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MAR 07 2023

Baader Helvea Inc. Washington, DC

Financial Statements and Supplemental  
Schedule Pursuant to Rule 17a-5 of  
the *Securities and Exchange Act of 1934*  
**December 31, 2022**  
(expressed in US dollars)

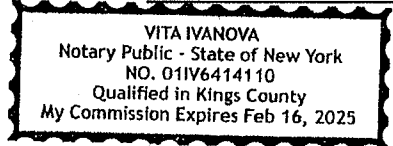
NO  
PUBLIC

OATH OR AFFIRMATION

I, Francis Grevers, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Baader Helvea Inc. as of December 31, 2022, 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.

Signature: [Handwritten Signature]
Title: President

[Handwritten Signature] 02/27/23
Notary Public



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...
(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: A copy of SIPC-7 Supplemental Report

\*\*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.



**Citrin Cooperman & Company, LLP**  
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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and the Shareholder  
Baader Helvea Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Baader Helvea Inc. as of December 31, 2022, and the related statements of operations, changes in shareholder'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 Baader Helvea Inc. as of December 31, 2022, 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 Baader Helvea Inc.'s management. Our responsibility is to express an opinion on Baader Helvea Inc.'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 Baader Helvea Inc. 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 contained in Schedules I, II and III has been subjected to audit procedures performed in conjunction with the audit of Baader Helvea Inc.'s financial statements. The supplemental information is the responsibility of Baader Helvea Inc.'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 supplemental information contained in Schedules I, II and III is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Citrin Cooperman & Company, LLP*

We have served as Baader Helvea Inc.'s auditor since 2018.  
New York, New York  
March 1, 2023

**Baader Helvea Inc.**  
Statement of Financial Condition  
As of December 31, 2022

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(expressed in US dollars)

**Assets**

Cash	\$2,261,208
Accounts receivable	16,000
Commissions receivable	150,904
Prepaid expenses	124,203
Security deposit	135,232
Income tax receivable	62,667
Deferred tax asset	1,901
Property and equipment, net of accumulated depreciation of \$173,459	67,174
Right-of-use asset	<u>581,287</u>

**Total Assets** \$3,400,576

**Liabilities**

Accounts payable and accrued liabilities	\$ 221,878
Income taxes payable	10,417
Lease liability	<u>793,357</u>

**Total Liabilities** 1,025,652

**Commitments and contingencies** (Notes 7 and 9)

**Shareholder's Equity**

Capital stock	1,864,950
Additional paid-in capital	326,613
Retained earnings	<u>183,361</u>

**Total Shareholder's Equity** 2,374,924

**Total Liabilities and Shareholder's Equity** \$3,400,576

**Baader Helvea Inc.**  
Statement of Operations  
For the year ended December 31, 2022

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(expressed in US dollars)

<b>Revenues</b>	
Commission income	\$3,427,731
Research services	732,878
Interest income	2,897
Miscellaneous income	<u>(20,631)</u>
<b>Total Revenues</b>	<u>4,142,875</u>
<b>Expenses</b>	
Commissions	1,838,318
Salaries and related expenses	1,179,337
Research costs	586,385
Professional fees	381,909
Amortization of right-of-use asset	173,465
Information services	126,236
Travel, meals and entertainment	101,715
Rent and related expenses	62,032
Memberships and registration fees	61,094
Conferences and seminars	55,455
Intercompany support services	52,009
Telecommunications	50,606
General office expenses	15,058
Miscellaneous expenses	15,002
Depreciation expense on property and equipment	12,470
Foreign exchange loss	6,177
Business and other taxes	<u>5,212</u>
<b>Total Expenses</b>	<u>4,722,480</u>
<b>Loss before provision for income taxes</b>	(579,605)
<b>Provision for income taxes</b>	<u>-</u>
<b>Net loss</b>	<u><u>\$(579,605)</u></u>

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

(4)

**Baader Helvea Inc.**

## Statement of Changes in Shareholder's Equity

For the year ended December 31, 2022

(expressed in US dollars)

	<u>Capital stock</u>				
	<u>Number of Class A common shares</u>	<u>Amount</u>	<u>Additional paid-in capital</u>	<u>Retained earnings</u>	<u>Total</u>
<b>Balance as of December 31, 2021</b>	1,830	\$1,864,950	\$326,613	\$762,966	\$2,954,529
Net Loss	-	-	-	(579,605)	(579,605)
<b>Balance as of December 31, 2022</b>	<u>1,830</u>	<u>\$1,864,950</u>	<u>\$326,613</u>	<u>\$183,361</u>	<u>\$2,374,924</u>

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

(5)

**Baader Helvea Inc.**  
Statement of Cash Flows  
For the year ended December 31, 2022

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(expressed in US dollars)

<b>Operating activities</b>	
Net loss	\$ (579,605)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation expense	12,470
Non-cash lease expense	18,237
Changes in operating assets and liabilities	
Decrease in accounts receivable	28,665
Increase in commissions receivable, parent company	(30,869)
Decrease in prepaid expenses	17,246
Decrease in income tax receivable	2,211
Decrease in income tax payable	(598)
Increase in accounts payable and accrued liabilities	40,735
<b>Cash used in operating activities</b>	<u>(491,508)</u>
Purchase of property and equipment	<u>(55,976)</u>
<b>Cash used in investing activities</b>	<u>(55,976)</u>
<b>Net decrease in cash during the year</b>	(547,484)
<b>Cash – Beginning of year</b>	<u>2,808,692</u>
<b>Cash – End of year</b>	<u>\$2,261,208</u>
<b>Supplementary information</b>	
Income taxes paid	<u>\$ (1,613)</u>

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

(6)

**Baader Helvea Inc.**  
Notes to Financial Statements  
December 31, 2022

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(expressed in US dollars)

**1. Incorporation and nature of business**

Baader Helvea Inc. (the “Company”) is registered as a broker-dealer with the U.S. Securities and Exchange Commission (the “SEC”), and is a member of the Financial Industry Regulatory Authority (“FINRA”). The Company claims exemption from Rule 15c 3-3 pursuant to paragraph (k)(2)(i) of the *Securities Exchange Act of 1934* (the “Act”).

The Company commenced its principal business activity of marketing European securities in 2005. The Company also provides research services to its clients.

In addition, the Company is the U.S. representative broker for Baader Bank AG, its ultimate parent (the “Parent”), and certain of its subsidiaries in compliance with SEC Rule 15a-6 (providing “15a-6 services”). Baader Bank AG performs all clearing activities for the Company.

**2. Significant accounting policies**

**Basis of presentation**

These financial statements have been prepared in accordance with US GAAP. The preparation of financial statements in conformity with US 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 revenues from contracts with customers are recognized when the performance obligations are satisfied at an amount that reflects the consideration expected to be received in exchange for such services. The majority of the Company’s performance obligations are satisfied at a point in time. The Company’s main sources of revenue from contracts with customers are as follows:

- Brokerage commissions are charged to customers for order execution services and trade clearing and settlement services. The Company recognizes revenue at the time of execution of the order (i.e., trade date). Commissions are generally collected from cleared customers on settlement date.
- Research services fees are charged to customers for financial information, analysis and research services to which they subscribe, that are delivered by the Company. The Company recognizes revenue when the collectability is reasonably assured, generally in arrears. A portion of the Company’s research services revenues is allocated from the Parent (Note 5).

The Company also earns revenues from other sources including interest income earned on the cash balances recognized based on the effective interest rate method.

**Baader Helvea Inc.**  
Notes to Financial Statements  
December 31, 2022

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(expressed in US dollars)

**2. Significant accounting policies (cont'd)**

**Cash**

Cash and cash equivalents consist of balances with banks. The Company's cash is held with five financial institutions, one of which is the Company's Parent. As at December 31, 2022, the Company does not hold any cash equivalents. Cash on deposit with financial institutions may, at times, exceed federal insurance limits.

**Financial instruments – Credit losses**

The Company accounts for estimated credit losses on financial assets measured at an amortized cost basis and certain off-balance sheet credit exposures in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 326-20, Financial Instruments – Credit Losses. FASB ASC 326-20 requires the Company to estimate expected credit losses at the time the financial asset is originated or acquired and certain off-balance sheet exposures as of the reporting date based on relevant information about past events, current conditions, and reasonable and supportable forecasts.

The Company records the estimate of expected credit losses as an allowance for credit losses. For financial assets measured at an amortized cost basis the allowance for credit losses is reported as a valuation account on the statement of financial condition that is deducted from the asset's amortized cost basis. Changes in the allowance for credit losses are reported in Other expenses on the Statement of Operations.

*Accounts receivable*

The Company's accounts receivable relate to the research services revenues. These accounts receivable are short-term in nature. The Company estimates expected credit losses over the life of the financial assets as of the reporting date based on relevant information about past events, current conditions, and reasonable and supportable forecasts.

*Commission receivables, parent company*

The commission receivables include amounts receivable from unsettled trades, amounts receivable for securities failed to deliver, accrued interest receivables and cash deposits. The Company's trades and contracts are cleared through its Parent. The receivables balance are settled on a monthly basis. Although amounts receivable from entities under common control are not within the scope of ASC 326, the source of commission income is transactions with third parties that are executed and settled by the Parent. The amount of unsettled credit exposures is limited to the amount owed the Company for a short period of time. In addition, the exposure to credit losses is *de minimus* because the terms of the majority of transactions executed by the Parent are RVP/DVP (receipt versus payment/deliver versus payment).

**Baader Helvea Inc.**  
Notes to Financial Statements  
December 31, 2022

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(expressed in US dollars)

**2. Significant accounting policies (cont'd)**

**Property and equipment**

Property and equipment are recorded at cost and are amortized on a straight-line basis over the following periods:

Furniture and equipment	5 years
Computer equipment	3 years
Leasehold improvements	5 years

Artwork in the amount of \$10,760 is included in furniture and equipment and is considered an asset with an indefinite useful life and therefore is not amortized.

**Income taxes**

The Company provides for income taxes using the liability method of tax allocation. Under this method, deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between the financial statement values of assets and liabilities using enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse.

US GAAP requires recognition and measurement of uncertain tax positions that the Company has taken or expects to take in its income tax returns. The Company recognizes 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. As at December 31, 2022, the Company did not have any uncertain tax positions.

**Foreign currency translation**

These financial statements are presented in US dollars, which is the Company's functional currency and reporting currency. Monetary assets and liabilities denominated in foreign currencies have been translated into US dollars at the rate of exchange prevailing at the statement of financial condition date. Revenues and expenses are translated into US dollars at the rate of exchange prevailing at the transaction date. Gains and losses on foreign exchange are included in the statement of operations and statement of cash flows.

**Leases**

Leases are classified as either finance leases or operating leases. A lease is classified as a finance lease if any one of the following criteria are met: the lease transfers ownership of the asset by the end of the lease term, the lease contains an option to purchase the asset that is reasonably certain to be exercised, the lease term is for a major part of the remaining useful life of the asset or the present value of the lease payments equals or exceeds substantially all of the fair value of the asset. A lease is classified as an operating lease if it does not meet any one of these criteria.

Substantially all of the Company's operating leases are comprised of office space and property leases and the Company does not hold any finance leases.

**Baader Helvea Inc.**  
Notes to Financial Statements  
December 31, 2022

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(expressed in US dollars)

**2. Significant accounting policies (cont'd)**

**Leases (cont'd)**

For all leases at the lease commencement date, a right-of-use asset and a lease liability are recognized. The right-of-use asset represents the right to use the leased asset for the lease term. The lease liability represents the present value of the lease payments under the lease.

The right-of-use asset is initially measured at cost, which primarily comprises the initial amount of the lease liability, plus any initial costs incurred, consisting mainly of brokerage commissions, less any lease incentives received. All right-of-use assets are reviewed for impairment. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's secured incremental borrowing rate for the same term as the underlying lease.

Lease payments included in the measurement of the lease liability comprise the following: the fixed non-cancelable lease payments, payments for optional renewal periods where it is reasonably certain the renewal period will be exercised, and payments for early termination options unless it is reasonably certain the lease will not be terminated early.

Lease modifications result in remeasurement of the lease liability.

Lease expense for operating leases consists of the lease payments plus any initial direct costs, primarily brokerage commissions, and is recognized on a straight-line basis over the lease term. Included in lease expense are any variable lease payments incurred in the period that were not included in the initial lease liability.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less.

**3. Property and equipment**

The following table outlines the Company's property and equipment and its related depreciation:

	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Net</b>
Furniture and equipment (including artwork of \$10,760)	\$67,222	\$20,208	\$47,014
Leasehold improvements	27,723	27,723	-
Computer equipment	145,688	125,528	20,160
	<b>\$240,633</b>	<b>\$173,459</b>	<b>\$67,174</b>

**Baader Helvea Inc.**  
Notes to Financial Statements  
December 31, 2022

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(expressed in US dollars)

**4. Capital stock**

The Company has authorized the following categories of capital stock which are unlimited as to number of shares which can be issued:

Class A common shares

Class A preferred shares, voting, non-participating, without par value, ranking in priority to Class B, C and D preferred shares and Class A and B common shares, with entitlement to a non-cumulative monthly dividend of 1%, redeemable at the option of the Company at their paid in amount or the fair value of the consideration received, plus declared and unpaid dividends

Class B preferred shares, non-voting, non-participating, without par value, ranking in priority to Class C and D preferred shares and Class A and B common shares, with entitlement to a non-cumulative monthly dividend of 1%, redeemable at the option of the Company at their paid in amount or the fair value of the consideration received, plus declared and unpaid dividends

Class C preferred shares, voting, non-participating, without par value, ranking in priority to Class D preferred shares and Class A and B common shares, with entitlement to a non-cumulative monthly dividend of 1%, redeemable at the option of the Company or the holder at their paid in amount or the fair value of the consideration received, plus declared and unpaid dividends

Class D preferred shares, non-voting, non-participating, without par value, ranking in priority to Class A and B common shares, with entitlement to a non-cumulative monthly dividend of 1%, redeemable at the option of the Company or the holder at their paid-in amount or the fair value of the consideration received, plus declared and unpaid dividends

**Issued and fully paid**

1,830 Class A common shares	\$1,864,950
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There are no issued shares for the other authorized classes of shares.

**Baader Helvea Inc.**  
Notes to Financial Statements  
December 31, 2022

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(expressed in US dollars)

**5. Related party transactions and balances**

Related parties include Baader Helvea S.A., the parent company of the Company, and Baader Bank AG, the parent company of Baader Helvea S.A. and their affiliates. All transactions between the Company and Baader Helvea S.A., and the Company and Baader Bank AG were performed pursuant to service level agreements.

The statement of financial condition includes the following related party balances as at December 31, 2022:

- Cash held in a Baader Bank AG account in the amount of \$127,530; and
- Commission receivable from Baader Bank AG in the amount of \$150,904.

The statement of operations includes the following related party transactions which were earned by the Company from, or incurred for services performed by Baader Bank AG and its personnel in respect of trading activities:

- Commissions of \$ 3,432,143 earned by the Company, collected by Baader Bank AG, research fees \$ 314,680 earned by the Company, collected by Baader Bank AG, and remitted to the Company, and related commission expense of \$1,411,592 paid to Baader Bank AG;
- Commission expense of \$426,725 paid to Baader Helvea S.A.;
- Research costs of \$586,385 paid to Baader Bank AG;
- Staff secondment of \$26,336 paid to Baader Bank AG;
- Expenses of \$52,009 for head office activities and other services rendered by Baader Bank AG to the Company which were invoiced to the Company during the year, and are included in intercompany support services expense.

Expenses of \$128,891 for goods and services purchased by Baader Bank AG for the use of the Company which were invoiced to the Company during the year. This includes mainly expenses for travel, telecommunications, professional fees, conference expenses and software licenses.

Unless otherwise disclosed, all related party transactions occurred in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and the Company.

**6. Lease liability**

Substantially all the Company's operating lease right-of-use assets and operating lease liability represent leases for office space and property to conduct our business.

The operating lease expense included in rent and related expenses is \$62,032. The cash outflows from operating leases was \$155,228.

**Baader Helvea Inc.**  
Notes to Financial Statements  
December 31, 2022

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(expressed in US dollars)

**6. Lease liability (cont'd)**

The weighted average remaining lease term and the weighted average discount rate for operating leases at December 31, 2022 were 6 years and 8.79%, respectively.

The following table reconciles the undiscounted cash flows for the operating leases as at December 31, 2022 to the operating lease liabilities recorded on the statement of financial condition:

	<u>Operating Leases</u>
2023	165,271
2024	169,403
2025	173,638
2026	177,979
2027	182,429
Thereafter	<u>154,218</u>
Total undiscounted lease payments	1,022,938
Less: Interest	<u>229,581</u>
Present value of lease liabilities	<u>\$793,357</u>

**7. Commitments and contingencies**

**Commitments**

In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties which provide general indemnification to customers and counterparties. The Company's maximum and minimum exposures under these arrangements are unknown, as this would involve future claims that may be made against the Company which have not yet occurred. However, based on experience, management expects the risk of this to be remote.

**Contingencies**

The Company accrues loss contingencies if it is probable that a loss will result from the contingency and the amount of the loss can be reasonably estimated. If it is reasonably possible that a loss contingency will occur, the Company discloses the contingency. As at December 31, 2022, no known loss contingencies existed.

The Company executes trades on behalf of 15a-6 clients of the Parent and certain of its subsidiaries for which the Company may be obligated to guarantee performance.

**Baader Helvea Inc.**  
Notes to Financial Statements  
December 31, 2022

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(expressed in US dollars)

**8. Fair value**

FASB ASC 825, Financial Instruments, requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized on the statement of financial condition. The Company reports the value of its assets and liabilities maximizing the use of observable inputs and minimizing the use of unobservable inputs which corresponds to the fair value hierarchy disclosure requirements.

The fair value hierarchy can be summarized as follows:

Level 1 – Valuation based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Since the valuations are based on quoted prices that are readily available and quoted in an active market, valuation of these assets or liabilities do not require significant judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations incorporate inputs that are unobservable and significant to the overall fair value.

The fair value of the Company's cash, accounts receivables and commissions receivable, arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

**9. Income taxes**

Income taxes reported differ from the amount computed by applying the statutory rates to the operating net loss as follows:

**Rate reconciliation: Statutory to effective tax rate**

Net loss before provision for income taxes	<u>\$(579,605)</u>
Provision for income taxes	<u>-</u>
Income tax benefit at statutory rate	(137,265)
Permanent item	
Non-deductible meals	5,791
Other reconciliation items	
State income taxes	4,803
Change in valuation allowance	144,000
True-up difference from prior years	(8,940)
Loss carry-back	3,912
Difference in foreign tax rates	(455)
Other	<u>(11,846)</u>
Provision for income taxes	<u>\$ -</u>

**Baader Helvea Inc.**  
Notes to Financial Statements  
December 31, 2022

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(expressed in US dollars)

**9. Income taxes (cont'd)**

The Company files tax returns in Canada, in the province of Quebec and a Federal return in the United States and in New York State, in Massachusetts State, in Illinois State and in New York City.

The Company is subject to examination by the tax authorities for the following open tax years:

- U.S. Federal – December 31, 2018 through 2021.
- U.S. New York State/City – December 31, 2018 through 2021.
- U.S. Massachusetts State – December 31, 2018 and 2021.
- U.S. Illinois State – December 31, 2018 and 2021.
- Canada Federal – December 31, 2015 through 2021.
- Canada Provincial – December 31, 2015 through 2021.

The Company has no accrual for uncertain tax positions.

**Deferred income taxes**

The components of deferred taxes are as follows:

Property and equipment	\$(6,770)
Unrealized foreign exchange	(573)
Vacation payable	560
Right-of-use asset	44,535
U.S. Federal net operating losses (NOLs) carried forward	1,552,966 <sup>(1)</sup>
State net operating losses (NOLs) carried forward	268,283
Foreign tax credits related to Canadian taxes	847,704 <sup>(2)</sup>
Valuation allowance	<u>(2,704,804)<sup>(1)</sup></u>
Canadian deferred tax asset	<u>\$1,901</u>

**Baader Helvea Inc.**  
Notes to Financial Statements  
December 31, 2022

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(expressed in US dollars)

**9. Income taxes (cont'd)**

- (1) As of December 31, 2022, the Company has United States operating losses of approximately \$7,632,953 which can be carried forward to future taxation years and offset against taxable income. Since the Company does not believe realization is more likely than not, a full valuation allowance ("VA") has been recorded against the net deferred income tax assets. The expiration of these operating losses carry-forwards is as follows:

<u>Year generated</u>	<u>Year expires</u>	<u>Gross amount before VA</u>
2007	2027	\$722,199
2008	2028	149,519
2009	2029	796,339
2010	2030	1,478,529
2011	2031	227,617
2013	2033	49,139
2016	2036	1,214,075
2017	2037	1,078,529
2018	No expiration date	1,046,806
2019	No expiration date	233,648
2022	No expiration date	636,553
		<u>\$7,632,953</u>

- (2) For US tax purposes, the accrued Canadian income taxes of \$847,704 can be used as a foreign tax credit ("FTC") to offset US current income tax payable. The Company must utilize the federal NOLs before the FTCs. The FTC can be carried forward for ten years against the Company's pre-credit US taxes, subject to FTC limitation. The Company does not expect to generate enough taxable US income to utilize the FTC; thus, a full valuation allowance is taken against the deferred income tax assets. The net operating losses originating before August 2, 2013 are subject to an annual limitation of \$225,170.

The net operating losses carried forward and foreign tax credits carried forward as at the tax ownership change that occurred in August 2013 due to the Baader Bank AG acquisition, will be subject to an annual limitation post ownership change if the Company generates taxable income which will then be used to realize the net operating losses to the extent permitted.

**10. Concentration of customers**

Approximately 25% of the Company's commission revenues are earned from one customer.

**11. Capital requirements**

The Company is a member of FINRA and is therefore subject to the capital requirements (Rule 15c 3-1) of the Act. The Company has elected the alternative standard for the computation of net capital. The Rule requires the maintenance of a minimum net capital of \$250,000.

As of December 31, 2022, the Company's aggregate indebtedness and net capital were \$444,365 and \$1,814,491, respectively. The Company's net capital was \$1,564,491 in excess of the required amount.

**Baader Helvea Inc.**  
Notes to Financial Statements  
December 31, 2022

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(expressed in US dollars)

**12. Subsequent events**

The Company has evaluated whether any events or transactions occurred subsequent to the date of the statement of financial condition and through March 1, 2023 and determined that there were no material events or transactions that would require recognition in these financial statements.

## Baader Helvea Inc.

### Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission December 31, 2022

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(expressed in US dollars)

#### Computation of net capital

Shareholder's equity	<u>\$2,374,924</u>
<b>Deductions and/or charges</b>	
Non-allowable assets	
Accounts receivable	16,000
Commissions receivable	150,904
Prepaid expenses	124,203
Security deposit	135,232
Income tax receivable	62,433
Deferred tax asset	1,901
Property and equipment	<u>67,174</u>
Total deductions	<u>557,847</u>
<b>Net capital before haircuts on securities positions</b>	1,817,077
Haircuts on foreign currency balances	<u>2,586</u>
<b>Net capital</b>	1,814,491
<b>Minimum capital requirements</b>	<u>250,000</u>
<b>Excess net capital</b>	<u>\$1,564,491</u>
<b>Aggregate indebtedness</b>	
Accounts payable and accrued liabilities	\$ 221,877
Excess of lease liability over the right-of-use asset	212,070
Income taxes payable	<u>10,417</u>
<b>Total aggregate indebtedness</b>	<u>\$ 444,365</u>
<b>Aggregate indebtedness as a percentage of net capital</b>	<u>24.49%</u>

#### Statement Pursuant to Paragraph (d) (4) of Rule 17a-5 of the Securities and Exchange Commission

There are no material differences between the above computation and the corresponding computation prepared by Baader Helvea Inc. and included in the Company's unaudited Part II Focus Report, as filed by the Company on January 26, 2023.

## **Baader Helvea Inc.**

### **Schedule II – Computation for Determination of Reserve Requirements December 31, 2022**

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(expressed in US dollars)

#### **Schedule II Statement Pursuant to SEC Rule 17a-5(d) Computation for Determination of Reserve Requirements**

The Company claims exemption from the provisions of Rule 15c3-3 pursuant to paragraph (k)(2)(i) of the Securities and Exchange Act of 1934, in that the Company does not hold customer funds or safe-keep customer securities and therefore is not required to make a reserve requirement computation, 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 are limited to receiving transaction-based compensation for the provision of research services to clients and participating in distributions of securities (other than firm commitment underwritings) in accordance with the requirements of paragraphs (a) or (b)(2) of Rule 15c2-4 and the Company (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers; (2) did not carry accounts of or for customers; and (3) did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.

## **Baader Helvea Inc.**

### **Schedule III – Information for Determination of Possession or Control of Securities December 31, 2022**

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(expressed in US dollars)

#### **Schedule III**

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

#### **Information for Determination of Possession or Control of Securities**

The Company is not required to make a computation of possession or control of securities as the Company claims exemption from the provisions of Rule 15c3-3 pursuant to paragraph (k)(2)(i) of the Securities and Exchange Act of 1934, in that the Company does not hold customer funds or safe-keep customer securities, 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 are limited to receiving transaction-based compensation for the provision of research services to clients and participating in distributions of securities (other than firm commitment underwritings) in accordance with the requirements of paragraphs (a) or (b)(2) of Rule 15c2-4 and the Company (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers; (2) did not carry accounts of or for customers; and (3) did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.



Baader Helvea Inc · 600 Lexington Avenue · Suite 2501 · New York NY 10022

### Baader Helvea Inc.'s Exemption Report

Baader Helvea Inc. (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 the following provision of 17 C.F.R. § 240.15c3-3 (k):(2)(i).
- (2) The Company met the identified exemption provision in 17 C.F.R. § 240.15c3-3(k)(2)(i) throughout the most recent fiscal year 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 receiving transaction-based compensation for the provision of research services to clients and participating in distributions of securities (other than firm commitment underwritings) in accordance with the requirements of paragraphs (a) or (b)(2) of Rule 15c2-4 and the Company (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers; (2) did not carry accounts of or for customers; and (3) did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.

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

Francis Grevers  
President  
Baader Helvea Inc.

February 27, 2023

**CONFIDENTIAL**



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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and the Shareholder  
Baader Helvea Inc.

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

Baader Helvea Inc. is also filing this Exemption Report because Baader Helvea Inc.'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 receiving transaction-based compensation for the provision of research services to clients and participating in distributions of securities (other than firm commitment underwritings) in accordance with the requirements of paragraphs (a) or (b)(2) of Rule 15c2-4. In addition, Baader Helvea Inc. did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers; 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.

Baader Helvea Inc.'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 Baader Helvea Inc.'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.



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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 and Baader Helvea Inc.'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.

*Citrin Cooperman & Company, LLP*

New York, New York

March 1, 2023