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

| SEC FILE NUMBER |
|---|
| 8-A013620-J |

**FACING PAGE**
**Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder** 8 - 29393

REPORT FOR THE PERIOD BEGINNING 01/01/19 (MM/DD/YY) AND ENDING 12/31/19 (MM/DD/YY)

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: HEITMAN SECURITIES LLC

| OFFICIAL USE ONLY |
|---|
| FIRM I.D. NO. |

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

191 NORTH WACKER DRIVE - SUITE 2500
(No. and Street)

| CHICAGO | IL | 60606 |
|---|---|---|
| (City) | (State) | (Zip Code) |

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
LAWRENCE J. CHRISTENSEN MANAGER (312) - 251 - 4827
(Area Code – Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

DELOITTE & TOUCHE LLP
(Name – *if individual, state last, first, middle name*)

| 111 SOUTH WACKER DRIVE | CHICAGO | IL | 60606 |
|---|---|---|---|
| (Address) | (City) | (State) | (Zip Code) |

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Washington, DC

**CHECK ONE:**

- [x] Certified Public Accountant
- [ ] Public Accountant
- [ ] Accountant not resident in United States or any of its possessions.

| FOR OFFICIAL USE ONLY |
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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)*

## OATH OR AFFIRMATION

I, LAWRENCE J. CHRISTENSEN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HEITMAN SECURITIES LLC, as of DECEMBER 31, 20 19, 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:

OFFICIAL SEAL
SUSAN M WHELIHAN
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES NOV. 20, 2023

Signature

MANAGER

Title

Susan M Whelihan

Notary Public

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

- [x] (a) Facing Page.
- [x] (b) Statement of Financial Condition.
- [x] (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- [ ] (d) Statement of Changes in Financial Condition.
- [x] (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- [ ] (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- [x] (g) Computation of Net Capital.
- [x] (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).*

# Table of Contents

# Deloitte.

**Deloitte & Touche LLP**
111 South Wacker Drive
Chicago, IL 60606-4301
USA

Tel: +1 312 486 1000
Fax: +1 312 486 1486
www.deloitte.com

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of Heitman Securities LLC

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Heitman Securities LLC (the "Company") as of December 31, 2019, and the related statements of operations, changes in member's equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, 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 the Company's management. Our responsibility is to express an opinion on the Company'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 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 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.

### Report on Supplemental Schedules

The supplemental schedules I, II, and III listed in the accompanying table of contents have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental schedules are the responsibility of the Company's management. Our audit procedures included determining whether the supplemental schedules reconcile 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 schedules. In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in compliance with Rule 17a-5 under the Securities Exchange Act of 1934. In our opinion, such schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Deloitte & Touche LLP

February 26, 2020

We have served as the Company's auditor since 2018.

# Financial Statements

## Statement of Financial Condition, December 31, 2019

| | | |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ | 213,038 |
| Placement fee receivables | | 91,650 |
| Receivable from State | | 33,306 |
| Other assets | | 8,713 |
| **Total assets** | **$** | **346,707** |
| | | |
| **Liabilities and Member's Equity** | | |
| Due to Parent | $ | 131,901 |
| Member's equity | | 214,806 |
| **Total liabilities and member's equity** | **$** | **346,707** |

See accompanying notes to financial statements.

## Statement of Operations, Year ended December 31, 2019

| | | |
|---|---|---|
| **Revenue:** | | |
| Placement fees | $ | 17,500 |
| Unrealized gain on receivable from State | | 7,659 |
| Interest income | | 382 |
| **Total revenue** | | **25,541** |
| **Expenses:** | | |
| Audit fees | | 31,775 |
| Legal fees | | 4,239 |
| Annual license fees | | 3,770 |
| Corporate allocation | | 46,100 |
| State income taxes | | 800 |
| Other | | 5,306 |
| **Total expenses** | | **91,990** |
| **Net loss** | **$** | **(66,449)** |

See accompanying notes to financial statements.

# Statement of Changes in Member's Equity, Year ended December 31, 2019

| | | |
|---|---|---|
| Balance – January 1, 2019 | $ | 231,255 |
| Capital contributions | | 50,000 |
| Net loss | | (66,449) |
| **Balance – December 31, 2019** | **$** | **214,806** |

See accompanying notes to financial statements.

# Statement of Cash Flows, Year ended December 31, 2019

| | | |
|---|---|---|
| **Cash flows used in operating activities:** | | |
| Net loss | $ | (66,449) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Net change in due to Parent | | 90,720 |
| Decease in placement fee receivables | | 82,500 |
| Unrealized gain on receivable from State | | (7,659) |
| Increase in other assets | | (1,733) |
| Decrease in accounts payable | | (256) |
| Net cash used in operating activities | | 97,123 |
| Cash flows from financing activity: | | |
| Capital contributions | | 50,000 |
| Net cash provided by financing activity | | 50,000 |
| Net increase in cash and cash equivalents | | 147,123 |
| **Cash and cash equivalents at beginning of year** | | **65,915** |
| **Cash and cash equivalents at end of year** | **$** | **213,038** |

| | | |
|---|---|---|
| **Supplemental disclosure of income taxes paid:** | | |
| State income taxes | $ | 800 |

# Notes to Financial Statements

## 1. Summary of Significant Accounting Policies

### (a) Organization

Heitman Securities LLC (the Company) is a wholly owned subsidiary of Heitman Financial Services LLC (HFSL), which is a wholly owned subsidiary of Heitman LLC (HLLC), a limited liability company with two members. The members of HLLC are KE I LLC and KE 2 LLC, limited liability companies consisting of employees of HLLC.

The Company is a registered broker-dealer with the Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority. The Company earns fees from affiliates for services it provides as a placement agent with respect to marketing interests in limited partnerships and similar vehicles sponsored by such affiliates.

### (b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

### (c) Cash and Cash Equivalents

The Company considers all highly liquid investments to be cash equivalents with original maturities of three months or less, including $185,424 in a money market account fund. The money market fund is considered to use a level 1 input on the fair value hierarchy.

### (d) Revenue Recognition

Revenue includes fees from affiliates for services it provides as a placement agent with respect to marketing limited partnerships and similar vehicles sponsored by such affiliates. Revenue is recognized as the performance obligations are satisfied under reasonable, estimated terms.

As of December 31, 2019, $58,350 of placement fee revenue on existing contracts has yet to be earned and will be recognized in future periods.

Revenue also includes gain or loss on investments.

## 2. Income Taxes

The Company is a single-member limited liability company. No provision for income taxes is made in the accompanying financial statements since the Company is treated as a disregarded entity for federal income tax purposes. In certain instances, the Company may be subject to certain state and local taxes which are not material to the financial statements. HFSL, the sole member of the Company, is also a disregarded entity for federal income tax purposes. Therefore, the members of HLLC, a partnership, would be responsible for recording the Company's income (loss) on their income tax returns. The Company had no unrecognized tax benefits as of or during the year ended December 31, 2019.

The Company is registered with the State of California and has paid the required yearly tax payment of $800 to the corresponding Franchise Tax Board. For the year ended December 31, 2019, the Company had state income tax expense of $800, which is included in the statement of operations.

## 3. Rule 15c3-3

The Company claims exemption from Rule 15c3-3 of the Securities and Exchange Commission as provided by paragraph (k)(2)(i). Accordingly, the Company is not required to submit a computation for determination of reserve requirements or information relating to possession or control requirements.

# 4. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule 15c3-1 (Rule 15c3-1) and is required to maintain minimum net capital equivalent to $5,000 or 6⅔% of aggregate indebtedness, whichever is greater, as these terms are defined. Rule 15c3-1 restricts a broker-dealer from engaging in any securities transactions when its aggregate indebtedness exceeds 15 times its net capital as those terms are defined by Rule 15c3-1. Net capital and aggregate indebtedness change from day to day. At December 31, 2019, the Company had net capital of $77,429, which was $68,636 in excess of its required capital of $8,793. The Company had aggregate indebtedness of $131,901 at December 31, 2019.

# 5. Receivable from State

During 2018, the Company learned that its investment in stock had been turned over to the State of Illinois. As of December 31, 2019, the investment in stock and the dividend receivable are reflected as a Receivable from State in the accompanying statement of financial condition. The Company is currently working to recover the investment in stock and related dividends from the State of Illinois and believes the assets will be recovered in full during 2020.

The Company believes that the carrying amount of the Receivable from State on its financial instruments is a reasonable estimate of fair value as it is based upon closing prices of the underlying shares of stock. Pursuant to Financial Accounting Standards Board Accounting Standard Codification ("ASC") 820, Fair Value Measurements, the Company values stock using market quotations that are considered to be Level 1 inputs. Level 1 inputs are defined as unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date. Additionally, pursuant to ASC 940, Financial Services – Broker and Dealer, gains and losses that are composed of both realized and unrealized gains and losses shall be presented net in the statement of operations.

# 6. Transactions with Affiliates

## (a) Due to/from Parent

The Company had a balance due to HLLC of $41,181 as of December 31, 2018 for costs incurred by the Company but paid by HLLC. During 2019, an additional $90,720 in costs were incurred, resulting in a balance due to HLLC of $131,901 as of December 31, 2019. This balance is reflected as Due to Parent in the accompanying statement of financial condition.

The Parent has agreed to provide financial support to the Company, as needed, to satisfy all liabilities and future obligations of the Company until at least June 30, 2021.

## (b) Placement Fee Receivables

As referenced in the Revenue Recognition Footnote 1(d), Revenue includes fees from affiliates for services it provides as a placement agent with respect to marketing limited partnerships and similar vehicles sponsored by such affiliates.

The Company had a placement fee receivable balance of $174,150 as of December 31, 2018. During 2019, the Company earned an additional $17,500 in placement fee revenue and received $100,000 in cash payments, resulting in a placement fee receivable balance of $91,650 as of December 31, 2019. This balance is reflected as Placement Fee Receivables in the accompanying statement of financial condition.

(c) Corporate Allocation

In addition to specific operating expenses incurred by the Company and charged directly to operations, certain compensation and occupancy costs are incurred in common for the Company by HLLC. Pursuant to an agreement with HLLC, effective January 1, 2016, the Company is allocated a share of these costs as follows:

| | | |
|---|---|---|
| Overhead costs: | | |
| Wages and related expenses | $ | 7,301 |
| Professional fees | | 384 |
| Telephone | | 192 |
| Office supplies | | 144 |
| Equipment rental and repairs | | 144 |
| Insurance and taxes | | 240 |
| Postage and freight | | 96 |
| Miscellaneous other | | 144 |
| Rent | | 769 |
| Depreciation and amortization | | 192 |
| Total overhead allocated | | 9,606 |
| Compliance coordinator | | 28,809 |
| Anti Money Laundering compliance activities | | 7,685 |
| Total annual charges | $ | 46,100 |

These costs are considered noninterest-bearing loans that are repayable on demand but in no event later than December 31, 2020. The $46,100 of allocated costs for 2019 are included in the $90,720 total costs incurred as described above, and are part of the Due to Parent balance on the statement of financial condition.

In the opinion of management, the aforementioned corporate allocation is believed to be reasonable; however, the allocated costs are not necessarily indicative of the expenses the Company may have incurred on its own account.

## 7. Commitments and Contingencies

In the ordinary course of business, there are various claims and lawsuits brought by or against the Company. As of the end of the year, there were no such claims or lawsuits brought by or against the Company.

## 8. Subsequent Events

Subsequent to December 31, 2019 and through February 26, 2020, the date through which management evaluated subsequent events and on which date the financial statements were available to be issued, the Company did not identify any subsequent events.

# Supplementary Schedules

## Schedule I – Computation of Net Capital and Aggregate Indebtedness under Rule 15c3-1 of the Securities and Exchange Commission, December 31, 2019

| | | |
|---|---|---|
| Total member's equity | $ | 214,806 |
| Less nonallowable assets | | 133,669 |
| Net capital before haircuts | | 81,137 |
| Haircuts on exempt securities (cash equivalents) | | 3,708 |
| Haircuts on other securities | | — |
| Net capital | | 77,429 |
| Net capital required (the greater of $5,000 or 6⅔% of aggregate indebtedness) | | 8,793 |
| **Excess net capital** | **$** | **68,636** |
| Aggregate indebtedness | $ | 131,901 |
| Ratio of aggregate indebtedness to net capital | | 1.70 |

There are no material differences between the preceding computation and the Company's corresponding amended unaudited part II of Form X-17A-5 as of December 31, 2019, which was filed on February 26, 2020.

## Schedule II – Computation for Determination of Customer Reserve Requirements and PAB Accounts Reserve Requirements under Rule 15c3-3 of the Securities and Exchange Commission, December 31, 2019

The Company claims exemption for the provision of Rule 15c3-3 of the Securities Exchange Act of 1934 pursuant to Section (k)(2)(i) of Rule 15c3-3.

# Schedule III – Information Related to Possession or Control Requirements under Rule 15c3-3 of the Securities and Exchange Commission, December 31, 2019

The Company claims exemption for the provision of Rule 15c3-3 of the Securities Exchange Act of 1934 pursuant to Section (k)(2)(i) of Rule 15c3-3.

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Washington, DC

HEITMAN

A REAL ESTATE INVESTMENT MANAGEMENT FIRM

# Heitman Securities LLC

February 28, 2020

**VIA UNITED PARCEL SERVICE**

Securities and Exchange Commission
100 F. Street, NE
Washington, D.C. 20549

**VIA UNITED PARCEL SERVICE**

Securities and Exchange Commission
Midwest Regional Office
175 W. Jackson Blvd., Suite 900
Chicago, IL 60604

**RE: Heitman Securities LLC**

Ladies and Gentleman:

In accordance with the provisions of Rule 17a-5 under the Securities Exchange Act of 1934, as amended, enclosed please find appropriate copies of the annual audit report ("Report") pursuant to paragraph (d) of the referenced rule. Two manually executed copies of the Report are being filed with the Commission at its principle office in Washington, D.C. One manually executed copy is being filed with the Commission at the Chicago Regional Office.

Additionally, copies of the Report have been forwarded, in accordance with the Rule, to the Financial Industry Regulatory Authority, the sole self-regulatory organization of which Heitman Securities LLC is a member.

We appreciate your courtesy and cooperation in acknowledging receipt of this letter and its enclosures by signing and returning the enclosed copy of this letter in the return envelope. Please feel free to call me if you have any questions.

Very truly yours,

Thomas McCarthy
Managing Director

TM/ch

HEITMAN
A REAL ESTATE INVESTMENT MANAGEMENT FIRM

**VIA UNITED PARCEL SERVICE**

Securities and Exchange Commission
100 F. Street, NE
Washington, D.C. 20549

**VIA UNITED PARCEL SERVICE**

Securities and Exchange Commission
Midwest Regional Office
175 W. Jackson Blvd., Suite 900
Chicago, IL 60604

ENCLOSURES

cc: Michele L. Gibbons, Esq.
Jones Day
717 Texas, Suite 3300
Houston, TX 77002-2712

**ACKNOWLEDGED AND RECEIVED:**

______________________________

______________________________
**Date**

HEITMAN

# Heitman Securities LLC

Financial Statements and Supplementary Schedules Pursuant to Rule 17a-5 of the Securities and Exchange Commission

December 31, 2019

*(With Report of Independent Registered Public Accounting Firm Thereon)*

There is a difference – Experience