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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

ANNUAL REPORTS  
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PART III

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

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Independent Financial 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.)

12671 High Bluff Drive, Ste. 200

(No. and Street)

San Diego

CA

92130

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Scott Heising

(800) 269-1903

sheising@ifgsd.com

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

PKF San Diego, LLP

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

2020 Camino del Rio North, Ste. 1000 San Diego

CA

92108

(Address)

(City)

(State)

(Zip Code)

09/29/03

27

(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, Scott Heising, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Independent Financial Group, LLC, as of December 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.

Sarah Jill Kreisman  
Notary Public



Signature: Scott Heising

Title:

Managing Director

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.

INDEPENDENT FINANCIAL GROUP, LLC

ANNUAL FILING IN ACCORDANCE  
WITH RULE 17a-5

FOR THE YEAR ENDED DECEMBER 31, 2023

TOGETHER WITH REPORT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM THEREON



INDEPENDENT FINANCIAL GROUP, LLC

TABLE OF CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.....	1
FINANCIAL STATEMENTS	
Statement of Financial Condition .....	2
Statement of Operations .....	3
Statement of Changes in Member's Capital .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	6-12
SUPPLEMENTAL INFORMATION	
Schedule I - Computation of Net Capital and Aggregate Indebtedness under Rule 15c3-1 of the Securities and Exchange Commission .....	13-14
Schedule II - Computation for Determination of Reserve Requirements under Rule 15c3-3 of the Securities and Exchange Commission .....	15
Schedule III - Information Relating to the Possession or Control Requirements under Rule 15c3-3 of the Securities and Exchange Commission .....	16





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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of  
Independent Financial Group, LLC  
San Diego, California

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Independent Financial Group, LLC as of December 31, 2023, the related statements of operations, changes in member's capital, and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of Independent Financial Group, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of Independent Financial Group, LLC's management. Our responsibility is to express an opinion on Independent Financial Group, LLC's financial statements 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 Independent Financial Group, 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 statements are 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 statements, 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.

### Auditor's Report on Supplemental Information

The supplemental information, (1) Schedule 1 - Computation of Net Capital and Aggregate Indebtedness under Rule 15c3-1 of the Securities and Exchange Commission, (2) Schedule II - Computation for Determination of Reserve Requirements under Rule 15c3-3 of the Securities and Exchange Commission, and (3) Schedule III - Information Relating to the Possession or Control Requirements under Rule 15c3-3 of the Securities and Exchange Commission, has been subjected to audit procedures performed in conjunction with the audit of Independent Financial Group, LLC's financial statements. The supplemental information is the responsibility of Independent Financial Group, LLC's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*PKF San Diego, LLP*

PKF San Diego, LLP  
We have served as Independent Financial Group, LLC's auditor since 2008.  
San Diego, California  
February 26, 2024

INDEPENDENT FINANCIAL GROUP, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 867,735
Receivables from clearing organization, net of allowances of \$2,835	11,231,089
Commission receivables	5,827,967
Other receivables, net	416,193
Other assets	<u>631,737</u>

Total current assets 18,974,721

Deposits with clearing organization	250,000
Deposit on office lease	98,696
Property and equipment, net	2,359,154
Right-of-use assets	<u>7,167,281</u>

Total assets \$ 28,849,852

LIABILITIES AND MEMBER'S CAPITAL

CURRENT LIABILITIES

Accounts payable	\$ 331,870
Accrued commissions	6,623,645
Lease liability - current	582,760
Other accrued liabilities	<u>3,023,759</u>

Total current liabilities 10,562,034

Security deposit liability - non-current	15,808
Lease liability - non-current	<u>6,937,822</u>

Total liabilities 17,515,664

COMMITMENTS AND CONTINGENCIES (Note 6)

TOTAL MEMBER'S CAPITAL 11,334,188

Total liabilities and member's capital \$ 28,849,852

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



INDEPENDENT FINANCIAL GROUP, LLC  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2023

Revenues:

Investment advisor fees	\$ 131,929,611
Insurance and annuity commission	59,445,311
Other commissions and clearing	30,989,639
Mutual funds, mutual fund trails, and 12b-1 commission	19,759,077
Meetings, conferences and other	6,302,237
Interest income	6,041,064
Insurance and due diligence fees	<u>5,903,828</u>

Total revenues	<u>260,370,767</u>
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Expenses:

Investment advisor fees	115,797,187
Commissions and clearing	97,525,209
Employee compensation and benefits	17,659,070
Meetings and conferences	3,820,923
Outside services	3,194,886
Advertising and market development	2,536,064
Insurance	2,303,691
Lease	1,226,110
Travel and entertainment	1,034,846
Communication and technology	953,298
Utilities, subscriptions and other	613,616
Realized loss on investments	239,321
Licenses and registration fees	162,568
Office supplies and printing	142,821
Depreciation and amortization	130,200
Interest	69,715
Research	50,382
Property taxes and tax fees	<u>7,376</u>

Total expenses	<u>247,467,283</u>
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Net income	<u>\$ 12,903,484</u>
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The accompanying notes are an integral part of these financial statements.



INDEPENDENT FINANCIAL GROUP, LLC  
STATEMENT OF CHANGES IN MEMBER'S CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Member's Capital	Accumulated Earnings	Total Member's Capital
Balance at December 31, 2022	\$ 217,145	\$ 9,863,559	\$ 10,080,704
Distributions	-	(11,650,000)	(11,650,000)
Net income	-	12,903,484	12,903,484
Balance at December 31, 2023	<u>\$ 217,145</u>	<u>\$ 11,117,043</u>	<u>\$ 11,334,188</u>

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

INDEPENDENT FINANCIAL GROUP, LLC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 12,903,484
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	130,200
Amortization of right-of-use assets	660,957
Realized loss on investments	239,321
Decrease (increase) in assets:	
Receivables from clearing organization	(3,474,417)
Commission receivables	(923,642)
Other receivables	(140,830)
Other assets	(252,161)
Increase (decrease) in liabilities:	
Accounts payable	(94,138)
Accrued commissions	592,688
Lease liability	(459,179)
Other accrued liabilities	827,635
Security deposit liability	15,808
Net cash provided by operating activities	<u>10,025,726</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(39,410,687)
Sale/redemption of investments	41,620,765
Capital expenditures	<u>(1,675,943)</u>
Net cash provided by investing activities	<u>534,135</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Distributions	<u>(11,650,000)</u>
Net cash used in financing activities	<u>(11,650,000)</u>
Net decrease	(1,090,139)
Cash and cash equivalents at the beginning of the year	<u>1,957,874</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 867,735</u></u>

Supplemental disclosure of cash flow information:

Cash paid during the year for:

Income taxes	<u>\$ -</u>
Interest	<u>\$ 69,715</u>

Non-cash investing and financing activities:

Establishment of right-of-use asset	<u>\$ 1,031,478</u>
Establishment of lease liability	<u>\$ 1,069,477</u>

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

INDEPENDENT FINANCIAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - ORGANIZATION

Independent Financial Group, LLC, a Delaware limited liability company (the "Company"), was formed in Delaware on July 7, 2001. The Company is a registered broker-dealer and investment advisor licensed by the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company provides broker-dealer and investment advisory services to the public as an introducing broker-dealer, clearing customer transactions through another broker-dealer on a fully disclosed basis.

Except as otherwise provided by the Limited Liability Company Act, the debts, obligations, and liabilities of the Company, whether arising in contracts, tort or otherwise, shall be solely the debts, obligations, and liabilities of the Company, and the member of the Company shall not be obligated personally for any such debts, obligations, or liabilities of the Company solely by reason of being a member of the Company. The Company will continue as a limited liability company ("LLC") until such time as, the managing member decides the advantages of the limited liability company structure are no more.

NOTE 2 - ACCOUNTING POLICIES

Basis of Accounting

The Company's policy is to use the accrual method of accounting and to prepare and present the financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Estimates

The preparation of financial statements in conformity with GAAP 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.

Revenue Recognition

The Company's business primarily consists of commissions based on customer transactions and investment advisory fees. Commission and clearing revenues (including insurance and annuity commission, mutual funds, and other commissions revenue) are recorded on a trade date basis at a point in time. The Company believes that, with regards to commission income, 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 risk and rewards of ownership have been transferred to/from the customer. Mutual fund trails and 12b-1 fees are paid as earned, in subsequent periods if certain criteria is met, on initial mutual fund investments.

The Company receives an investment advisory fee in connection with investment advisory services performed for separately managed accounts upfront. The recognition and measurement of investment advisor fee revenue is based on the assessment of individual



INDEPENDENT FINANCIAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

contract terms. The performance obligation related to the transfer of these services is satisfied over time. These fees are recorded when earned based on the period-end assets in the accounts.

Though some of these fees are variable in nature, the Company has determined that the fees are not constrained and are recognized as revenue during the period which the services are provided. The Company is a non-clearing broker and, accordingly, utilizes a clearing broker on a fully disclosed basis on applicable transactions.

In addition to commissions and fees, the Company receives additional revenue from insurance, due diligence fees, meeting and conference support and interest income. Revenue from these transactions is generally recognized at a point in time when the transaction under the arrangement is complete. As of December 31, 2023, there was approximately \$565,000 in deferred meeting and conference revenue and \$345,000 of other deferred revenue (contract liabilities).

The Company had \$0 of contract assets and \$910,000 and \$684,000 of contract liabilities as of December 31, 2023 and 2022, respectively.

Concentration of Credit Risk

The Company maintains cash balances with one financial institution. At December 31, 2023, accounts at this bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000; however, at times, these balances may exceed the insured limits by the FDIC. At December 31, 2023, the Company had approximately \$1,134,000 in balances over the FDIC limit. Management performs periodic evaluations of the relative credit standing of the institution. The Company has not sustained any credit losses from this institution.

The Company maintains accounts at a clearing organization, which are insured by the Securities Investors Protection Corporation ("SIPC") up to \$500,000 (including a maximum of \$250,000 for claims for uninvested cash awaiting reinvestment); however, at times, these balances may exceed the insured limits by SIPC. At December 31, 2023, the Company had approximately \$10,731,000 over the SIPC limit. Management performs periodic evaluations of the relative credit standing of the clearing organization. The Company has not sustained any credit losses from this clearing organization.

At December 31, 2023, the Company had five products that comprised approximately 99% of commission receivables and two products that comprised 73% of revenues.

The carrying amounts of cash and cash equivalents, receivables from clearing organization, investments, commission receivables, other receivables, other assets, accounts payable, accrued commissions, and other accrued liabilities approximate fair value because of the short-term nature of those instruments.

INDEPENDENT FINANCIAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - ACCOUNTING POLICIES (continued)

Income Taxes

Upon its formation, the Company elected to be taxed as a partnership for income tax purposes. Accordingly, revenues and expenses are reported on the member's tax return, and no provision for federal income taxes is included in the Company's financial statements. Although the Company is not subject to income taxes, it is liable for various state fees. The Company has recorded \$7,376 of property taxes and tax fees in the accompanying statement of operations, which includes the California LLC fee paid by the Company in 2023.

The Company recognizes and measures its unrecognized tax benefits in accordance with "Financial Accounting Standards Board" ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. This addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FASB ASC 740, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.

FASB ASC 740 also provides guidance on the de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. As of December 31, 2023, the Company does not have a liability for unrecognized tax uncertainties. The Company's policy is to record interest and penalties on uncertain tax positions as income tax expense. As of December 31, 2023, the Company has no accrued interest or penalties related to uncertain tax positions. The Company is subject to routine audits by taxing jurisdictions. However, currently no audits for any tax periods are in progress. Management believes that the Company is no longer subject to income tax examination for years prior to December 31, 2020.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Property and Equipment, Net

It is the Company's policy to capitalize property and equipment over \$2,500. Lesser amounts are expensed. Property and equipment is recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the depreciable assets, which range from three to seven years. Maintenance costs are considered period costs and are expensed when incurred.



INDEPENDENT FINANCIAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - ACCOUNTING POLICIES (continued)

Commission Receivables and Receivables from Clearing Organization, Net

Commission receivables and receivables from clearing organization primarily consist of commission and transaction related receivables, net of an allowance for credit losses. The Company monitors clearance and settlement of all customer transactions on a daily basis. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses and determines the allowance based on historical write-off experience, and specific facts.

Other Receivables

Other receivables primarily consist of funds due from independent representatives. The Company monitors losses on a daily basis. The allowance for credit losses is the Company's best estimate of the amount of probable credit losses and determines the allowance based on historical write-off experience, and specific facts. There were no allowances for credit losses for other receivables at December 31, 2023.

Other Accrued Liabilities

In accordance with applicable accounting guidance, the Company accrues liabilities that are impacted by estimates related to general operating expenses, such as incentive compensation and litigation contingencies. Management estimates reflect the probable liability as of the balance sheet date. In determining the adequacy of estimated liabilities, the Company performs ongoing evaluations based on available information.

Advertising and Market Development Cost

Advertising and market development costs are expensed as incurred. Advertising and market development expense for the year ended December 31, 2023 was \$2,536,064.

Recently Issued Accounting Pronouncements

The FASB has established the ASC as the authoritative source of U.S. GAAP recognized by the FASB. The principles embedded in the Codification are to be applied by nongovernmental entities in the preparation of financial statements in accordance with U.S. GAAP in the United States. New accounting pronouncements are incorporated into the ASC through the issuance of Accounting Standards Updates ("ASU's"). For the year ended December 31, 2023, various ASU's issued by the FASB were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended. The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.



INDEPENDENT FINANCIAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 - PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at December 31, 2023:

Furniture and fixtures	\$ 637,458
Equipment	130,636
Tenant improvements	132,182
Computers and software	289,415
	<hr/> 1,189,691
Less: Accumulated depreciation and amortization	(420,537)
Add: Software development / Asset under construction	<hr/> 1,590,000
Total Property and equipment, net	<hr/> <hr/> \$ 2,359,154

For the year ended December 31, 2023, depreciation and amortization expense was \$130,200.

NOTE 4 - OTHER ACCRUED LIABILITIES

Other accrued liabilities consist of the following at December 31, 2023:

Accrued compensation	\$ 880,361
Deferred meeting and conference support revenue	565,000
Deferred renewal fees collected/SIPC liability	305,061
Accrued employee vacation liability	253,164
Accrued legal settlements	700,000
Other	320,173
	<hr/> \$ 3,023,759

NOTE 5 - NET CAPITAL REQUIREMENTS

The Company is subject to Rule 15c3-1(a)(2)(ii) of the Securities Exchange Act of 1934, as amended, 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. Under this rule, equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. The Company is also subject to the net capital requirements and is required to maintain minimum net capital of \$100,000 or 6 and 2/3% of aggregated indebtedness, whichever is higher. At December 31, 2023, the Company had net capital of \$6,841,654, which was \$5,673,943 in excess of the required minimum net capital of \$1,167,711. At December 31, 2023, the Company's ratio of aggregate indebtedness to net capital was 2.56 to 1.

INDEPENDENT FINANCIAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company is occasionally involved in legal proceedings in the ordinary course of business, including arbitration claims and other claims. The Company's legal proceedings are generally initiated by its representatives' clients and involve the purchase or sale of investment securities. The Company reviews its lawsuits, regulatory inquiries, and other legal proceedings on an ongoing basis and provides disclosure and records loss contingencies in accordance with the loss contingencies accounting guidance. The Company establishes an accrual for losses at management's best estimate when it assesses that it is probable that a loss has been incurred and the amount of loss can be reasonably estimated. At December 31, 2023, the Company had \$700,000 in accrued legal settlements. The Company's management assessed and determined that the Company has sufficient insurance coverage for the legal matters for the year ended December 31, 2023. In the opinion of the Company's management, based on current available information, review with outside legal counsel and insurance coverage, the ultimate resolution of these matters will not have a material adverse impact on the Company's financial position or results of operations.

NOTE 7 - RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company applies the guidance of FASB ASC 842, *Leases*. Under FASB ASC 842, all leases are assessed for classification as an operating lease or finance lease. The Company recognizes a lease liability and a right-of-use ("ROU") asset for all leases, including operating leases, with a term greater than one year. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease.

The Company's lease liabilities are recognized at the applicable lease commencement date based on the present value of the lease payments required to be paid over the lease term. Variable lease payments are expensed as incurred and are not included in the computation of the ROU asset or lease liability.

The Company's ROU assets are also recognized at the applicable lease commencement date. The ROU asset equals the carrying amount of the related lease liability, adjusted for any lease payments made prior to lease commencement and lease incentives provided by the lessor, if any. The ROU asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the assets useful life or the end of the lease term. ROU assets are evaluated for impairment using the long-lived asset impairment guidance as required by FASB ASC 360, *Property, Plant and Equipment*.

The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise any such options. Operating lease costs for lease payments are recognized on a straight-line basis over the lease term.

The Company's lease contracts may include lease and non-lease components. The Company has elected the practical expedient offered by the standard to not separate lease from non-lease components and accounts for them as a single lease component. The



INDEPENDENT FINANCIAL GROUP, LLC  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 7 - RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Company has elected not to recognize ROU assets and lease liabilities for leases with a term of less than one year.

The Company has two long-term operating lease agreements for its corporate headquarters and primary operations which expires on December 31, 2030. Each lease agreement also contains one option to extend the leases for a five-year period commencing on the date the original term expires. The Company has deemed it unlikely that the leases will be extended, and therefore, the extensions have not been considered in determining the values of the ROU assets and lease liabilities. The lease agreements also requires the payment of common area maintenance fees and property taxes which are variable lease expense.

	Year Ended December 31, 2023	
Lease expense		
Amortization of ROU assets	\$ 660,957	
Interest on lease liabilities	565,153	
Variable lease expense	7,079	
Total	<u>\$ 1,233,189</u>	
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash from operating leases	\$ 1,024,332	
ROU assets obtained in exchange for new operating lease liabilities	\$ 1,031,478	
Weighted average remaining lease term in years for operating leases	7.0	
Weighted average discount rate for operating leases	8.4%	
Maturity Analysis		Operating
2024-12		\$ 1,197,482
2025-12		1,288,007
2026-12		1,428,262
2027-12		1,471,110
2028-12		1,515,243
Thereafter		<u>3,168,222</u>
Total undiscounted cash flows		10,068,326
Less: present value discount		<u>(2,547,744)</u>
Total lease liabilities		<u>\$ 7,520,582</u>

NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events, as defined by FASB ASC 855, *Subsequent Events*, through the date that the financial statements were available to be issued on February 26, 2024.



## SUPPLEMENTAL INFORMATION

INDEPENDENT FINANCIAL GROUP, LLC  
SCHEDULE I  
COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS  
UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2023

Member's capital	\$ 11,334,188
Less non-allowable assets:	
Commission receivables	(491,763)
Other receivables	(416,193)
Other assets	(730,433)
Right-of-use assets	(494,991)
Property and equipment	<u>(2,359,154)</u>
Non-allowable assets	(4,492,534)
Less: Other deductions and/or charges	<u>-</u>
Net capital before haircuts	<u>6,841,654</u>
Haircuts	
Debt Securities	<u>-</u>
Total haircuts deduction	<u>-</u>
Net capital	<u><u>\$ 6,841,654</u></u>
Aggregate indebtedness	
Items included in the statement of financial condition:	
Accounts payable	\$ 331,870
Accrued commissions	6,623,645
Lease liability	7,520,582
Other accrued liabilities	<u>3,039,567</u>
Total aggregate indebtedness	<u><u>\$ 17,515,664</u></u>

See accompanying report of independent registered public accounting firm.



INDEPENDENT FINANCIAL GROUP, LLC  
SCHEDULE I (CONTINUED)  
COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS  
UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2023

COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS

Minimum net capital required (6-2/3% of aggregate indebtedness or \$100,000, whichever is greater)	<u>\$ 1,167,711</u>
Net capital in excess of amount required	<u>\$ 5,673,943</u>
Net capital less greater of 10% of aggregated indebtedness or 120% of \$100,000	<u>\$ 5,090,088</u>
Ratio of aggregate indebtedness to net capital	<u>2.56 to 1</u>

**Note:** There are no material differences between the preceding computation and the Company's corresponding unaudited part II of Form X-17a-5 as of December 31, 2023.

See accompanying report of independent registered public accounting firm.

INDEPENDENT FINANCIAL GROUP, LLC  
SCHEDULE II  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
FOR THE YEAR ENDED DECEMBER 31, 2023

A computation of reserve requirement is not applicable to Independent Financial Group, LLC, as the Company qualifies for exemption under Rule 15c3-3(k)(2)(ii) and footnote 74 of SEC Release No. 34-70073 adopting amendments to 17 C.F.R. §240.17a-5 as of and for the year ended December 31, 2023.

See accompanying report of independent registered public accounting firm.



INDEPENDENT FINANCIAL GROUP, LLC  
SCHEDULE III  
INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
FOR THE YEAR ENDED DECEMBER 31, 2023

Information relating to possession or control requirements is not applicable to Independent Financial Group, LLC, as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(ii) and footnote 74 of SEC Release No. 34-70073 adopting amendments to 17 C.F.R. §240.17a-5 as of and for the year ended December 31, 2023.

See accompanying report of independent registered public accounting firm.



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON  
APPLYING AGREED-UPON PROCEDURES

To the Member of Independent Financial Group, LLC,

We have performed the procedures included in Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and in the Securities Investor Protection Corporation ("SIPC") Series 600 Rules, which are enumerated below on the accompanying General Assessment Reconciliation ("Form SIPC-7") for the year ended December 31, 2023. Management of Independent Financial Group, LLC (the "Company") is responsible for its Form SIPC-7 and for its compliance with the applicable instructions on Form SIPC-7.

Management of the Company has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting you and SIPC in evaluating the Company's compliance with the applicable instructions on Form SIPC-7 for the year ended December 31, 2023. Additionally, SIPC has agreed to and acknowledged that the procedures performed are appropriate for their intended purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our associated findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
- 2) Compared the Total Revenue amounts reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2023 with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2023, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences; and
- 4) Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences.

We were engaged by the Company to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and in accordance with the standards of the Public Company Accounting Oversight Board (United States). We were not engaged to and did not conduct an examination or a review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's Form SIPC-7 and for its compliance with the applicable instructions on Form SIPC-7 for the year ended December 31, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Company and SIPC and is not intended to be and should not be used by anyone other than these specified parties.

*PKF San Diego, LLP*

PKF San Diego, LLP  
San Diego, CA  
February 26, 2024



## AMENDED GENERAL ASSESSMENT FORM

For the fiscal year ended 12/31/2023

Determination of "SIPC NET Operating Revenues" and General Assessment for:

MEMBER NAME

SEC No.

INDEPENDENT FINANCIAL GROUP LLC

8-22870

For the fiscal period beginning 1/1/2023 and ending 12/31/2023

1	Total Revenue (FOCUS Report – Statement of Income (Loss) – Code 4030)		<u>\$ 260,370,767.00</u>
2	Additions:		
a	Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.		
b	Net loss from principal transactions in securities in trading accounts.		
c	Net loss from principal transactions in commodities in trading accounts.		
d	Interest and dividend expense deducted in determining item 1.		
e	Net loss from management of or participation in the underwriting or distribution of securities.		
f	Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit management of or participation in underwriting or distribution of securities.		
g	Net loss from securities in investment accounts.		
h	Add lines 2a through 2g. This is your <b>total additions</b> .		<u>\$ 0.00</u>
3	Add lines 1 and 2h		<u>\$ 260,370,767.00</u>
4	Deductions:		
a	Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts and from transactions in security futures products.	<u>\$ 79,204,388.00</u>	
b	Revenues from commodity transactions.		
c	Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.	<u>\$ 1,313,930.00</u>	
d	Reimbursements for postage in connection with proxy solicitations.		
e	Net gain from securities in investment accounts.		
f	100% commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.		
g	Direct expenses of printing, advertising, and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).		
h	Other revenue not related either directly or indirectly to the securities business.	<u>\$ 7,131,457.00</u>	
	<b>Deductions in excess of \$100,000 require documentation</b>		
5	a Total interest and dividend expense (FOCUS Report - Statement of Income (Loss) - Code 4075 plus line 2d above) but not in excess of total interest and dividend income	<u>\$ 69,715.00</u>	
	b 40% of margin interest earned on customers securities accounts (40% of FOCUS Report - Statement of Income (Loss) - Code 3960)	<u>\$ 2,255,624.00</u>	
	c Enter the greater of line 5a or 5b		<u>\$ 2,255,624.00</u>
6	Add lines 4a through 4h and 5c. This is your <b>total deductions</b> .		<u>\$ 89,905,399.00</u>
7	Subtract line 6 from line 3. This is your <b>SIPC Net Operating Revenues</b> .		<u>\$ 170,465,368.00</u>

**AMENDED GENERAL ASSESSMENT FORM**

For the fiscal year ended 12/31/2023

8	Multiply line 7 by .0015. This is your <b>General Assessment</b> .	\$ 255,698.00
9	Current overpayment/credit balance, if any	\$ 0.00
10	General assessment from last filed <u>2023</u> SIPC-7 or 7A	\$ 255,441.00
11	a Overpayment(s) applied on all <u>2023</u> SIPC-6 and 6A(s)	\$ 0.00
	b Overpayment(s) applied on all <u>2023</u> SIPC-7 and 7A(s)	\$ 0.00
	c Any other overpayments applied	\$ 0.00
	d All payments applied for <u>2023</u> SIPC-6 and 6A(s)	\$ 124,328.00
	e All payments applied for <u>2023</u> SIPC-7 and 7A(s)	\$ 131,113.00
	f Add lines 11a through 11e	\$ 255,441.00
12	<b>LESSER</b> of line 10 or 11f.	\$ 255,441.00
13	a Amount from line 8	\$ 255,698.00
	b Amount from line 9	\$ 0.00
	c Amount from line 12	\$ 255,441.00
	d Subtract lines 13b and 13c from 13a. This is your <b>assessment balance due</b> .	\$ 257.00
14	Interest (see instructions) for <u>0</u> days late at 20% per annum	\$ 0.00
15	<b>Amount you owe SIPC</b> . Add lines 13d and 14.	\$ 257.00
16	Overpayment/credit carried forward (if applicable)	\$ 0.00

SEC No.	Designated Examining Authority	FYE	Month
8-22870	DEA: FINRA	2023	Dec
MEMBER NAME	INDEPENDENT FINANCIAL GROUP LLC		
MAILING ADDRESS	12671 HIGH BLUFF DR STE 200 SAN DIEGO, CA 92130		

Subsidiaries (S) and predecessors (P) included in the form (give name and SEC number)

☒ By checking this box, you certify that you have the authority of the SIPC member to sign this form; that all information in this form is true and complete; and that on behalf of the SIPC member, you are authorized, and do hereby consent, to the storage and handling by SIPC of the data in accordance with SIPC's Privacy Policy

<u>INDEPENDENT FINANCIAL GROUP LLC</u> (Name of SIPC Member)	<u>Scott Davis</u> (Authorized Signatory)
<u>2/2/2024</u> (Date)	<u>sdavis@ifgsd.com</u> (e-mail address)

Completion of the "Authorized Signatory" line will be deemed a signature.

***This form and the assessment payment are due 60 days after the end of the fiscal year.***





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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of  
Independent Financial Group, LLC

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Independent Financial Group, LLC identified the following provision of 17 C.F.R. §15c3-3(k) under which Independent Financial Group, LLC claimed the following exemption from 17 C.F.R. §240.15c3-3: provision (k)(2)(ii) (exemption provision) and (2) Independent Financial Group, LLC stated that Independent Financial Group, LLC met the identified exemption provisions throughout the most recent fiscal year without exception.

The Company is also filing this Exemption Report because the Company's other business activities contemplated by Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 are limited to:

- (1) effecting securities transactions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and not the Company; and
- (2) receiving transaction-based compensation for identifying potential merger and acquisition opportunities for clients, referring securities transactions to other broker-dealers, or providing technology or platform services.

In addition, the Company did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, other than money or other consideration received and promptly transmitted in compliance with paragraph (a) or (b)(2) of Rule 15c2-4 and/or funds received and promptly transmitted for effecting transactions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and not to the Company; did not carry accounts of or for customers; and did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.

Independent Financial Group, LLC's management is responsible for compliance with the provisions contemplated by Footnote 74 of SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 and related SEC Staff Frequently Asked Questions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Independent Financial Group, LLC's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934 and the Company's other business activities contemplated by Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5, and related SEC Staff Frequently Asked Questions.

*PKF San Diego, LLP*

PKF San Diego, LLP

San Diego, CA  
February 26, 2024




### Independent Financial Group, LLC's Exemption Report

Independent Financial Group, LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. §240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company claimed an exemption from 17 C.F.R. §240.15c3-3 under 17 C.F.R. §240.15c3-3(k)(2)(ii).
- (2) The Company met the identified exemption provisions in 17 C.F.R. §240.15c3-3(k) as of and for the year ended December 31, 2023, without exception.
- (3) The Company is also filing this Exemption Report because the Company's other business activities contemplated by Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. §240.17a-5 are limited to: (1) effecting securities transactions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and not the Company; (2) receiving transaction-based compensation for identifying potential merger and acquisition opportunities for clients, referring securities transactions to other broker-dealers, or providing technology or platform services, and the Company (1) did not directly receive, hold, or otherwise owe funds or securities for or to customers, (other than money or other consideration received and promptly transmitted in compliance with paragraph (a) or (b)(2) of Rule 15c2-4 and/or funds received and promptly transmitted for effecting transmissions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and not to the Company); (2) did not carry accounts of or for customers; and (3) did not carry PAB accounts (as defined in Rule 15c3-3) as of and for the year ended December 31, 2023 without exception.

Independent Financial Group, LLC

I, Scott Heising, affirm that, to my best knowledge and belief, this Exemption Report is true and correct.

By:   
Scott Heising

Title: Managing Director