one client.

Allowance for Credit Losses

The Company has performed an evaluation of the collectability of its receivables and has not recorded an allowance for credit losses. Of the \$19,639 receivable at December 31, 2023 \$9,639 was collected in January 2024 and \$10,000 is still outstanding as of February 29, 2024.

Income Taxes

The Company is a single member limited liability company and is treated as a disregarded entity for federal income tax purposes. The Company's taxable income or loss is included in the federal and state corporate tax returns of its Parent; therefore, federal and state income taxes are not payable by or provided for by the Company.

NOTE 3. RELATED PARTY TRANSACTIONS

The Company and its Parent are under common control. The existence of that control creates operating results and financial position significantly different than if the Companies were autonomous. Transactions between the Company and the Parent may not have been consummated on terms equivalent to arm's length transactions.

The Company and its Parent have entered into an Expense Sharing Agreement ("ESA" or "Agreement") effective September 1, 2023. The Agreement is subject to periodic review and will continue unless canceled by either Party. Under the terms of the ESA, the Parent supplies the Company with insurance, indirect legal expenses, office expenses, technology and office space at a current rate of \$11,231 per month. Fees under the Agreement totaled \$44,922 for the period from September 1, 2023 through December 31, 2023 and are unpaid as of December 31, 2023.

NOTE 4. NET CAPITAL REQUIREMENTS

The Company is subject to the uniform net capital requirements of Rule 15c3-1 of the Securities and Exchange Act, as amended, which requires the Company to maintain, at all times, sufficient liquid assets to cover indebtedness. In accordance with the Rule, the Company is required to maintain defined minimum net capital of the greater of \$250,000 or 2% of aggregate debits from the Customer Reserve Calculation. The total of aggregate debits at December 31, 2023 was \$0. At December 31, 2023, the Company had net capital, as defined, of \$509,920, which exceeded the required minimum net capital of \$250,000 by \$259,920.

NOTE 5. CONTINGENCIES

There are currently no asserted claims or legal proceedings against the Company. However, the nature of the Company's business subjects it to various claims, regulatory examinations, and other proceedings in the ordinary course of business. The ultimate outcome of any such future action against the Company could have an adverse impact on the financial condition, results of operations, or cash flows of the Company.

NOTE 6. SUBSEQUENT EVENTS

Management has evaluated the Company's events and transactions that occurred subsequent to December 31, 2023, through February 29, 2024, the date the financial statements were available for issuance. 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, 2023.