

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

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

SEC FILE NUMBER
8-69648

**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:

16 Points LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

120 Villa Oeste  
(No. and Street)

Dorado PR 00646  
(City) (State) (Zip Code)

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

Linda Grimm (212) 897-1685  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

YSL & Associates LLC  
(Name - if individual, state last, first, middle name)

11 Broadway, Suite 700 New York NY 10004  
(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).SEC 1410 (3-91)*

# **16 Points LLC**

**Statement of Financial Condition  
December 31, 2020**

# 16 Points LLC

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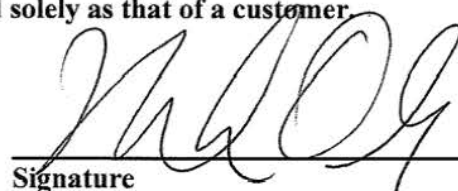
**This report \*\* contains (check all applicable boxes):**

- ☒ Report of Independent Registered Public Accounting Firm.
- ☒ Facing Page.
- ☒ Statement of Financial Condition.
- ☐ Statement of Operations.
- ☐ Statement of Changes in Member's Equity.
- ☐ Statement of Cash Flows.
- ☐ Statement of Changes in Liabilities Subordinated to Claims of General Creditors (not applicable).
- ☐ Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.
- ☐ Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.
- ☐ Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).
- ☐ A Reconciliation, including appropriate explanations, of the Computation of Net Capital Pursuant to Rule 15c3-1 (included with item (g)) and the Computation for Determination of Reserve Requirements Under Rule 15c3-3 (included in item (g)).
- ☐ A Reconciliation Between the Audited and Unaudited Statements of Financial Condition With Respect to Methods of Consolidation (not applicable).
- ☒ An Affirmation.
- ☐ Report of Independent Registered Public Accounting Firm Regarding Rule 15c3-3 Exemption Report.
- ☐ Statement of Exemption from Rule 15c3-3.

**\*\*** *For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

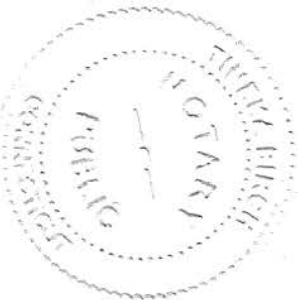
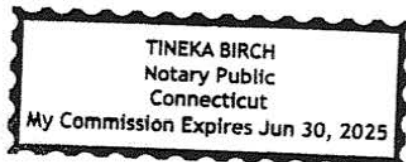
## AFFIRMATION

I, Mark Overlay, affirm that, to the best of my knowledge and belief, the accompanying statement of financial condition pertaining to 16 Points LLC for the year ended December 31, 2020, is true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.

  
Signature

General Securities Principal  
Title

Tineka Birch 2-22-21  
Notary Public





# YSL & Associates LLC

Certified Public Accountants

Member of Parker Randall International

11 Broadway, Suite 700, New York, NY 10004

Tel: (212) 232-0122 Fax: (646) 218-4682

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of  
16 Points LLC

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of 16 Points LLC (the "Company") as of December 31, 2020, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement 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

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company'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 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 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.

*YSL & Associates LLC*

We have served as 16 Points LLC's auditor since 2016.

New York, NY

February 26, 2021



## 16 Points LLC

### Statement of Financial Condition December 31, 2020

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#### Assets

Cash	\$ 100,966
Fees receivable	1,716,344
Prepaid expenses	<u>39,280</u>
Total assets	<u>\$ 1,856,590</u>

#### Liabilities and Member's Equity

Accrued expenses	\$ 100,284
Deferred revenue	<u>50,000</u>
Total liabilities	150,284
Member's equity	<u>1,706,306</u>
Total liabilities and member's equity	<u>\$ 1,856,590</u>

The accompanying notes are an integral part of this financial statement.

# 16 Points LLC

## Notes to Financial Statement December 31, 2020

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### 1. Nature of Operations

16 Points LLC, (the “Company”), a New York limited liability company, is registered with the Securities and Exchange Commission (the “SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”).

The Company serves as an introducing broker for the private placement of securities with both institutional and accredited individual investors, provides advisory solutions related to mergers and acquisitions and refer investors, broker-dealers and hedge funds to unaffiliated broker/dealers for order execution and settlement for which it will receive referral fees.

### 2. Summary of Significant Accounting Policies

#### **Basis of Presentation**

This financial statement was prepared in conformity with accounting principles generally accepted in the United States of America which 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 statement. Actual results could differ from these estimates.

#### **Revenue Recognition**

The revenue recognition guidance under ASC Topic 606, *Revenue from Contracts with Customers*, requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance requires an entity to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved.

## 16 Points LLC

### Notes to Financial Statements December 31, 2020

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#### 2. Summary of Significant Accounting Policies (continued)

##### **Revenue Recognition (continued)**

Revenues from commissions are billed and recognized when private placements have been completed and commissions are earned and collectible. Advisory fees are recognized based on the terms of the contracts and are recorded when the services are rendered. Referral fees are recognized when fees are earned and collectible.

The beginning and ending balance of receivables, contract assets and contract liabilities are presented below:

	<u>Receivables</u>	<u>Contract Assets</u>	<u>Contract Liabilities</u>
<b>Balance, January 1, 2020</b>	\$ 102,570	\$ -	\$ 50,000
<b>Balance, December 31, 2020</b>	\$ 1,716,344	\$ -	\$ 50,000

The Company recognized the entire \$102,570 of receivables that were present on January 1, 2020 through revenue during the year ended December 31, 2020.

##### ***Significant Judgement***

Revenue from contracts with customers includes commission income and fees from investment banking and asset management services. The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events.



# 16 Points LLC

## Notes to Financial Statements December 31, 2020

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### 2. Summary of Significant Accounting Policies (continued)

#### Income Taxes

The Company is a single member limited liability company for income tax purposes. As such, the Company is a disregarded entity for tax purposes and does not record a provision for income taxes. The Company's income or loss is included in the tax return of its Member.

As of December 31, 2020, management has determined that the company had no uncertain tax positions that would require financial statement recognition. The determination will always be subject to ongoing reevaluation as facts and circumstances may require.

#### Credit Losses

Effective January 1, 2020, the Company adopted ASC Topic 326, Financial Instruments – Credit Losses (“ASC 326”). ASC 326 impacts the impairment model for certain financial assets by requiring a current expected credit loss (“CECL”) methodology to estimate expected credit losses over the entire life of the financial asset. Under the accounting update, the Company has the ability to determine that there are no expected credit losses in certain circumstances (e.g., based on the credit quality of the customer).

The Company identified fees and other receivables (including, but not limited to, receivables related to private placement of securities, asset management services and commission sharing) as impacted by the new guidance. ASC 326 specifies that the Company adopt the new guidance prospectively by means of a cumulative-effect adjustment to the opening member’s equity as of January 1, 2020. Accordingly, the Company recognized no adjustment upon adoption.

### 3. Regulatory Requirements

The Company is subject to SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934, 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 \$47,674 which exceeded the minimum required net capital by approximately \$37,655.

The Company does not handle cash or securities on behalf of customers. Therefore, it is not affected by SEC Rule 15c3-3.

# 16 Points LLC

## Notes to Financial Statements December 31, 2020

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### 4. Related Party Transactions

During 2020, the Company entered into an Expense Sharing Agreement with its Parent. The Parent provides office space, accounting, administrative and other services to the Company. The Company does not have any obligation, direct or indirect, to reimburse or otherwise compensate its Parent for any or all shared costs paid on its behalf. These costs have not been recorded on the books of the Company.

The terms of these arrangements may not be the same as those that would otherwise exist or result from agreements and transactions among unrelated parties.

The Company has a service agreement with its Parent to provide business services at its discretion. Expenses under these arrangements are included in service fees on the Statement of Operations.

The Company receives consulting fees from a trust in the name of the Managing Member's family.

The Managing Member of the Company owns 80% of the Parent company.

### 5. Concentrations

Approximately 61% of the total revenue earned during 2020 was from one customer.

All cash deposits are held by one financial institution and therefore are subject to the credit risk at that financial institution. The Company has not experienced any losses in such accounts and does not believe there to be any significant credit risk with respect to these deposits.

# 16 Points LLC

## Notes to Financial Statements December 31, 2020

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### 6. COVID-19

During the 2020 calendar year, the World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern”. This pandemic has disrupted economic markets and the economic impact, duration and spread of the COVID-19 virus is uncertain at this time. The financial performance of the Company is subject to future developments related to the COVID-19 outbreak and possible government advisories and restrictions placed on the financial markets and business activities. The impact on financial markets and the overall economy, all of which are highly uncertain, cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Company’s results may be materially affected. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### 7. Subsequent Events

The Company received \$1,572,352 in January to settle the fee receivable from its customer.