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OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2023
Estimated average burden hours per response.....	12.00

REGULATORY REPORT  
**FORM X-17A-5  
 PART III**

SEC FILE NUMBER
8-53380

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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Harris Williams LLC**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

**1001 Haxall Point; 9th Floor**

(No. and Street)

**Richmond**

**VA**

**23219**

(City)

(State)

(Zip Code)

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

Jason Hart

804-887-6124

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Keiter**

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

**4401 Dominion Boulevard**

**Glen Allen**

**VA**

**23060**

(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)

OATH OR AFFIRMATION

I, Jason Hart, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Harris Williams LLC, as 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: [Handwritten Signature]
Finance Director
Title

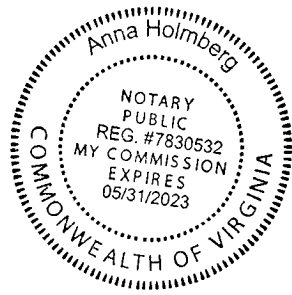
[Handwritten Signature]
Notary Public

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...
(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).

County/City of Henrico
Commonwealth/State of Virginia
The foregoing instrument was acknowledged before me this 28 day of Feb 2021 by Jason Hart
Notary Public
My Commission Expires: 05/31/2023





CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2020

SEC ID: 8-53380

Filed pursuant to Rule 17a-5(e)(3) as a **PUBLIC DOCUMENT**.

[www.harriswilliams.com](http://www.harriswilliams.com)

1001 Haxall Point, 9th Floor | Richmond, Virginia 23219  
Phone (804) 648-0072 | Fax (804) 648-0072  
[www.harriswilliams.com](http://www.harriswilliams.com) | Member FINRA/SIPC

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Manager and Officers  
Harris Williams LLC  
Richmond, Virginia

### Opinion on the Financial Statement

We have audited the accompanying consolidated statement of financial condition of Harris Williams LLC and subsidiaries (collectively, the "Company"), as of December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statement"). In our opinion, the consolidated statement of financial condition presents fairly, in all material respects, the financial position of the Company as of December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

The consolidated financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated 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 consolidated 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 consolidated 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 consolidated financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statement. We believe that our audit provides a reasonable basis for our opinion.



We have served as the Company's auditor since 2004.

Glen Allen, Virginia  
February 26, 2021

> Certified Public  
Accountants & Consultants  
4401 Dominion Boulevard  
Glen Allen, VA 23060  
T:804.747.0000 F:804.747.3632

[www.keitercpa.com](http://www.keitercpa.com)

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*Consolidated Statement of Financial Condition*

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December 31, 2020  
(in thousands)

ASSETS

Cash and cash equivalents	\$	421,536
Accounts receivable - net		629
Prepaid expenses		2,360
Property and equipment - net		12,756
Right-of-use assets, operating - net		48,276
Right-of-use assets, financing - net		163
Deposits		755
Goodwill		187,857
		187,857
	\$	674,332

LIABILITIES AND MEMBER'S EQUITY

Liabilities:		
Accrued compensation	\$	113,207
Deferred compensation		30,450
Accrued expenses		5,556
Finance leases		165
Operating leases		53,128
Deferred income		2,001
Income taxes payable to PNC		14,140
Due to Parent		89
Deferred income taxes		11,318
		11,318
Total Liabilities		230,054
Member's Equity - net of accumulated other comprehensive loss of \$2,083		444,278
	\$	674,332

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

(in thousands)

### 1. **Summary of Significant Accounting Policies:**

**Nature of Business:** Harris Williams LLC d/b/a Harris Williams is a broker-dealer organized in the Commonwealth of Virginia. As a broker-dealer, Harris Williams is subject to regulations of the Securities and Exchange Commission (the "SEC") and the Financial Industry Regulatory Authority ("FINRA"). Harris Williams is an investment banking firm that provides mergers and acquisitions advisory services.

**Consolidation:** Harris Williams LLC is a single-member limited liability company that is a wholly-owned subsidiary of PNC Bank, N.A. (the "Parent"), which is a wholly-owned subsidiary of The PNC Financial Services Group, Inc. ("PNC"). The accompanying financial statement includes the consolidated results of Harris Williams LLC, Harris Williams UK Holdings LLC ("HWUKH"), a wholly-owned subsidiary of Harris Williams LLC, Harris Williams & Co. Ltd, a wholly-owned subsidiary of HWUKH, and Harris Williams Corporate Finance Advisors GmbH, a wholly-owned subsidiary of HWUKH (collectively, the "Company"). All significant intercompany transactions and balances have been eliminated in consolidation.

**Basis of Accounting:** The financial statement of the Company is prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

**Use of Estimates:** The preparation of the consolidated financial statement in conformity with U.S. 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 consolidated financial statement. Actual results could differ from those estimates.

**Cash and Cash Equivalents:** Cash and cash equivalents include cash held at Parent. Cash and cash equivalents also include money market funds, which are highly liquid investments that are readily convertible to cash and typically have a dollar-weighted average maturity of 60 days or less. The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. These investments are stated at cost, which approximates fair value.

**Property and Equipment:** Property and equipment are stated at cost. Major repairs and betterments are capitalized. Upon retirement or sale of an asset, the cost and accumulated depreciation and amortization are removed from the accounts.

**Foreign Currency Translation:** Harris Williams Ltd has operations in the United Kingdom and Harris Williams Corporate Finance Advisors GmbH has operations in Germany. Transactions for Harris Williams Ltd and Harris Williams Corporate Finance Advisors GmbH are settled in British Pounds or Euros and are converted to U.S. Dollars for accounting purposes at prevailing exchange rates.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENT, CONTINUED

(in thousands)

### 1. Summary of Significant Accounting Policies, Continued:

**Risks and Uncertainties:** Financial instruments which potentially expose the Company to concentrations of credit risk consist primarily of cash and trade accounts receivable. To minimize risk, the Company extends credit to customers after an evaluation for credit worthiness; however, the Company does not require collateral or other security from customers. The Company maintains its cash balances in several financial institutions, one of which is an operating account with PNC. The balances are insured by the Federal Deposit Insurance Corporation up to \$250. The Company regularly has funds in excess of \$250.

**Income Taxes:** The operating results of the Company are included in the consolidated federal income tax return filed by PNC. The Company is a participant in a master tax sharing policy with PNC. Federal income taxes represent an agreed upon allocation from PNC. Under this allocation methodology, PNC subsidiaries with taxable income record taxes based on the relationship of the Company's federal tax liability computed on a separate company basis, to the federal tax liability of the consolidated group.

Subsidiaries with a tax loss receive an allocated benefit from the consolidated group based upon the reduction in taxes otherwise payable by the group. The Company makes payments to PNC to settle its allocation of tax liability.

The Company uses the liability method to account for deferred income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the current enacted tax rates.

**Income Tax Uncertainties:** The Company follows Financial Accounting Standards Board ("FASB") guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the consolidated financial statement. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT, CONTINUED

(in thousands)

**1. Summary of Significant Accounting Policies, Continued:**

Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statement to comply with the provisions of this guidance.

**Recently Adopted Accounting Guidance:** In June 2016, the FASB issued *ASU 2016-13, Financial Instruments - Credit Losses*, commonly referred to as the Current Expected Credit Losses ("CECL") standard. The CECL guidance replaces the measurement, recognition, and disclosure guidance for all credit-related reserves. The Company's accounts receivables are within scope of CECL and require an allowance for expected credit losses ("ACL") for the remaining life of the assets upon inception under the new guidance. The Company maintains an ACL at an appropriate level for expected losses on existing trade receivables, which is based on historical results, current economic conditions, and reasonable and supportable forecasts of future conditions. At December 31, 2020, the ACL was \$14.

The Company adopted the CECL standard on January 1, 2020 through a modified retrospective approach which required a cumulative-effect adjustment to member's equity of \$13. The adoption of CECL did not have a material impact on the Company's consolidated statement of financial condition.

**Goodwill:** The Company evaluates the impairment of goodwill at least annually using the qualitative approach, in the fourth quarter, or when events or changes in circumstances indicate that the assets might be impaired. Impairment losses are recognized in the period of determination. The Company completed its evaluation in 2020 and an impairment charge was not required based on the results.

**Subsequent Events:** Management has evaluated subsequent events through February 26, 2021, the date the consolidated financial statement was issued, and has determined that there are no subsequent events to be reported in the accompanying consolidated financial statement.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENT, CONTINUED**

(in thousands)

**2. Property and Equipment:**

Property and equipment at December 31, 2020 consisted of:

Furniture and fixtures	\$	4,171
Data processing equipment		1,326
Leasehold improvements		10,864
Office equipment		3,389
Software		6,547
Assets in progress		515
	\$	<u>26,812</u>
Less accumulated depreciation and amortization		<u>14,056</u>
Net property and equipment	\$	<u>12,756</u>

**3. Accrued Compensation:**

For the year-ended December 31, 2020, the Company's Compensation Committee determined a cash bonus accrual of discretionary compensation of \$111,340 based on its 2020 operating results which is recorded as a component of accrued compensation on the consolidated statement of financial condition. This amount was earned by eligible participants during the annual 2020 service period. The Company has determined that \$93,717 of the 2020 cash bonus pool will be paid to eligible participants in March 2021 and the remainder of \$17,623 will be paid in March 2022 to participants who earned the bonus during the annual 2020 service period.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT, CONTINUED**

(in thousands)

**4. Leases:**

The Company occupies office space under cancelable and non-cancelable operating lease arrangements. These lease arrangements include escalation clauses which are recognized on a straight-line basis over the life of the lease. The Company also enters into finance leases for office equipment. Generally, The Company has elected to use the Overnight Indexed Swap rate corresponding to the term of the lease at the lease measurement date as the incremental borrowing rate to measure the right-of-use asset and lease liability. Leases with an initial term of 12 months or less are not recorded on the balance sheet; The Company recognizes lease expense for these leases on a straight-line basis over the lease term. Future minimum lease payments are as follows:

	Finance	Operating	Total
2021	\$ 128	\$ 6,352	\$ 6,480
2022	38	6,471	6,509
2023	-	6,461	6,461
2024	-	6,375	6,375
2025	-	6,511	6,511
Thereafter	-	25,489	25,489
Undiscounted Lease Payments	166	57,658	57,824
Less Interest	(1)	(4,530)	(4,531)
Total Lease Liabilities	\$ 165	\$ 53,128	\$ 53,293

The weighted-average remaining lease term and discount rate for operating leases was 9.10 years and 2.05%, respectively. The weighted-average remaining lease term and discount rate for finance leases was 1.21 years and 1.80%, respectively. Most leases contain clauses that provide for the Company to pay a percentage of the lessors' operating expenses.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT, CONTINUED**

(in thousands)

**5. Income Taxes:**

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities consist of the following at December 31, 2020:

Accrued compensation	\$ 28,252
Goodwill	(39,450)
Accrued costs and other	(120)
Net operating losses from foreign subsidiaries	8,919
Valuation allowance for net operating losses from foreign subsidiaries	(8,919)
Net deferred tax liability	<u>\$ (11,318)</u>

The Company has provided a valuation allowance against its net operating losses from foreign subsidiaries due to the present uncertainties regarding their ultimate realization. As of December 31, 2020, the Company had net operating loss carryforwards from foreign subsidiaries of \$42,473. The timing and manner in which the operating loss carryforwards from foreign subsidiaries may be utilized in any year will be limited by the foreign subsidiaries' ability to generate future earnings. The operating loss carryforwards do not expire and may be carried forward indefinitely.

**6. Employee Benefit Plans:**

PNC sponsors a defined contribution 401(k) plan (the "Plan") covering substantially all United States-based employees. Employees may make voluntary contributions to the Plan up to 20% of their pretax annual compensation. The Plan provides for a Company match of up to 4% of the employees' compensation. Employees are eligible to participate on the first day of the month following the date of hire and are vested after three years of employment.

PNC sponsors a defined contribution pension plan (the "Pension Plan") covering substantially all Harris Williams Ltd and Harris Williams Corporate Finance Advisors GmbH employees. The Pension Plan provides for a minimum 5% employer contribution for all enrolled participants. Additionally, employees may make voluntary contributions to the Pension Plan. The Pension Plan provides for a Company match of up to an additional 5% of the employees' compensation. Eligibility is available to all permanent employees ordinarily working at Harris Williams Ltd who have a contract of employment of greater than three months.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENT, CONTINUED

(in thousands)

### 7. **Deferred Compensation Plan:**

The Company participates in a deferred compensation plan sponsored by PNC. For qualified employees, a percentage of the total compensation above specified thresholds is deferred into the plan.

The deferred component is awarded in the form of a grant of cash-payable restricted share units (the "Units"), and payable to the employees on a rolling three-year schedule. The Units are revalued quarterly based upon the quoted market price of PNC's Class A Common shares, and a corresponding gain or loss is recognized. During 2020, The Company granted \$21,160 of Units. The accrued liability for restricted share units was \$28,921 at December 31, 2020 and is recorded as deferred compensation on the consolidated statement of financial condition. While there are time-based and other vesting criteria, there are no market or performance criteria associated with these awards.

### 8. **Regulatory Requirements:**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and the ratio of aggregate indebtedness to net capital, of not more than 15 to 1. At December 31, 2020, the Company had net capital of \$220,222 which was \$209,608 in excess of required minimum net capital of \$10,614. The Company's net capital ratio was .72 to 1.

The Company has no obligation under Rule 15c3-3 to prepare the Computation of Reserve Requirements Pursuant to Rule 15c3-3.

### 9. **Related Party Transactions:**

The Parent provides administrative services to the Company under a management agreement. At December 31, 2020, the Company owed \$89 to the Parent.

The Company leases space for its Cleveland and Washington D.C. offices from the Parent on a month-to-month basis.

Additionally, the Company maintains checking accounts at the Parent.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENT, CONTINUED

(in thousands)

### 10. **Guarantees:**

Consistent with customary investment banking practices, the Company's liability under its engagement agreements is generally limited to the amount of fees paid to the Company. PNC maintains certain errors and omissions insurance coverages which covers Harris Williams LLC and believes that its indemnification obligations to its clients would generally not have a material adverse effect on the Company's financial position.

### 11. **New Accounting Pronouncements:**

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes*, which modifies ASC 740 to simplify the accounting for income taxes. The guidance specifies that an entity is not required to allocate the consolidated amount of current and deferred tax expense to a legal entity that is not subject to tax in its separate financial statement. The Company adopted the standard on January 1, 2021 through a modified retrospective approach which requires a cumulative-effect adjustment to retained earnings. The adoption will not have a material impact on the Company's consolidated statement of financial condition.