

716.3/1



12011241

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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: April 30, 2013  
Estimated average burden  
hours per response .....12.00

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

Mail Processing  
Section

FEB 21 2012

SEC FILE NUMBER  
8-66697

AB  
3/19

FACING PAGE

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

Washington  
192

REPORT FOR THE PERIOD BEGINNING 01/01/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Focalpoint Securities, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

11150 Santa Monica Boulevard, Suite 1550

(No. and Street)

Los Angeles

(City)

CA

(State)

90025

(Zip Code)

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

Nishen Radia

310-405-7077

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Elizabeth Tractenberg, CPA

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

3832 Shannon Road

(Address)

Los Angeles

(City)

CA

(State)

90027

(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 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

11/21/11



OATH OR AFFIRMATION

I, Nishen Radia, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Focalpoint Securities, LLC, as of December 31,, 2011, 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:

None

Nishen Radia  
Signature  
Managing Director  
Title

*see attached*

\_\_\_\_\_  
Notary Public

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).

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

CIVIL CODE § 1189

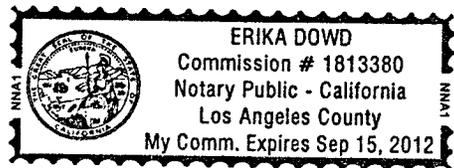
State of California

County of Los Angeles }

On February 17, 2012 before me, Erika Dowd, Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared Nishen Radia  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that ~~he~~she/they executed the same in ~~his~~her/their authorized capacity(ies), and that by ~~his~~her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Erika Dowd  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

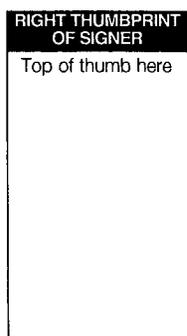
Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

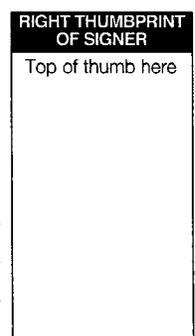
- Corporate Officer — Title(s): \_\_\_\_\_
- Individual
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Corporate Officer — Title(s): \_\_\_\_\_
- Individual
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

**FocalPoint Securities, LLC**  
**Report Pursuant to Rule 17a-5 (d)**  
**Financial Statements**  
**For the Year Ended December 31, 2011**

## Contents

### PART I

Independent Auditor's Report	1
Statement of Financial Condition	2
Statement of Income	3
Statement of Changes in Members' Equity	4
Statement of Changes in Financial Condition	5
Notes to Financial Statements	6 - 8

### SUPPLEMENTARY INFORMATION

Schedule I - Computation of Net Capital Requirements Pursuant to Rule 15c3-1	9
Schedule II – Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3	10
Schedule III – Information Relating to Possession or Control Requirements Under Rule 15c3-3	11

### PART II

Report on Internal Control	12 - 13
----------------------------	---------

### PART III

SIPC Supplemental Report	14
--------------------------	----

**Elizabeth Tractenberg, CPA**

3832 SHANNON ROAD  
LOS ANGELES, CALIFORNIA 90027  
323/669-0545 – Fax 323/669-0575  
elizabeth@tractenberg.net

Independent Auditor's Report

To the Members  
FocalPoint Securities, LLC  
Los Angeles, California

I have audited the accompanying statement of financial condition of FocalPoint Securities, LLC, as of December 31, 2011 and related statements of income, changes in members' equity and changes in financial condition for the year then ended. These financial statements are being filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 and include the supplemental schedule of the net capital computation required by rule 15c3-1. These financial statements are the responsibility of FocalPoint Securities, LLC's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, such financial statements referred to above present fairly, in all material respects, the financial condition of FocalPoint Securities, LLC as of December 31, 2011 and the related statements of income, changes in members' equity and changes in financial condition for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Elizabeth Tractenberg, CPA  
Los Angeles, California  
January 15, 2012

**FocalPoint Securities, LLC**  
**Statement of Financial Condition**  
**December 31, 2011**

Assets

Cash and cash equivalent	\$ 1,827,639
Accounts receivable	-
Prepaid expenses	25,500
Furniture, fixtures and equipment, net of depreciation of \$98,297	35,872
Leasehold improvement, net of amortization of \$556	8,644
Security deposit	<u>28,513</u>
 Total Assets	 <u>\$ 1,926,168</u>

Liabilities and Members' Equity

LIABILITIES	
Accounts payable and accrued liabilities	\$ 553,880
Accrued salaries and wages	268,283
California income tax payable	12,590
Capital lease payable	24,385
SIPC fee payable	<u>17,624</u>
 Total Liabilities	 876,762
 MEMBERS' EQUITY	 <u>1,049,406</u>
 Total Liabilities and Members' Equity	 <u>\$ 1,926,168</u>

See Accompanying Notes to Financial Statements

**FocalPoint Securities, LLC**  
**Statement of Income**  
**Year Ended December 31, 2011**

**Revenues**

Fees and other revenues	\$ 8,382,083
Reimbursed expenses	<u>27,884</u>
Total Income	<u>8,409,967</u>

**Expenses**

Advertising and marketing	228,557
Computer expenses	54,643
Conferences and sponsorships	1,595
Consultants	1,600,904
Contract labor	56,500
Cost of reimbursable expenses	16,942
Depreciation and amortization	22,364
Insurance	184,210
Interest expense	2,680
Legal and professional fees	72,327
Licenses and fees	24,111
Office expenses	39,731
Profit sharing plan contribution	-
Regulatory fees	37,972
Rent	255,723
Salaries, wages and related expenses	2,210,707
Success fees	-
Telephone	45,278
Website design	18,000
All other expenses	<u>84,940</u>
Total Expenses	<u>4,957,184</u>

Income Before Provision for Income Taxes 3,452,783

Income tax provision 12,590

Net Income \$ 3,440,193

See Accompanying Notes to Financial Statements

**FocalPoint Securities, LLC**  
**Statement of Changes in Members' Equity**  
**Year Ended December 31, 2011**

	<u>Total</u>
Balance, December 31, 2010	\$ 504,274
Net Income	3,440,193
Capital Distribution	<u>(2,895,061)</u>
Balance, December 31, 2011	<u>\$ 1,049,406</u>

See Accompanying Notes to Financial Statements

**FocalPoint Securities, LLC**  
**Statement of Changes in Financial Condition**  
**Year Ended December 31, 2011**

Cash Flows from Operating Activities:	
Net income	\$ 3,440,193
Depreciation and amortization	22,364
Prepaid expenses	24,496
Deposits	(7,050)
Accounts payable and accrued liabilities	517,858
Accrued salaries and wages	246,649
Capital lease payable	(15,401)
SIPC fee payable	<u>17,624</u>
Net cash from operating activities	4,246,733
Cash Flows from Investing Activities:	
Purchases of property and equipment	<u>(3,094)</u>
Cash Flows for Investing Activities	<u>(3,094)</u>
Cash Flows from Financing Activities:	
Distribution of capital	<u>(2,895,061)</u>
Cash Flows for Financing Activities	<u>(2,895,061)</u>
Net increase in cash	1,348,578
Cash at beginning of year	<u>479,061</u>
Cash at end of year	<u>\$ 1,827,639</u>

**SUPPLEMENTAL INFORMATION**

Interest paid	<u>\$ 2,680</u>
Income taxes paid	<u>\$ 22,344</u>

See Accompanying Notes to Financial Statements

**FocalPoint Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2011**

**NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS**

The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of various exchanges and the National Association of Securities Dealers (NASD). The NASD and NYSE Member Regulation consolidated in 2007 to form the Financial Industry Regulatory Agency (FINRA). The Company is a California limited liability company with offices in Los Angeles, California.

The Company was organized in 2004 to conduct business in merging acquisitions beginning in April 2005.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** - The preparation of financial statements in conformity with generally accepted accounting principles 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 statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents** - The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**Property, Equipment and Depreciation** – Acquisitions of property and equipment of \$1,000 or more are capitalized. Property and equipment are stated at cost and depreciation or amortization is computed when assets are placed in service using the straight-line method over estimated useful lives of 3 to 7 years. Leasehold improvements are amortized over the lease terms.

**Revenue Recognition** - Investment banking revenue is recognized in the form of success fees that are earned upon the closing of the transaction, or completion of the assignment. Advisory fees are recognized when non-refundable retainers are invoiced in accordance with written terms of its engagement agreements.

**Concentrations of Risk** – Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash deposits. At December 31, 2011, there were cash balances on deposit of approximately \$1.62 million in excess of FDIC insured limits. Management believes the organizations are not exposed to any significant credit risk related to cash and equivalents.

**FocalPoint Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Income Taxes** - The Company is treated as a partnership for federal income tax purposes. Consequently, Federal income taxes are not payable by or provided by the Company. Members are taxed individually on their shares of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the operating agreement of the Company.

The State of California requires limited liability companies to pay a minimum \$800 tax plus a fee based on gross revenue. The accompanying financial statements include an \$800 minimum tax plus an \$11,790 fee.

**Recent accounting pronouncements** – The Financial Accounting Standards Board ("FASB") implemented the FASB Accounting Standards Codification (Codification) effective July 1, 2009. The Codification has become the source of authoritative Generally Accepted Accounting Principles ("GAAP") recognized by FASB to be applied to nongovernmental entities. On the effective date of the Codification, the Codification superseded all then existing accounting and reporting standards. All other non-grand-fathered accounting literature not included in the FASB Codification has become non-authoritative. References to GAAP included in the FASB Codification are noted as Accounting Standards Codification ("ASC").

Following the effective date of the Codification, FASB will not release new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Contracts, but instead will issue Accounting Standards Updates. Updates will not be considered authoritative in their own right, but will serve only to update the Codification, provide background information about the guidance in the Codification, and provide the basis for the changes in the Codification.

For the year ending December 31, 2011, various accounting pronouncements or interpretations by the FASB were either newly issued or had effective implementation dates that would require their provisions to be related in the financial statement for the year then ended. The Company has reviewed the Statements of Financial Accounting Standards ("SFAS")/ASC topics for the year to determine relevance to the Company's operations.

The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

**FocalPoint Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2011**

**NOTE 3 – COMMITMENTS**

The Company leases facilities in the County of Los Angeles under a long-term agreement expiring January 14, 2015. The annual rental commitments for years ending December 31, is as follows:

2012	\$ 204,972
2013	211,044
2014	<u>217,680</u>
Total	<u>\$ 633,696</u>

Rental expense for the year was \$255,723.

In addition, the Company leases facilities in Chicago on a short term basis.

**NOTE 4 – RETIREMENT PLAN**

During 2010, the Company adopted a defined contribution 401 (k) plan covering eligible employees of the Company. The Company did not make any contributions to the plan for the year ended December 31, 2011.

**NOTE 5 – NET CAPITAL REQUIREMENTS**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain minimum net capital as defined under such provisions. See Page 9.

**NOTE 6 – SUBSEQUENT EVENTS**

Management has reviewed the results of operations for the period of time from its year end December 31, 2011 through January 15, 2012, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying combined financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**FocalPoint Securities, LLC**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**Decmeber 31, 2011**

Computation of Net Capital		
Total ownership equity from statement of financial condition		\$ 1,049,406
Nonallowable assets		
Prepaid expenses	\$ 25,500	
Furniture, fixtures and equipment net of depreciation	35,872	
Leasehold improvement	8,644	
Security deposit	<u>28,513</u>	<u>(98,529)</u>
Net Capital		<u>\$ 950,877</u>
Computation of Net Capital Requirements		
Minimum net aggregate indebtedness -		
6-2/3% of net aggregate indebtedness		<u>\$ 58,480</u>
Minimum dollar net capital required		<u>\$ 5,000</u>
Net Capital required (greater of above amounts)		<u>\$ 58,480</u>
Excess Capital		<u>\$ 892,397</u>
Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)		<u>\$ 863,200</u>
Computation of Aggregate Indebtedness		
Total liabilities		<u>\$ 876,762</u>
Aggregate indebtedness to net capital		.92 to 1
The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):		
Net Capital per Company's Computation		\$ 950,891
Variance		
Accounts payable decrease		
Rounding		<u>(14)</u>
Net Capital per Audited Report		<u>\$ 950,877</u>

See Accompanying Notes to Financial Statements

**FocalPoint Securities, LLC**  
**Schedule II – Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2011**

A computation of reserve requirement is not applicable to FocalPoint Securities, LLC as the Company qualifies for exemption under Rule 15c3-3 (k) (1).

**FocalPoint Securities, LLC**  
**Schedule III – Information Relating to Possession or Control**  
**Requirements Under Rule 15c3-3**  
**As of December 31, 2011**

Information relating to possession or control requirements is not applicable to FocalPoint Securities, LLC as the Company qualifies for exemption under Rule 15c3-3 (k) (1).

**Elizabeth Tractenberg, CPA**

3832 SHANNON ROAD  
LOS ANGELES, CALIFORNIA 90027  
323/669-0545 – Fax 323/669-0575  
elizabeth@tractenberg.net

**Part II**

**Report on Internal Control Required by SEC Rule 17a-5(g)(1) for a  
Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3**

To the Members  
FocalPoint Securities, LLC  
Los Angeles, California

In planning and performing my audit of the financial statements of FocalPoint Securities, LLC (the Company), as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, I considered the Company's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g) (1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that I considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, I did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

To the Members  
FocalPoint Securities, LLC  
Los Angeles, California

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

My consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. I did not identify any deficiencies in internal control and control activities for safeguarding securities that I consider to be material weaknesses, as defined previously.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on my study, I believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011 to meet the SEC's objectives.

This report is intended solely for the information and use of the Members, management, the SEC, and FINRA, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



Elizabeth Tractenberg, CPA  
Los Angeles, California  
January 15, 2012