

SEC



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

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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 January 1, 2019 AND ENDING December 31, 2019  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: NextGen Capital Markets LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
3715 Northside Pkwy - Suite 1-250

(No. and Street)

<u>Atlanta</u>	<u>GA</u>	<u>30327</u>
(City)	(State)	(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Michael Brown 678-894-1959  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**APRIO**

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

<u>Five Concourse Pkwy #1000</u>	<u>Atlanta</u>	<u>GA</u>	<u>30328</u>
(Address)	(City)	(State)	(Zip Code)

**CHECK ONE:**

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

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

Et

OATH OR AFFIRMATION

I, Michael Brown, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of NextGen Capital Markets LLC, as of December 31, 2019, 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

Michael Brown
Signature

CFO & Financial Operations Principal
Title



This report \*\* contains the following applicable boxes):

- (a) Facing Page.
(b) 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 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).

**NEXTGEN CAPITAL MARKETS, LLC**

Financial Statements for the year ended December 31, 2019

With Report of Independent Registered Public Accounting Firm

This report is filed in accordance with Rule 17a-5 (e)(3) under  
the Securities Exchange Act of 1934 as a PUBLIC DOCUMENT

# **NEXTGEN CAPITAL MARKETS, LLC**

## **FINANCIAL STATEMENT AND SUPPLEMENTARY INFORMATION**

**Pursuant to SEC Rule 17a-5(d)**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member of  
NextGen Capital Markets, LLC

**Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of NextGen Capital Markets, LLC (the "Company") as of December 31, 2019, and the related notes (collectively referred to as the "financial statement"). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of the Company as of December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on 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 the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial 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.

A handwritten signature in black ink that reads "Aprio, LLP".

We have served as NextGen Capital Markets LLC's auditor since 2014.

Atlanta, Georgia

February 18, 2020

# NEXTGEN CAPITAL MARKETS, LLC

## STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2019

### ASSETS

Cash	\$ 1,052,976
Accounts receivable	6,856
Deposits	<u>200</u>
Total assets	<u>\$ 1,060,032</u>

### LIABILITIES AND MEMBER'S EQUITY

#### LIABILITIES

Due to member	\$ 42,180
Deferred revenue	31,250
Accounts payable	<u>2,522</u>
Total liabilities	75,952

MEMBER'S EQUITY	<u>984,080</u>
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Total liabilities and member's equity \$ 1,060,032

The accompanying notes are an integral part of the financial statement

# NEXTGEN CAPITAL MARKETS, LLC

## NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2019

### **Note A**

#### **Summary of Significant Accounting Policies**

##### **Nature of Operations:**

NextGen Capital Markets, LLC (the "Company"), was formed as a limited liability company in Georgia in January 2014. The Company is a wholly-owned subsidiary of NextGen Capital, LLC (the "Member"), and is a registered broker-dealer under the Securities Exchange Act of 1934 and was approved as a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") in August 2014. The Company is also a member of the Securities Investor Protection Corporation ("SIPC"). The Company provides merger and acquisition advisory services to domestic and international companies and assists its clients in analyzing capitalization alternatives and arranging private placements of debt, equity and equity-related securities. The Company does not carry customer funds or securities.

##### **Recently Adopted Accounting Guidance:**

In May 2014, the FASB issued comprehensive new revenue recognition guidance, ASU No. 2014-09, revenue from contracts with customers (Topic 606). The guidance requires an entity to follow a five step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. The Company adopted the guidance upon its effective date of January 1, 2018 using the modified retrospective method (i.e. applied prospectively effective January 1, 2018), which had no impact on the Company's opening member's equity. Further, the Company determined that there was no material impact to the Company's recognition of revenue upon adoption of Topic 606.

##### **Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

##### **Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits:**

The Company maintains cash balances at a financial institution that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risks on cash.

# NEXTGEN CAPITAL MARKETS, LLC

## NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2019

### **Note A**

#### **Summary of Significant Accounting Policies (continued)**

##### **Revenue Recognition:**

Revenues are recorded when: (i) a contract with a client has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Company has satisfied the applicable performance obligation. The expenses that are directly related to such transactions are recorded as incurred and presented within operating expenses. Revenues associated with the reimbursement of such expenses are recorded when the Company is contractually entitled to reimbursement and presented within other income.

The Company provides financial advisory and transaction related services to its customers. The Company evaluated if the service offerings represent separate performance obligations and determined that the Company only has one performance obligation. The benefits of the Company's services are generally transferred to the Company's customers over time, since the customers simultaneously receive and consume the benefits as the Company performs the service. The Company's contracts are usually cancellable by either party at any time and the considerations typically include retainer fees and success fees. Retainer fees are generally fixed and either charged on a month-to-month basis or at the start of an engagement. Retainer fees fixed month-to-month are recognized over the month in which the advisory services are performed and retainer fees charged only at the start of an engagement are recognized based on an input method to measure the Company's effort in delivering the service. However, success fees are variable and subject to constraints, and are typically not recognized until there is a transaction completion date, due to the uncertainty associated with those events.

##### **Income Taxes:**

The Company is a single member limited liability company and as such, is a disregarded entity for tax purposes and does not file tax returns or pay income taxes. All income and losses are passed through to the Member to be included on the Member's tax return.

The Company has adopted the provisions of FASB Accounting Standards Codification 740-10, *Accounting for Uncertainty in Income Taxes*. Under ASC 740-10, the Company is required to evaluate each of its tax positions to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. A tax position includes an entity's status including its status as a pass-through entity, and the decision not to file a tax return. The company has evaluated each of its tax positions and has determined that no provision or liability for income taxes is necessary

##### **Fair Value of Financial Instruments:**

The Company's financial instruments, including cash, other assets, due to member and accounts payable are carried at cost, which approximates their fair value because of the short-term nature of these assets and liabilities.

# NEXTGEN CAPITAL MARKETS, LLC

## NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2019

### **Note B**

#### **Related Party Transactions**

The Company entered into an Expense Sharing Agreement in March 2014 with the Member. Pursuant to the agreement the Company reimburses the Member for certain expenses incurred by the Member but for which the Company receives benefit. Expenses such as rent, general office expenses, and marketing costs are allocated to the Company. The Member also incurs direct costs on behalf of the Company's customers of which the Company expenses, collects from customers, and reimburses to the Member.

During the year ended December 31, 2019, the Company incurred expenses of \$21,297 pursuant to the agreement and \$25,150 related to reimbursable expenses on behalf of customers. At December 31, 2019 the Company had \$42,180 outstanding due to member relating to these expenses.

### **Note C**

#### **Net Capital**

The Company, as a registered broker-dealer, is subject to the Net Capital Rule (Rule 15c3-1) of the Securities and Exchange Commission and is required to maintain a minimum net capital of not less than the greater of \$5,000 or 6 2/3% of the Company's aggregate indebtedness as defined by the Rule. At December 31, 2019 the Company had net capital of \$977,024 which was \$971,961 in excess of its minimum required net capital of \$5,063. The Company's ratio of aggregate indebtedness to net capital shall not exceed 15 to 1 and at December 31, 2019 the ratio of aggregate indebtedness to net capital was .077 to 1.

### **Note D**

#### **Exemption from SEC Rule 15c3-3**

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission pursuant to subparagraph (k)(2)(i) of the Rule and accordingly is not required to maintain a reserve account for the exclusive benefit of customers.

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission pursuant to subparagraph (k)(2)(i) of the Rule and accordingly is not required to make a determination of the possession and control requirements of the rule.

### **Note E**

#### **Subsequent Events**

The Company evaluated subsequent events through February 18, 2020, when this financial statement was available to be issued. The Company is not aware of any additional significant events that occurred subsequent to the balance sheet date but prior to the filing date of this report that would have a material impact on the financial statement.

**SUPPLEMENTARY INFORMATION**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member of  
NextGen Capital Markets, LLC

We have reviewed management's statements, included in the accompanying exemption letter, in which (1) NextGen Capital Markets, LLC ("the Company") identified the following provisions of 17 C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(i) (exemption provisions) and (2) stated that it met the identified exemption provisions throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provisions 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 the Company'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)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Aprio, LLP*

Atlanta, GA

February 18, 2020

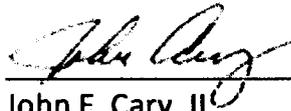
**NEXTGEN CAPITAL MARKETS, LLC**  
**EXEMPTION REPORT**  
**REQUIREMENT FOR BROKER/DEALERS UNDER**  
**RULE 17a-5 OF THE SECURITIES EXCHANGE ACT OF 1934**

**December 31, 2019**

To the best knowledge and belief of NextGen Capital Markets, LLC:

The Company claimed the (k)(2)(i) exemption provision from Rule 15c3-3 of the Securities Exchange Act of 1934.

The Company met the (k)(2)(i) exemption provision from Rule 15c3-3, without exception, throughout the most recent fiscal year ending December 31, 2019.



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John F. Cary, II  
Managing Member



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Michael O. Brown  
Financial and Operations Principal & CFO