

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION



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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 01/01/20 AND ENDING 12/31/20  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Maxim Group LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

405 Lexington Avenue

(No. and Street)

New York

New York

10174

(City)

(State)

(Zip Code)

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

Timothy G. Murphy

212-895-3863

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Wagner & Zwerman LLP

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

201 Old Country Road, Ste 202 Melville

New York

11747

(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)

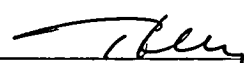
SEC 1410 (11-05)

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OATH OR AFFIRMATION

I, Timothy G. Murphy, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Maxim Group LLC of December 31, 2020, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
\_\_\_\_\_  
Signature  
Chief Financial Officer  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public

IAN H. HUMMEL  
Notary Public - State of New York  
No.02HU6265992  
Qualified in New York County  
My Commission Expires July 23, 2024

This report \*\* contains (check all 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).

**MAXIM GROUP LLC**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2020**

**MAXIM GROUP LLC**  
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**DECEMBER 31, 2020**

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# WAGNER & ZWERMAN LLP

*Certified Public Accountants*

Mark Wagner, CPA  
Andrew M. Zwerman, CPA  
Vincent J. Preto, CPA  
John Antinore, CPA  
Kelly J. Schmidt, CPA

201 Old Country Road, Ste 202  
Melville, NY 11747  
Phone: 631-777-1000 Fax: 631-777-1008  
E-mail: staff@wzcpafirm.com

## Report of Independent Registered Public Accounting Firm

To the Members of  
Maxim Group LLC  
New York, NY

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Maxim Group LLC as of December 31, 2020, 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 Maxim Group LLC as of December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

This financial statement is the responsibility of Maxim Group LLC's management. Our responsibility is to express an opinion on Maxim Group LLC'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 Maxim 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 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.

*Wagner & Zwerman LLP*

WAGNER & ZWERMAN LLP  
Certified Public Accountants  
We have served as Maxim Group LLC's auditor  
since 2002.  
Melville, NY  
February 25, 2021

**MAXIM GROUP LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2020**

**ASSETS**

Cash and cash equivalents		\$ 43,326,625
Deposit with clearing brokers		505,000
Receivables from broker-dealers and clearing organizations		30,774,393
Securities owned, at fair value		7,836,947
Employee forgivable loans		454,143
Prepaid expenses		486,533
Goodwill		2,946,806
Right-of-use assets - operating leases		3,469,960
Security deposits and other assets		134,714
Furniture and office equipment	\$ 35,928	
	<u>35,928</u>	
Less accumulated depreciation	(20,360)	
Total property and equipment		<u>15,568</u>
Total assets		<u>\$ 89,950,689</u>

**LIABILITIES AND MEMBERS' EQUITY**

<b>Liabilities</b>		
Securities sold, not yet purchased, at fair value		\$ 24,509,305
Accounts payable, accrued expenses, and other liabilities		26,261,730
Lease liabilities - operating leases		3,554,011
Subordinated borrowings		<u>1,500,000</u>
		55,825,046
Members' equity		<u>34,125,643</u>
Total liabilities and members' equity		<u>\$ 89,950,689</u>

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

**MAXIM GROUP LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

Maxim Group LLC (“the Company”) is a securities broker-dealer registered with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”). The Company was created on April 11, 2002 and began business on October 23, 2002. The Company clears its securities transactions on a fully disclosed basis through a clearing broker.

The Company is a New York Limited Liability Company owned 92% by Maxim Partners LLC and 8% by MJR Holdings, Inc. The Company has thirty-nine non-equity members. Maxim Partners LLC is owned by MJR Holdings LLC and individual minority interests. The members of MJR Holdings LLC and the Class A members of Maxim Partners LLC make up the executive management of the Company.

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

The summary of the major accounting policies is presented to assist the reader in evaluating the financial statements and other data contained herein.

**BASIS OF ACCOUNTING**

The Company’s policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**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 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**MAXIM GROUP LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

**RECEIVABLES**

Receivables from clearing organizations are recorded based on trade-date, while other receivables are recorded when earned and when the amount is reasonably determinable. All receivables are stated at the amount management expects to collect on current outstanding balances. Management evaluates collectability of receivables periodically and adjusts the balance to the amount it expects to collect. Management believes its risk of loss on currently recorded receivables is minimal and, accordingly, no allowance for doubtful accounts has been provided.

**SECURITIES OWNED AND SECURITIES SOLD, NOT YET PURCHASED**

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Securities are recorded at fair value as more fully disclosed in Note 6.

**PROPERTY AND EQUIPMENT**

Property and equipment is recorded at cost and is depreciated using the straight line method over their estimated useful lives which are 5-7 years for furniture and equipment and the shorter of the lease term or the estimated useful life for leasehold improvements. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is included in the results of operations.

MAXIM GROUP LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

**GOODWILL**

The Company follows the provisions of the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2011-08, *Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. Pursuant to the provisions of this ASU, management now performs a qualitative assessment of goodwill impairment to assess the need to perform the traditional quantitative impairment test as previously required by generally accepted accounting principles.

Management first considers qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit to which goodwill relates is less than its carrying value. If, based on facts and circumstances, management determines that it is more likely than not that the fair value of the reporting unit is less than its fair value, then management performs a quantitative impairment assessment. The quantitative assessment requires management to compare the fair value of the reporting unit to which goodwill relates to that unit’s carrying value. If the fair value exceeds its carrying value, then no impairment is recorded. If the fair value is below the carrying value, then an impairment loss is recorded for the excess of the carrying value over the implied fair value of goodwill. However, if management determines that it is not more likely than not that the fair value of the reporting unit is less than its carrying value, then goodwill is not deemed impaired and management is not required to perform the quantitative impairment test.

Management has evaluated all significant facts and circumstances existing as of the date of the financial statements and has determined that it is not more likely than not that the fair value of the reporting unit to which goodwill relates is less than its carrying amount, and, accordingly, no impairment has been recorded.

**MAXIM GROUP LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

**INCOME TAXES**

The Company was formed under the laws of New York as a Limited Liability Company. In lieu of Company income taxes, the members of a Limited Liability Company are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal and state income taxes has been included in these financial statements. The Company is obligated to pay New York City Unincorporated Business Tax on its net income allocable to New York City, and other miscellaneous taxes to various states. Provision for these taxes is included in the Statement of Income.

Accounting principles generally accepted in the United States requires management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if it has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that the Company's Federal, New York State, New York City, Massachusetts, Florida, Minnesota, California, Illinois and Pennsylvania income tax returns prior to 2017, are no longer subject to examination, based on the normal statutory periods subject to audit, notwithstanding any events or circumstances that may exist, which could expand the open period. The Company has been filing tax returns in North Carolina since 2017 and those returns are subject to examination as of December 31, 2020.

**MAXIM GROUP LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**SUBSEQUENT EVENTS**

The Company has evaluated events and transactions that occurred through February 25, 2021, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**NOTE 3: EMPLOYEE FORGIVEABLE LOANS**

Throughout the year, the Company made advances to some of its registered representatives. Pursuant to the registered representatives' employment agreements, the Company forgives a portion of these advances as the registered representatives earn commissions, each month over the duration of employment, and records the amounts forgiven as compensation to the registered representatives. If the registered representatives prematurely terminate their employment with the Company, the remaining un-forgiven balance becomes immediately payable to the Company by the registered representative. These agreements are in writing and are signed by the registered representatives and the Company. Interest is accrued on these advances, at various rates, and the amount forgiven and recorded as compensation includes both principal and interest.

**NOTE 4: RECEIVABLE FROM AND PAYABLE TO BROKER-DEALERS AND CLEARING ORGANIZATIONS**

Amounts receivable from and payable to broker-dealers and clearing organizations at December 31, 2020, consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Receivable from clearing organizations	\$ 28,746,249	\$ -
Fees and commissions receivable	<u>2,028,144</u>	<u>-</u>
Total	<u>\$ 30,774,393</u>	<u>\$ -</u>

**MAXIM GROUP LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5: SUBORDINATED BORROWINGS**

The borrowings under subordination agreements at December 31, 2020 are listed in the following:

Subordinated note, 10.5 percent, due June 4, 2021	<u>\$1,500,000</u>
	<u>\$1,500,000</u>

The subordinated borrowings are with Pershing, LLC and are available in computing net capital under the SEC's Uniform Net Capital Rule. Pursuant to Appendix D of SEC Rule 15c3-1, and as stated in FINRA's approval letter dated December 6, 2018, the Company must obtain prior written approval of FINRA before any repayment of a subordinated agreement can be made. Accordingly, unsecured advances to the lender during the term of the Agreement are not permitted, since such advances would constitute unauthorized prepayments.

The Company has to meet certain covenants in relation to the subordinated borrowings. As of December 31, 2020, the Company is in compliance with those covenants.

The approximate minimum payments are as follows:

<u>Years Ended December 31,</u>	<u>Amounts</u>
2021	<u>\$ 1,500,000</u>

**NOTE 6: FAIR VALUE**

***Fair Value Hierarchy***

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a hierarchy of fair value inputs. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

**MAXIM GROUP LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 6: FAIR VALUE** - (Continued)

***Fair Value Hierarchy***

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- *Level 1.* Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- *Level 2.* Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
- *Level 3.* Unobservable inputs for the asset or liability.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

***Processes and Structure***

Management is responsible for the Company's fair value valuation policies, processes, and procedures. The Company relies on the valuation control processes of its clearing broker to validate the fair value of the company's financial instruments measured at fair value, including any that may be derived from pricing models. It is management's belief that the valuation methods used by the clearing broker are appropriate and consistent with other market participants, however, the use of different methodologies or assumptions to determine the fair value of certain financial instructions could result in a different fair value measurement at the reporting date.

**MAXIM GROUP LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 6: FAIR VALUE** - (Continued)

*Fair Value Measurements*

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specified measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that the Company believes market participants would use in pricing the asset or liability at the measurement date.

All of the Company's securities are valued at the closing price reported in the active market in which the individual securities are traded.

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2020.

<b>ASSETS</b>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Securities owned:</u>				
Corporate bonds, debentures, and notes	\$6,393,144	\$ -	\$ -	\$6,393,144
Corporate stocks	<u>1,443,803</u>	<u>-</u>	<u>-</u>	<u>1,443,803</u>
Totals	<u>\$7,836,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$7,836,947</u>
<b>LIABILITIES</b>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Securities sold, not yet purchased:</u>				
State and municipal obligations	\$ 491,694	\$ -	\$ -	\$ 491,694
Corporate bond, debentures, and notes	3,840,896	-	-	3,840,896
Corporate stocks	<u>20,176,715</u>	<u>-</u>	<u>-</u>	<u>20,176,715</u>
Totals	<u>\$24,509,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$24,509,305</u>

**MAXIM GROUP LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 7: NET CAPITAL REQUIREMENT**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital. The Company is required to maintain minimum net capital, the greater of \$250,000, two percent of aggregate debit items, as defined by Rule 15c3-3, or, in the case of a market maker, minimum capital based on the number of securities in which the Company makes a market up to a maximum of \$1,000,000. At December 31, 2020 the Company's net capital of \$28,946,254, calculated pursuant to Rule 15c3-1, was in excess of its minimum required net capital by \$27,946,254. In addition, the Company's tentative net capital before haircuts on securities at December 31, 2020 was \$29,868,922.

**NOTE 8: LEASES**

The Company has adopted the provisions of ASC 842, *Leases*, during 2019, and has applied the lease guidance to the leases noted below as well as the leases discussed in Note 9. As a result, the Company recognized a right of use asset of \$3,469,960 and a lease liability of \$3,554,011, using a discount rate of 5%. The Company uses its incremental borrowing rate because the rate implicit in the leases cannot be readily determined. The Company's leases are classified as operating leases. In determining the right of use asset and related lease liability, the Company has not included any renewal options. Additionally, there are no residual value guarantees that the Company is subject to, and the leases do not provide any restrictions or covenants.

In applying the provisions of ASC 842, the Company has elected to exclude any leases with an original term of 12 months or less, or which had less than 12 months remaining on the lease term at the beginning of the year.

**RED BANK, NEW JERSEY OFFICE**

The Company leases an office in Red Bank, New Jersey from Wikoff Associates pursuant to a lease, which terminates effective June 30, 2024. The monthly rent payments are \$7,600, plus any escalations as outlined in the original agreement.

**WEST PALM BEACH, FLORIDA**

The Company leases an office in West Palm Beach, Florida from 105 South Narcissus Property LLC pursuant to a lease which terminates effective April 5, 2021. The monthly payments are \$1,650, plus any escalations as outlined in the agreement.

**MAXIM GROUP LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8: LEASES** – (Continued)

**EQUIPMENT LEASES**

In addition, pursuant to various equipment leases and maintenance agreements, the Company is obligated to make monthly rent and maintenance payments for office equipment and leased software. These agreements expire various dates through January 2024.

The approximate minimum lease payments are as follows:

<u>Years Ended December 31,</u>	<u>Amounts</u>
2021	\$ 2,276,000
2022	1,078,000
2023	<u>115,000</u>
	3,469,000
Less: effects of discounting	<u>1,429,230</u>
Lease liability recognized	<u>\$ 2,039,770</u>

**NOTE 9: LEASES WITH RELATED PARTIES**

**WOODBURY, NEW YORK OFFICE OPERATING LEASE**

The Company sub-leases its Woodbury office from Maxim Partners LLC, pursuant to a sublease agreement expiring April 30, 2021. The sublease calls for monthly payments of \$24,000. The Company entered into another agreement with Maxim Partners LLC to lease office space at another location in Woodbury. This lease will commence on May 1, 2021 and will expire on November 30, 2027 and calls for monthly payments of \$10,750.

**NEW YORK CITY, NEW YORK OFFICE OPERATING LEASE**

The Company subleases its New York City office, including certain furniture, fixtures, equipment, and improvements from Maxim Partners LLC pursuant to a sublease agreement expiring June 30, 2021. The sublease called for monthly rent payments of \$230,000 for 2019, \$235,000 for 2020 and \$240,000 for January through June 2021.

**MAXIM GROUP LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 9: LEASES WITH RELATED PARTIES** - (Continued)

The approximate minimum lease payments for this lease are as follows:

<u>Years Ended December 31,</u>	<u>Amounts</u>
2021	\$ 1,622,000
2022	130,000
2023	134,000
2024	137,000
2025	142,000
Thereafter	<u>294,000</u>
Total	2,459,000
Less: effects of discounting	<u>944,761</u>
Lease liability recognized	<u>\$ 1,514,239</u>

**NOTE 10: OTHER RELATED PARTY TRANSACTIONS**

**MJR HOLDINGS LLC**

The Company has agreed to pay management fees to MJR Holdings LLC, a related entity, for various services provided to the Company. This arrangement is pursuant to a written agreement between the parties.

**MJR HOLDINGS, INC.**

The Company has agreed to pay management fees to MJR Holdings, Inc., a related entity, for various services provided to the Company. This arrangement is pursuant to a written agreement between the parties.

**MAXIM GROUP LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 10: OTHER RELATED PARTY TRANSACTIONS - (Continued)**

**MAXIM FINANCIAL ADVISORS LLC**

The Company entered into a fee payment agreement with Maxim Financial Advisors LLC, a related entity through common ownership. Maxim Financial Advisors LLC is obligated to pay the Company a fee for the rendering of services by the Company. The income received by the Company is eighty percent of the fees generated by the investment advisory representatives of Maxim Financial Advisors LLC, who are also registered representatives of the Company.

**M VEST LLC**

The Company has entered into an expense sharing agreement with M Vest LLC, a related entity through common ownership. Expenses shared include employee services, office space, legal services and other administrative expenses incurred in the normal course of business. This arrangement is pursuant to a written agreement between the parties.

**NOTE 11: 401-K RETIREMENT PLAN**

The Company maintains a 401-k Retirement Plan, covering employees that meet certain requirements of the plan. The plan allows each employee to make contributions up to the Internal Revenue Code's annual limitations. In addition, the plan provides for annual matching contributions by the Company and a discretionary profit sharing contribution.

**NOTE 12: COMMITMENTS AND CONTINGENCIES – LEGAL MATTERS**

Maxim Group LLC is involved in various claims, suits, investigations, and legal proceedings that arise from time to time in the ordinary course of its business. As required by FASB ASC 450, *Accounting for Contingencies*, Maxim accrues a liability when it believes that it is both probable that a liability has been incurred and that it can reasonably estimate the amount of the loss. The Company currently has one legal matter for which risk of loss to the Company is both probable and reasonably estimable as of December 31, 2020. The accrual for this matter amounted to \$1,000,000 as of December 31, 2020 and is included in accounts payable, accrued expenses, and other liabilities on the statement of financial condition.

**MAXIM GROUP LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 13: RISKS AND UNCERTAINTIES**

Substantially all of the Company's cash and securities positions are held by a custodian broker. The Company has not sustained losses on its cash positions held with its custodian broker and believes its risk is further mitigated by the fact that the broker is highly capitalized and is also a member of major security exchanges.

The Company maintains cash balances with high quality financial institutions and may periodically exceed federally insured limits. The Company has not experienced any losses related to these balances. All accounts are subject to federal insurance limits of \$250,000 per depositor at each financial institution. Total cash on deposit exceeded federally insured limits by \$42,958,893 at December 31, 2020.

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China and subsequently spread throughout the world. The World Health Organization has declared the outbreak a "Public Health Emergency of International Concern". Significant restrictions were placed on many businesses, however the Company has not experienced a material reduction in revenue in 2020. At this point the extent to which COVID-19 may impact the Company's financial condition or results of operations in 2021 is uncertain. The extent of the impact of COVID-19 will depend on certain developments, including the duration and containment of the outbreak, effectiveness and availability of vaccines, all of which are uncertain and cannot be predicted.