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

SEC FILE NUMBER
8- 68138

\*

**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 1/1/2015 AND ENDING 12/31/2015  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Strategas Securities, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

52 Vanderbilt Avenue, 8th floor

(No. and Street)

New York

NY

10017

(City)

(State)

(Zip Code)

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

Mark Godofsky

212-906-0130

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Lilling & Company LLP

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

10 Cutter Mill Road

Great Neck

NY

11021

(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)

Handwritten signature

OATH OR AFFIRMATION

I, Nicholas Bohnsack, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Strategas Securities, LLC, as of December 31, 20 15, 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:

NONE

*[Handwritten Signature]*  
Signature

President  
Title

*[Handwritten Signature: Frederick Arthur Edwards, Jr.]*  
Notary Public

FREDERICK ARTHUR EDWARDS JR  
Notary Public, State of New York  
No. 02ED6183697  
Qualified in Nassau County  
Commission Expires 03/24/2016

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (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).

**STRATEGAS SECURITIES, LLC**  
**(A Limited Liability Company)**  
**DECEMBER 31, 2015**

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# Lilling & Company LLP

Certified Public Accountants

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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To the Member  
Strategas Securities, LLC  
New York, New York

We have audited the accompanying statement of financial condition of Strategas Securities, LLC as of December 31, 2015, and the related notes to the financial statements. This financial statement is the responsibility of Strategas Securities, LLC's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial position. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial position presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Strategas Securities, LLC as of December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.



**CERTIFIED PUBLIC ACCOUNTANTS**  
Great Neck, New York  
February 25, 2016

**STRATEGAS SECURITIES, LLC**  
**(A Limited Liability Company)**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2015**

<u>Assets</u>	
Cash	\$ 6,682,767
Accounts receivable, less allowance for doubtful accounts	517,938
Deposit with clearing broker	250,047
Receivables from clearing and other broker-dealers	171,617
Property, equipment and leasehold improvements, net	482,629
Due from Parent	388,416
Prepaid expenses and other assets	<u>286,399</u>
<b>TOTAL ASSETS</b>	<b>\$ <u><u>8,779,813</u></u></b>
<u>Liabilities and Member's Equity</u>	
Liabilities:	
Accounts payable and accrued expenses	\$ 4,747,855
Deferred revenue	<u>662,833</u>
Total liabilities	5,410,688
Commitments and contingencies	
Member's equity	<u>3,369,125</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b>\$ <u><u>8,779,813</u></u></b>

See accompanying notes to statement of financial condition.

**STRATEGAS SECURITIES, LLC**  
**(A Limited Liability Company)**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2015**

**NOTE 1. ORGANIZATION AND NATURE OF BUSINESS**

Strategas Securities, LLC (the "Company") is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") since February 12, 2010, and a wholly-owned subsidiary of Strategas Research Partners, LLC (the "Parent"). The Company provides macroeconomic research, advisory, and capital market services to its institutional clientele. Additionally, the Company operates an equities and fixed income trade desk which facilitates payment for its services by certain clients through commissions on securities transactions introduced to its clearing broker-dealer on a fully disclosed basis, operating under the exemptive provision of paragraph (k)(2)(ii) of SEC Rule 15c3-3.

Since the Company is a limited liability company, the Parent, as the member, is not liable for the debts, obligations, or liabilities of the Company, whether arising in tort, contract, or otherwise, unless the member has signed a specific guarantee.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Property, equipment and leasehold improvements

Property, equipment and leasehold improvements are carried at cost less accumulated depreciation and amortization. Depreciation is computed using a straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the terms of the leases.

Revenue recognition

Revenues from the sale of research and consulting services are recorded when the services have been provided and when the amounts billed are deemed collectible. Fees invoiced and not yet earned are reported as "Deferred revenue" in the statement of financial condition. Commissions earned are recognized on a trade-date basis as securities transactions occur.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Accounts receivable

Fees receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. If the financial condition of the Company's

**STRATEGAS SECURITIES, LLC**  
**(A Limited Liability Company)**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounts receivable (continued)

customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2015, the allowance for uncollectible accounts was \$88,333.

Income taxes

The Company recognizes and measures its unrecognized tax benefits in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

With few exceptions, the Parent and the Company are no longer subject to federal, state or local tax examinations by taxing authorities for years before 2012.

Advertising and promotion costs

Advertising and promotion costs are expensed as incurred.

Subsequent events

The Company evaluates events occurring after the date of the statement of financial condition for potential recognition or disclosure in its financial statements. The Company did not identify any material subsequent events requiring adjustment to or disclosure in its financial statements.

**NOTE 3. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Property, equipment and leasehold improvements consisted of the following at December 31, 2015:

Automobiles	\$ 71,014
Computer software and equipment	283,201
Furniture and fixtures	287,722
Leasehold improvements	<u>389,153</u>
	1,031,090
Less: accumulated depreciation and amortization	<u>(548,461)</u>
Property, equipment and leasehold improvements, net	<u>\$ 482,629</u>

**STRATEGAS SECURITIES, LLC**  
**(A Limited Liability Company)**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2015**

**NOTE 4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consisted of the following at December 31, 2015:

Compensation and bonuses payable	\$ 3,974,184
Other operating expenses	<u>773,671</u>
Total	\$ <u>4,747,855</u>

**NOTE 5. LINE OF CREDIT AND TERM LOAN**

The Company's agreement with a local commercial bank for a renewable credit facility, including a \$500,000 term loan which commenced in June 2012, terminated on September 30, 2015. The Company recorded a payable to the Parent on October 1, 2015 for the outstanding loan obligation balance of \$189,578 assumed by the Parent at that time (see Note 9).

**NOTE 6. EMPLOYEE BENEFIT PLANS**

The Company sponsors a 401(k) plan, the Strategas Securities, LLC 401(k) Plan (the "Plan"). Pursuant to the Plan, the Company is required to make safe harbor contributions up to a maximum of 3% of non-highly compensated employees' compensation. The Company may also make a discretionary contribution to the Plan. Elective contributions and the safe harbor contributions vest immediately; the employer's discretionary contributions vest over a six-year period.

**NOTE 7. OFF-BALANCE-SHEET RISK AND CONCENTRATION OF CREDIT RISK**

The Company conducts its trading activity with its clearing broker on an agency basis as an introducing broker on behalf of and for the transactions of its institutional customers. The clearing and depository operations for the Company's customer accounts are performed by its clearing broker pursuant to a clearance agreement. The Company has agreed to indemnify its clearing broker for losses the clearing broker may sustain as a result of the failure of the Company's customers to satisfy their obligations in connection with their securities transactions.

As required by the clearing agreement, the Company maintains a deposit with the clearing broker. The deposit balance of \$250,000 at December 31, 2015, along with accrued interest is included in "Deposit with clearing broker" in the statement of financial condition.

The Company's cash held in accounts at its clearing broker is subject to the credit risk of the clearing broker. The Company also maintains cash in accounts held at major New York City banks that, at times, exceeded federally insured limits, which was \$250,000 at December 31, 2015. The Company does not expect to incur any losses with respect to

**STRATEGAS SECURITIES, LLC**  
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**NOTES TO STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2015**

those accounts.

**NOTE 8. INCOME TAXES**

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income taxes. As a single-member limited liability company, and therefore a disregarded entity for income tax purposes, the Company's assets, liabilities, and items of income, deduction and credit are combined with and included in the income tax returns of the Parent. The Parent is subject to the New York City and District of Columbia unincorporated business taxes. In accordance with the intercompany tax policy, the Company pays to or receives from the Parent amounts equivalent to the tax charges based on separate company taxable income or loss. The Company's allocable share of the Parent's currently payable consolidated tax provision for the unincorporated business taxes is included in the statement of income.

**NOTE 9. RELATED-PARTY TRANSACTIONS**

The Company and its Parent periodically make payments to one another as appropriate for operating purposes, including consolidated tax payments made by the Parent on behalf of the Company (see Note 8), and the Parent's assumption of a term loan on October 1, 2015 (see Note 5). At December 31, 2015, the Company's receivable from its Parent was \$388,416 and is net of amounts accrued for income taxes payable. The amounts are noninterest-bearing and have no definitive repayment terms.

**NOTE 10. NET CAPITAL REQUIREMENT**

As a registered broker-dealer, the Company is subject to the SEC's Uniform Net Capital Rule ("SEC Rule 15c3-1"), which requires the maintenance of minimum net capital and that the Company's ratio of aggregate indebtedness to net capital, both as defined, not exceed 15 to 1. Net capital and aggregate indebtedness change from day to day. As of December 31, 2015, the Company had net capital of \$1,948,953 which was \$1,588,240 in excess of the Company's net capital requirement of \$360,713. The Company's percentage of aggregate indebtedness to net capital was 278% at December 31, 2015.

**NOTE 11. COMMITMENTS AND CONTINGENCIES**

The Company's lease of office space in New York City, terminating in October 2021, included eleven months of partial rent abatements through October 2012. A lease of new office space in Washington, D.C. commenced with a one month rent abatement in September, 2015 and expires in April 2023, replacing its expired lease. Also, a lease of office space in Columbus, Ohio began in November 2013 with two months of rent abatements and expires in January 2019. Additionally, the Company leases an automobile which began in December 2013.

**STRATEGAS SECURITIES, LLC**  
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The approximate future minimum annual payments due under these leases are as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2016	\$ 512,840
2017	528,645
2018	529,276
2019	508,479
2020	506,588
Thereafter through April 2023	<u>576,598</u>
	\$ <u>3,162,426</u>

Rent expense under the New York City, Columbus, Ohio and Washington D.C. leases is recognized on a straight-line basis over the terms of the leases after giving effect to rent abatements and escalations. The difference between actual rent paid and the expense recorded of \$169,559 is included in "Accounts payable and accrued expenses" in the accompanying statement of financial condition.