

**KITTLE CAPITAL MARKETS, LLC**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

December 31, 2016

# KITTLE CAPITAL MARKETS, LLC

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

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

OMB APPROVAL	
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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 01/01/2016 AND ENDING 12/31/2016  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Kittle Capital Markets, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
500 E. 96th Street, Suite 300

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)  
Indianapolis Indiana 46240  
(City) (State) (Zip Code)

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

Jeffrey L. Kille

317-846-3111

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Katz, Sapper & Miller, LLP

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

800 East 96th Street, Suite 500 Indianapolis Indiana 46240  
(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, Jeffrey L. Kittle, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kittle Capital Markets, LLC, as of December 31, 2016, 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:



**ANDREA M. KRAMER**  
Resident of Hamilton County, IN  
Commission Expires: September 23, 2017

*Andrea M. Kramer*  
Notary Public

*Jeffrey L. Kittle*  
Signature  
Jeffrey L. Kittle, Manager  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (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).



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*Report of Independent Registered Public Accounting Firm*

To the Member  
Kittle Capital Markets, LLC

We have audited the accompanying statement of financial condition of Kittle Capital Markets, LLC as of December 31, 2016, and the related statements of operations, changes in member's equity and cash flows for the year then ended. These financial statements are the responsibility of Kittle Capital Markets, LLC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kittle Capital Markets, LLC as of December 31, 2016, 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.

The supplemental information contained on pages 10 and 11 has been subjected to audit procedures performed in conjunction with the audit of Kittle Capital Markets, LLC's financial statements. The supplemental information is the responsibility of Kittle Capital Markets, LLC'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 on pages 10 and 11 is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
February 24, 2017

**KITTLE CAPITAL MARKETS, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**December 31, 2016**

**ASSETS**

**ASSETS**

Cash	\$ 49,313
Prepaid expenses and other	<u>9,000</u>

<b>TOTAL ASSETS</b>	<b><u>\$ 58,313</u></b>
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**LIABILITIES AND MEMBER'S EQUITY**

**LIABILITIES**

Accounts payable and accrued expenses	\$ 18,226
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<b>MEMBER'S EQUITY</b>	<b><u>40,087</u></b>
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<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b><u>\$ 58,313</u></b>
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*See accompanying notes.*

# KITTLE CAPITAL MARKETS, LLC

## STATEMENT OF OPERATIONS Year Ended December 31, 2016

### REVENUE

Debt forgiveness	\$ 26,477
	<u>26,477</u>

### EXPENSES

Salary and benefits	27,948
Professional services	87,860
Rent	936
Delivery/Postage	54
Internet	(108)
Insurance	576
Licenses and permits	2,049
Education/Seminars	1,995
Travel	688
Total Expenses	<u>121,998</u>

### NET LOSS

\$ (95,521)

*See accompanying notes.*

**KITTLE CAPITAL MARKETS, LLC**  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
**Year Ended December 31, 2016**

<b>MEMBER'S EQUITY AT JANUARY 1, 2016</b>	<b>\$ 37,608</b>
Contributions	98,000
Net loss	<u>(95,521)</u>
<b>MEMBER'S EQUITY AT DECEMBER 31, 2016</b>	<b><u>\$ 40,087</u></b>

*See accompanying notes.*



# KITTLE CAPITAL MARKETS, LLC

## STATEMENT OF CASH FLOWS Year Ended December 31, 2016

### OPERATING ACTIVITIES

Net loss	\$ (95,521)
Adjustments to reconcile net loss to net cash used by operating activities:	
Debt Forgiveness	26,477
Changes in certain current assets and liabilities:	
Accounts payable and accrued expenses	<u>(17,987)</u>
Net Cash Used by Operating Activities	<u>(87,031)</u>

### FINANCING ACTIVITIES

Member's contribution	<u>98,000</u>
Net Cash Provided by Financing Activities	<u>98,000</u>

### NET INCREASE IN CASH

10,969

### CASH

Beginning of Year	<u>38,344</u>
End of Year	<u>\$ 49,313</u>

*See accompanying notes.*

## KITTLE CAPITAL MARKETS, LLC

### NOTES TO FINANCIAL STATEMENTS December 31, 2016

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kittle Capital Markets, LLC (the Company) is organized as an Indiana limited liability company. The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). The Company was formed to engage primarily in the distribution of private placements of real estate products as well as to a lesser extent, the public offering of unlisted shares of Real Estate Investment Trusts ("REITs"). The private placements will typically consist of Regulation D offerings. The offerings will be structured by the Firm's parent company, Herman & Kittle Properties, Inc., or one of its affiliates, together with outside legal counsel. Once structured, the offerings will be marketed by the Company. The securities will be offered on a best efforts basis to investment advisors, accredited investors that are known to the Company's registered personnel.

The Company does not maintain securities accounts for customers or perform custodial functions relating to customer securities and, accordingly, claims exemption from SEC Rule 15c3-3, pursuant to paragraph (k)(2)(i).

The Company was approved by FINRA on July 11, 2013.

**Estimates:** The Company uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingencies and the reported revenues and expenses. Accordingly, actual results could vary from those estimates.

**Revenue Recognition:** Revenues related to the Company's services are recorded on an accrual basis when earned.

**Cash** is maintained in bank deposit accounts which, at times, may exceed federally insured limits. To date, there have been no losses in such accounts.

**Income Taxes:** The Company is a limited liability company whereby taxable income, losses, credits, etc. are recognized for federal and state income tax reporting purposes by its member. Accordingly, no provision or liability for federal or state income taxes has been reflected in the accompanying financial statements.

The Company's member files federal and various state income tax returns. The Company's member is no longer subject to U.S. federal and state income tax examinations by tax authorities for all year before 2013.

**Subsequent Events:** The Company has evaluated the financial statements for subsequent events occurring through February 24, 2017, the date the financial statements were available to be issued.

## **NOTE 2 - NET CAPITAL REQUIREMENT**

As a broker-dealer registered with the SEC and FINRA, the Company is subject to the 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 times Net Capital. At December 31, 2016, the Company had Net Capital of \$31,087, which was \$26,087 in excess of the required Net Capital of \$5,000.

## **NOTE 3 - COMMITMENTS**

For the year ended December 31, 2016, total rent expense was \$936.

## **NOTE 4 – RELATED PARTY TRANSACTIONS**

The Company incurs expenses pursuant to an expense sharing arrangement with its affiliate for expenditures such as salaries and rent. Expenses related to this arrangement totaled \$28,884 in 2016. During 2016, the Company's affiliate forgave expenses incurred in 2015 and 2016 under this arrangement totaling \$26,477. Amounts due under these arrangements totaled \$12,035 at December 31, 2016.

## **SUPPLEMENTARY INFORMATION AND REPORTS**

**KITTLE CAPITAL MARKETS, LLC**

**COMPUTATION OF NET CAPITAL PURSUANT TO UNIFORM NET CAPITAL  
RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION  
December 31, 2016**

**CREDITS**

Total Member's Equity	<u>\$ 40,087</u>
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**DEBITS**

Non-allowable Assets:	
Prepaid expenses and other	<u>9,000</u>
Total Non-allowable Assets	<u>9,000</u>

<b>NET CAPITAL COMPUTED</b>	<u>31,087</u>
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<b>MINIMUM NET CAPITAL REQUIRED</b>	<u>5,000</u>
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<b>NET CAPITAL IN EXCESS OF REQUIREMENT</b>	<u><u>\$ 26,087</u></u>
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<b>AGGREGATE INDEBTEDNESS - Accounts payable and accrued expenses</b>	<u><u>\$ 18,226</u></u>
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<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	<u><u>0.59 to 1</u></u>
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**RECONCILIATION OF NET CAPITAL**

Net Capital Per Form X-17A-5, Part II A (FOCUS Report)	<u><u>\$ 31,087</u></u>
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Net Capital Per Above	<u><u>\$ 31,087</u></u>
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**KITTLE CAPITAL MARKETS, LLC**

**COMPUTATION FOR DETERMINATION OF THE RESERVE REQUIREMENTS  
AND INFORMATION RELATING TO POSSESSION OR CONTROL  
REQUIREMENTS FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3  
Year Ended December 31, 2016**

The Company is exempt from the provisions of Rule 15c3-3 under paragraph (k)(2)(i). The Company effectuates all financial transactions on behalf of its customers on a fully-disclosed basis. Accordingly, there are no items reportable under Rule 15c3-3.


**Exemption Report Pursuant to SEA Rule 17a-5(d)(4)**

Kittle Capital Markets LLC (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. Kittle Capital Markets LLC claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k)(2)(i) for the fiscal year ended December 31, 2016.
2. Kittle Capital Markets LLC met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k)(2)(i) throughout the most recent fiscal year of January 1, 2016 to December 31, 2016, without exception.

Kittle Capital Markets LLC

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

  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Designated Principal  
Title

January 23, 2017



KATZ  
SAPPER  
& MILLER

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*Report of Independent Registered Public Accounting Firm  
on the Exemption Report pursuant to SEA Rule 17a-5(g)(2)(ii)*

To the Member  
Kittle Capital Markets, LLC

We have reviewed management's statements, included in the accompanying Exemption Report pursuant to SEA Rule 17a-5(d)(4), in which (1) Kittle Capital Markets, LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which Kittle Capital Markets, LLC claimed an exemption from 17 C.F.R. §240.15c3-3: (2)(i) (the "exemption provisions") and (2) Kittle Capital Markets, LLC stated that Kittle Capital Markets, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. Kittle Capital Markets, LLC'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 Kittle Capital Markets, LLC's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the conditions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
February 24, 2017