

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

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

SEC FILE NUMBER
8-

**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: **Localstake Marketplace, LLC**

OFFICIAL USE ONLY

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

FIRM I.D. NO.

**9465 Counselors Row Suite 200**

(No. and Street)

**Indianapolis**

**Indiana**

**46240**

(City)

(State)

(Zip Code)

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

Ryan Flynn

317-805-8744

(Area Code – Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Thomas Faust CPA, LLC D/B/A Thomas Faust CPA**

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

**174 Coldbrook**

**Lafayette**

**Indiana**

**47909**

(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, Ryan Flynn, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Local Take Market Inc, 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 Florida County of Pasco

The foregoing instrument was acknowledged before me  
23rd February 2021

Ryan Flynn Provided Indiana Driver's License

Ryan Flynn

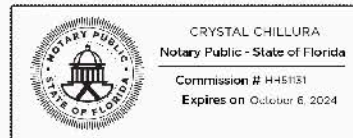
Signature

Managing Member

Title

Crystal Chillura

Notary Public Crystal Chillura  
Online Notary



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

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition. **Notarized online using audio-video communication**
- ☐ (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).**

**Localstake Marketplace, LLC**

**Report on Audit of  
Financial Statements**

**December 31, 2020**



## THOMAS FAUST, CPA

Certified Public Accountant

174 Coldbrook Ct.

Lafayette, IN 47909

765-237-9185 thomasfaustcpa2@gmail.com

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member

Localstake Marketplace, LLC

#### Opinion on the Financial Statements

I have audited the accompanying statement of financial condition of Localstake Marketplace, LLC, as of December 31, 2020, the related statements of income, changes in member's equity, and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the financial statements). In my opinion, the financial statements present fairly, in all material aspects, the financial position of Localstake Marketplace, LLC as of December 31, 2020 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 Localstake Marketplace, LLC's management. My responsibility is to express an opinion on Localstake Marketplace, LLC's financial statements based on my audit. I am a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and am required to be independent with respect to Localstake Marketplace, LLC in accordance with the U.S. federal securities laws and the applicable rules and the regulations of the Securities and Exchange Commission and the PCAOB.

I conducted my audit in accordance with the standards of the PCAOB. Those standards require that I 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. My 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. My 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. I believe that my audit provides a reasonable basis for my opinion.

#### Supplemental Information

Schedule I, Computation of Net Capital Under SEC Rule 15c3-1, Schedule II, Computation for Determination of Reserve Requirements Under SEC Rule 15c3-3 and Schedule III, Information for Possession or Control Requirements Under SEC Rule 15c3-3 have been subjected to audit procedures performed in conjunction with the audit of Localstake Marketplace, LLC's financial statements. The supplemental information is the responsibility of Localstake Marketplace, LLC's management. My 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 my opinion on the supplemental information, I evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In my opinion, Schedule I, Computation of Net Capital Under SEC Rule 15c3-1, Schedule II, Computation for Determination of Reserve Requirements Under SEC Rule 15c3-3 and Schedule III, Information for Possession or Control Requirements Under SEC Rule 15c3-3 are fairly stated, in all material respects, in relation to the financial statements as a whole.



Thomas Faust, CPA, LLC  
d/b/a Thomas Faust, CPA

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

Lafayette, Indiana  
February 16, 2021



**LOCALSTAKE MARKETPLACE, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2020**

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**ASSETS**

**Current Assets**

Cash and Cash Equivalents	39,060
Accounts Receivable	500
Other Current Assets	0

<b>Total Current Assets</b>	<b>39,560</b>
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<b>TOTAL ASSETS</b>	<b>\$ 39,560</b>
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**LIABILITIES AND EQUITY**

**Liabilities**

Accounts Payable	1,135
Accounts Payable to Affiliated Entity	0

<b>Total Liabilities</b>	<b>\$ 1,135</b>
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**Member's Equity**

Member's Equity	38,425
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<b>Total Member's Equity</b>	<b>38,425</b>
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<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 39,560</b>
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*The accompanying notes are an integral part of the financial statements.*

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the Firm's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

- a. Nature of Operations - Localstake Marketplace, LLC (the Firm) an Indiana limited liability company was formed in Indianapolis during 2011. During 2012, the Firm registered as a limited corporate securities broker-dealer firm with the Financial Industry Regulatory Authority (FINRA), the Securities and Exchange Commission (SEC) and with various states in the United States.  
The firm receives success fees and transaction fees in conjunction with private investment opportunities offered through a locally focused, online system. The system is designed to connect businesses seeking to raise capital (the Issuers) with accredited and non-accredited U.S. individual and institutional investors. The Firm does not require the services of a clearing firm in order to conduct its business. Accordingly, the Firm operates under the Non-Covered Firm exemptive provision of the SEC Rule 15c3-3.
- b. Cash Equivalents - For purposes of the statements of cash flows, the Firm considers all highly liquid debt instruments with maturities of three months or less when purchased to be cash equivalents. There were no cash equivalents at December 31, 2020.
- c. 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 the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- d. Concentrations of Credit Risk - The Firm places its cash in accounts with a local financial institution. At times, balances in these accounts may exceed FDIC insured limits.
- e. Accounts Receivable - Accounts Receivable consists of fees and other amounts owed to the Firm. The Firm, on a periodic basis evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on history of past write-offs and collections and current credit conditions. The Firm considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts currently is provided. Uncollectible accounts receivable are charged directly against operations when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required based on history of past write-offs and collections and current credit conditions.

- f. Revenue Recognition - Fee revenue includes offering preparation fees that are earned and recognized upon commencement of an engagement and placement fees that are earned and recognized on completed private placement transactions. At December 31, 2020, the Firm had open ongoing contracts on which future income is expected and no deferred revenue.

In May 2014, FASB issued ASU 2014-09, "Revenue from Contracts with Customers Topic 606" which supersedes nearly all existing revenue recognition guidance under generally accepted accounting principles. The Firm's revenue recognition policy conforms with the pronouncement by recognizing revenue in accordance with the five components of the pronouncement:

- Identify the contract with the customer
- Identify the performance obligation
- Determine the transaction price
- Allocate the transaction price to the performance obligation
- Recognize the revenue when the performance obligation is met

- g. Advertising - The Firm's advertising costs are expensed as incurred. There were no advertising costs incurred during the year.

### **NOTE 3: TRANSACTIONS WITH AFFILIATED ENTITIES**

The Firm is wholly owned by Localstake, LLC (the Parent). Effective February 3, 2012, the Firm and Parent entered into an expense sharing agreement which allocates a percentage of shared operating expenses to the Firm. The Firm's allocated share of these shared expenses was \$53,740 for the year. At year end the Firm had a balance of \$0 payable to the Parent. The Parent also wholly owns Stake Management, LLC (Stake). The Firm has an indefinite lived agreement in place with Stake requiring monthly payments for the right to use Stake's investor platform software, and expenditures were \$6,000 for the year ended December 31, 2020.

### **NOTE 4: EXEMPTION UNDER RULE 15c3-3**

The Firm claims an exemption from Rule 15c3-3 in accordance with the provision as a Non-Covered Firm. During the year ended December 31, 2020 there were no amounts to be reported pursuant to the possession or control requirements under Rule 15c3-3, and the Firm is in compliance with their stated exemptive provisions, and thus is exempt from the provisions of Rule 15c3-3.



**NOTE 5: INCOME TAX EXPENSE**

As a limited liability company, the Firm is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by, or provided for, the Firm. The single member owner is taxed individually on its share of the Firm's earnings. The Firm is subject to certain state taxes. No provision for state income taxes is required at December 31, 2020.

Accounting principles generally accepted in the United State of America require the Firm to examine its tax positions for uncertain positions. Management is not aware of any tax positions that are more likely than not to change in the next twelve months or that would not sustain an examination by applicable taxing authorities.

The Firm's policy is to recognize penalties and interest as incurred in its Statement of Income, there were none for the years ended December 31, 2020.

The firm's federal and state income tax returns for 2017 through 2020 are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date.

**NOTE 6: ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES**

The Firm adopted the provisions of FASB ASC Topic 605, "Accounting for Uncertainty in Income Taxes". Benefits from tax positions are recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. Recognized income tax positions are measured at the largest amount that has a greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Based on its current evaluation, the Firm has concluded that there are no significant uncertain tax positions requiring recognition in the Firm's financial statements.

**NOTE 7: NET CAPITAL REQUIREMENTS**

The Firm is required to maintain a minimum net capital under Rule 15c3-1 of the Securities and Exchange Commission. Net capital required under the rule is the greater of \$5,000 or 6 2/3 percent of the aggregate indebtedness of the Firm. At December 31, 2020, net capital as defined by the rules, equaled \$37,925. The ratio of aggregate indebtedness to net capital was 2.99%. Net capital in excess of the minimum required was \$32,925.

**NOTE 8: FILING REQUIREMENTS**

There were no liabilities subordinated to claims of creditors during the year ended December 31, 2020. Accordingly, no Statement of Changes in Liabilities Subordinated to Claims of Creditors has been included in these financial statements as required by rule 17a-5 of the Securities and Exchange Commission.

**NOTE 9: COMMITMENTS AND CONTINGENCIES**

Management has evaluated possible commitments and contingencies at December 31, 2020. They concluded that there were no commitment or contingencies that would require recognition in the financial statements or disclosure in the related notes to the financial statements.

**NOTE 10: SUBSEQUENT EVENTS**

The Firm's management has evaluated subsequent events through the date of this report, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the related notes to the financial statements.

## THOMAS FAUST, CPA

Certified Public Accountant

174 Coldbrook Ct.

Lafayette, IN 47909

765-237-9185 thomasfaustcpa2@gmail.com

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Members of  
Localstake Marketplace, LLC

I have reviewed management's statements, included in the accompanying Exemption Report of Brokers and Dealers, in which (1) Localstake Marketplace, LLC, identified the following provision of 17 C.F.R. § 15c3-3(k) under which Localstake Marketplace, LLC claimed an exemption from 17 C.F.R. § 240.15c3-3:Non-Covered Provision, and (2) Localstake Marketplace, LLC stated that Localstake Marketplace, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. Localstake Marketplace, LLC's management is responsible for compliance with the exemption provisions and its statements.

My 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 Localstake Marketplace, 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, I do not express such an opinion.

Based on my review, I am 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 the Non-Covered Provision of Rule 15c3-3 under the Securities Exchange Act of 1934.



Thomas Faust, CPA, LLC  
d/b/a Thomas Faust, CPA  
Lafayette, Indiana  
February 16, 2021