

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

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FACING PAGE

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

REPORT FOR THE PERIOD BEGINNING 1/1/2020 AND ENDING 12/31/2020  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Cross Point Capital, LLC**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**608 Sherwood Parkway Suite 2A**

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street) (City) (State) (Zip Code)  
**Mountainside NJ 07092**  
(City) (State) (Zip Code)

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

**Daniel Kieran/Sandra Alfano**

**648-779-3922**

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

**Goldman & Company, CPAs, P.C.**

(Name - if individual, state last, first, middle name)  
**3535 Roswell Road Suite 32 Marietta GA 30062**  
(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

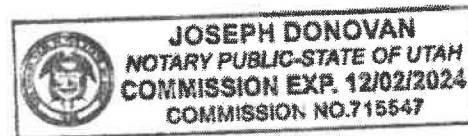
I, John D. Frontero, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Cross Point Capital, LLC, as of December 31, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

State of Utah  
County of Summit

John D. Frontero  
Signature  
President

Title

[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 (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).

**Public Report**

**CROSS POINT CAPITAL, LLC**

**Statement of Financial Condition**

**December 31, 2020**

**With Report of Independent Registered Public Accounting Firm Report**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of  
Cross Point Capital LLC

**Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Cross Point Capital 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 Cross Point Capital 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 Cross Point Capital LLC's management. Our responsibility is to express an opinion on Cross Point Capital 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 Cross Point Capital 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.



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

Goldman & Company, CPA's, P.C.  
Marietta, Georgia  
February 20, 2021

goldman  
& COMPANY, CPAs

**Cross Point Capital, LLC**  
**Notes to Financial Statements**  
**December 31, 2020**

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**Assets**

Cash & Cash Equivalents	\$	85,183
Clearing deposit	\$	500,000
Due from clearing firm	\$	<u>8,821</u>
Total Assets	\$	<u>594,004</u>

**Liabilities and Members' Equity**

Accounts payable and accrued expenses	\$	22,131
Loan Payable - PPP Loan	\$	<u>109,847</u>
Total liabilities	\$	131,978

Member's equity	\$	<u>462,026</u>
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Total Liabilities and Members Equity	\$	<u>594,004</u>
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**1. Organization and Summary of Significant Accounting Policies**

**Nature of Business**

Cross Point Capital, LLC (the "Company") is a broker-dealer and is registered with the Securities and Exchange Commission (the "SEC") and the State Securities Commission of New Jersey. It is also a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is a Delaware limited liability company and has operating locations in New Jersey, and North Carolina.

The Company assists in brokerage of private placements of securities and assists as a structuring and placement advisor in the securitization of pools of structured and/or asset or collateralization-based finance vehicles. The Company engages in riskless principal transactions. A riskless principal transaction is a transaction in which the Company receives an order to buy a security from a customer contemporaneously with an order to sell a security with a different customer. All terms and pricing of the riskless principal transactions are agreed to by all parties prior to the order being executed. The Company also provides full service financial consulting in various areas including auction rate broker dealer services and secondary market trading, and structuring or restructuring services. In addition, the Company serves as a middle market broker dealer who conducts municipal securities trading and sales.

**Accounting Basis**

The financial statements of the Company have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America, which require the use of estimates by management.

**Revenue Recognition**

On January 1, 2018, the Company adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "ASC 606"), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope.

Services within the scope of ASC 606 include:

- a. Riskless Principal Trading
- b. Underwriting Income
- c. Auction Rate Securities

Refer to Revenue Recognition Note: *Revenue from Contracts with Customers* for further discussion on the Company's accounting policies for revenue sources within the scope of ASC 606.

***Revenue from Contracts with Customers:***

**Riskless Principal Trading (Gross):**

The Company earns trading revenue from riskless principal transactions done with institutional customers and broker-dealers. Fees are transaction based, including trade execution services, are recognized at the point in time that the transaction is executed, i.e., the trade date. This includes riskless principal (government, corporate bonds and CMO/ABS) transactions in which the company receives a buy order from a customer and the Company purchases the security from another person or entity to offset the sale to the customer. Company buys the bond at a lower price than what it is sold at. The riskless principal revenue is earned at the time the transaction is executed.

**Cross Point Capital, LLC**  
**Notes to Financial Statements**  
**December 31, 2020**

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Underwriting Income:

The Company provides Investment Banking services related to the issuance of municipal securities. Fee income in connection with the underwriting and placement services of municipal securities are negotiated between the Company and municipal issuers. Fees are recognized when the municipal transaction trades are executed.

Auctions of Auction Rate Securities:

The Company is designated as the Broker-Dealer in an agreement, normally with a bank (auction agent) and issuer of the security to solicit orders for Auction Rate Securities (normally a bond) for the benefit of the issuer. The Broker-Dealer is contracted to contact existing owners and potential owners and solicit bids for the securities. The Company normally earns a fee as a percentage of the security sold. The fee is paid from issuer funds by the auction agent. The Company may earn a flat fee in the event of a failed auction (no bidders). Revenue is recognized when the service is provided normally when the auction is settled

**Due from Clearing Firm**

The Company clears all of its brokerage transactions through its clearing broker on a fully disclosed basis. Due from clearing firm amount relates to the aforementioned transactions. The Company monitors the credit standing of the clearing organization as deemed necessary. Amounts due from clearing firm are considered fully collectible by management.

**Accounts Receivable**

Accounts receivable represents amounts due from consulting income and management fee income earned prior to the year end. The Company considers accounts receivable to be substantially all collectible. Accordingly, no allowance for doubtful accounts is required at December 31, 2020.

**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 and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes**

The Company is a limited liability company. Therefore, the income or loss is passed through to the members and no provision or liability for federal and state income taxes has been included in the financial statements for the Company. Each member is individually responsible for reporting income or loss, to the extent required by federal and state income tax laws and regulations, based on its respective share of the company's income and expense as reported for income tax purposes.

The Company is required to file income tax returns in the U.S. federal jurisdiction and various states in 2020.

The Company is evaluating new Accounting Standards and will implement as required.

**2. Related Party Transactions**

In 2020 the representatives from another affiliate with common ownership performed trading services related to riskless principal transactions. Accordingly the Company compensated the representatives in the amount of \$199,948. As of December 31, 2020, the payable balance was \$0.



**3. Loan Payable- PPP**

On May 5, 2020, the Company received loan proceeds in the amount of \$109,847 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Company has used the proceeds for purposes consistent with the PPP. The Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

**4. Concentrations of Credit Risk**

The Company maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Company has not experienced any loss in these accounts and does not believe it is exposed to any significant credit risk on cash.

**5. Commitment**

The Company's obligation under operating lease agreements for offices in Charlotte, North Carolina, Mountainside and Marlboro New Jersey expired in 2020. Due to Covid-19 all leases were not renewed. All employees continue to work remotely. If economic conditions improve in 2021, the Company will look to lease new office space. Rental expense under the 2020 operating leases were \$23,874 or the year ending December 31, 2020.

**6. Net Capital Requirement**

As a registered broker and member of the Financial Industry Regulatory Authority, Inc., (FINRA), the Company is subject to SEC Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital both as defined, shall not exceed 15 to 1. At December 31, 2020, the Company had net capital of \$571,873 which was \$321,873 in excess of its required net capital of \$250,000. The Company's ratio of Aggregate Indebtedness to Net Capital was .04 to 1 at December 31, 2020.

**7. Date of Managements Review**

The Company evaluated subsequent events to February 20, 2021, the date the financial statements were issued and there were no additional events or transactions occurring during this subsequent event reporting which require recognition or disclosure in the financial statements.

**8. Cash and Cash Equivalents**

The Company defines cash equivalents as highly liquid investments with original maturity of less than 90 days that are not held for sale in the ordinary course of business.

**9. Covid-19**

The worldwide Covid-19 pandemic and related government-imposed and other measures intended to control the spread of the disease, including restrictions on travel and the conduct of business, such as stay-at-home orders, quarantines, travel bans, border closings, business closures and other similar measures, have had a significant impact on global economic conditions and have negatively impacted certain aspects of our business results of operations and may continue to do so in the future. Although certain economic conditions showed signs of improvement toward end of fiscal 2020, certain impacts of the Covid-19 pandemic may continue to affect our results in the future.