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

MAR - 1 2017

SEC FILE NUMBER
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FACING PAGE

Washington DC

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

8-49568

REPORT FOR THE PERIOD BEGINNING 01/01/16 AND ENDING 12/31/16
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: LDCORR DISTRIBUTORS, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

261 SCHOOL AVENUE, FOURTH FLOOR

(No. and Street)

EXCELSIOR

MINNESOTA

55331

(City)

(State)

(Zip Code)

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

JON C ESSEN (952)767-6903

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

SANVILLE & COMPANY

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

1514 OLD YORK ROAD

ABINGTON

PA

19001

(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 (06-02)

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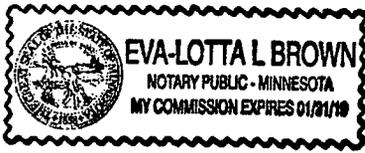
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OATH OR AFFIRMATION

I, JON C ESSEN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of LOCORR DISTRIBUTORS, 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:

[Handwritten Signature]
Signature
CHIEF COMPLIANCE OFFICER
Title

[Handwritten Signature]
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).

Sanville & Company

CERTIFIED PUBLIC ACCOUNTANTS

ROBERT F. SANVILLE, CPA
MICHAEL T. BARANOWSKY, CPA
JOHN P. TOWNSEND, CPA

1514 OLD YORK ROAD ABINGTON, PA 19001
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Managing Member of
LoCorr Distributors, LLC

We have audited the accompanying statement of financial condition of LoCorr Distributors, LLC (the "Company"), as of December 31, 2016, and the related statements of income, changes in member's equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended. These financial statements are the responsibility of the Company'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 LoCorr Distributors, LLC as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Schedule I, Computation of Net Capital Under SEC Rule 15c3-1 of the Securities and Exchange Commission and Schedule II, Computation for Determination of Reserve Requirements Under SEC Rule 15c3-3 of the Securities and Exchange Commission have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company'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 Schedule I, Computation of Net Capital Under SEC Rule 15c3-1 of the Securities and Exchange Commission and Schedule II, Computation for Determination of Reserve Requirements Under SEC Rule 15c3-3 of the Securities and Exchange Commission are fairly stated, in all material respects, in relation to the financial statements as a whole.

Sanville + Company

Abington, Pennsylvania
February 24, 2017

LoCorr Distributors, LLC
Statement of Financial Condition
December 31, 2016

Assets

Cash	\$	1,479,097
Accounts receivable		184,631
Due from related entity		609,247
Furniture and equipment - at cost \$15,144		
less accumulated depreciation of \$13,860		1,284
Software - at cost \$24,100		
less accumulated amortization of \$12,496		11,604
Prepaid expenses		<u>41,546</u>
Total assets	\$	<u><u>2,327,409</u></u>

Liabilities and Member's Equity

Liabilities

Commissions payable	\$	633,442
Accounts payable and accrued expenses		<u>234,949</u>
Total liabilities		<u>868,391</u>
Member's equity		<u>1,459,018</u>
Total liabilities and member's equity	\$	<u><u>2,327,409</u></u>

The accompanying notes are an integral part of these financial statements.

LoCorr Distributors, LLC
Statement of Income
For the Year Ended December 31, 2016

Revenue

Commissions	\$ <u>12,370,316</u>
Total revenue	<u>12,370,316</u>

Expenses

Salaries, commissions and benefits	9,010,269
Marketing and promotional expenses	202,192
Rent and occupancy costs	111,228
Regulatory costs	44,836
Technology and communications expenses	164,681
Travel Expenses	1,560,009
Other expenses	<u>250,695</u>
Total expenses	<u>11,343,910</u>
Net income	\$ <u><u>1,026,406</u></u>

The accompanying notes are an integral part of these financial statements.

LoCorr Distributors, LLC
Statement of Changes in Member's Equity
For the Year Ended December 31, 2016

	<u>Member's Equity</u>
Balances at January 1, 2016	\$ 432,612
Net income	1,026,406
Distribution to parent	<u>-</u>
Balances at December 31, 2016	<u><u>\$ 1,459,018</u></u>

The accompanying notes are an integral part of these financial statements.

LoCorr Distributors, LLC
Statement of Changes in Liabilities Subordinated to Claims of General Creditors
For the Year Ended December 31, 2016

Subordinated borrowings at January 1, 2016	\$	-
Increases:		-
Decreases:		<u>-</u>
Subordinated borrowings at December 31, 2016	\$	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

LoCorr Distributors, LLC
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash flows from operating activities:	
Net income	\$ 1,026,406
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation & Amortization	13,279
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(21,134)
Due from related entity	(78,966)
Prepaid expenses	36,766
Increase (decrease) in liabilities:	
Commissions payable	106,680
Accounts payable and accrued expenses	<u>56,490</u>
Net cash provided by operating activities	<u>1,139,521</u>
Cash flows from financing activities:	
Distribution to parent	<u>-</u>
Net cash provided by financing activities	<u>-</u>
Net increase in cash	<u>1,139,521</u>
Cash at beginning of year	<u>339,576</u>
Cash at end of year	<u>\$ 1,479,097</u>
Supplemental disclosures of cash flow information	
Cash paid during the year for:	
Interest	\$ -
Income taxes	\$ -

The accompanying notes are an integral part of these financial statements.

LoCorr Distributors, LLC
Notes to Financial Statements
December 31, 2016

1. Organization

LoCorr Distributors, LLC ("the Company") is a registered broker dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA") and the National Futures Association (NFA). The Company is incorporated under the laws of the state of Minnesota and is a wholly-owned subsidiary of Octavus Group, LLC (Parent) and acts as a wholesaler of alternative investments. The Company, like other broker dealers, is directly affected by general economic and market conditions, including fluctuations in volume and price level of securities, changes in interest rates and securities brokerage services, all of which have an impact on the Company's liquidity.

2. Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Company:

Cash and Cash Equivalents – The Company includes as cash and cash equivalents amounts invested in money market funds.

At times during the year, the Company's cash accounts exceeded the related amount of federal depository insurance. The Company has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk.

Revenue – Securities transactions (and related commission revenue and expense, if applicable) are recorded as earned.

Income taxes – No provision for income taxes is presented in these financial statements as income or loss from operations is includable in the member's income tax return.

The Company recognizes and discloses uncertain tax positions in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires management of the Company to analyze all open tax years, fiscal years 2013-2016, as defined by IRS statute of limitations for all major industries, including federal tax authorities and certain state tax authorities. As of and during the period ended December 31, 2016, the Company did not have a liability for any unrecognized tax benefits. The Company has no examinations in progress and is not aware of any tax positions for which it is reasonably possible that the total tax amounts of unrecognized tax benefits will significantly change in the next twelve months.

Property and Equipment – Property and equipment consists of office furniture and equipment and is recorded at cost and reduced by accumulated depreciation. Depreciation is calculated using the straight-line method over five years, the estimated useful life of the assets. Depreciation expense for the year ended December 31, 2016 was \$2,568.

Software – Software consists of program customization and implementation costs and is recorded at cost and reduced by accumulated amortization. Amortization is calculated using the straight-line method over three years, the estimated useful life of the assets. Amortization expense for the year ended December 31, 2016 was \$10,711.

LoCorr Distributors, LLC
Notes to Financial Statements
December 31, 2016

2. Summary of Significant Accounting Policies (Continued)

Off balance sheet loss and credit risk – the Company had no transactions involving derivatives and other off balance sheet financial instruments such as futures, exchange trades, over the counter options or mortgage backed securities and no off-balance sheet credit risk at December 31, 2016.

Accounts Receivables and Credit Policies – The receivable balance represents amounts due for monthly and quarterly fees from clients. Accounts receivable are stated at the amount billed. Management individually reviews all receivable balances and estimates an allowance if necessary. In the opinion of management at December 31, 2016, all receivables were considered collectible and no allowance was necessary.

Use of estimates – 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 may differ from those estimates and assumptions.

Subsequent events - Management has evaluated the impact of all subsequent events, through February 24, 2017, the date at which the financial statements were available to be issued and has determined that there were no subsequent events requiring disclosure in these financial statements.

3. Computation for Determination of Reserve Requirements

The Company will operate in accordance with the exemptive provisions of section (k)(1) of SEC Rule 15c3-3.

4. Net Capital Requirements

Pursuant to the net capital provisions of the SEC and NFA, the Company is required to maintain net capital as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2016 the Company had net capital and capital of \$905,598 which was \$847,705 in excess of its required net capital of \$57,893. The Company's net capital ratio was .96 to 1.

5. Operating Lease

The Company operates in office space leased by its Parent under a lease that expires October 31, 2017. The Company's rent expense for the year ending December 31, 2016 was \$111,228. Minimum future rentals under this lease are as follows at December 31, 2016:

2017: \$ 94,760

LoCorr Distributors, LLC
Notes to Financial Statements (Continued)
December 31, 2016

6. Related Party Transactions

The Company's Parent entity, through its wholly-owned subsidiary LoCorr Fund Management, LLC ("LFM"), a registered investment advisor, provides advisory services to LoCorr Investment Trust. LFM also has a minority investment in LoCorr Investment Trust for the year ended December 31, 2016. The Company shares services with a related party and invoices the related party for the shared cost. For the year ended December 31, 2016, shared services invoices totaled \$5,003,459. The Company believes that the shared services receivable of \$376,388 at December 31, 2016 is fully collectible. The Company also receives commission based on a percentage of assets under management by LFM each period. For the year ended December 31, 2016, commissions totaled \$11,237,225. The Company believes that the commissions receivable of \$232,859 at December 31, 2016 is fully collectible.

7. Concentrations

The Company earned approximately 91% of its commission income and had 87% of its accounts receivables from LoCorr Investment Trust and LoCorr Fund Management for the year ended and as of December 31, 2016. The Company also earned 9% of its commission income and had 13% of its accounts receivables from another client for the year ended and as of December 31, 2016.

LoCorr Distributors, LLC
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
December 31, 2016

Schedule I

COMPUTATION OF NET CAPITAL

Total member's equity	\$ 1,459,018
Deduct member's equity not allowable for Net Capital:	<u>-</u>
Total member's equity qualified for Net Capital	<u>1,459,018</u>

Deductions and/or charges:

Non-allowable assets:

Accounts receivable	122,599
Due from related entity	376,388
Furniture and equipment, net	1,284
Software, net	11,604
Prepaid expenses	<u>41,545</u>
Total non-allowable assets	<u>553,420</u>

Net Capital	<u><u>\$ 905,598</u></u>
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COMPUTATION OF AGGREGATE INDEBTEDNESS

Total aggregate indebtedness liabilities from Statement of Financial Condition

Commissions payable	\$ 633,442
Accounts payable and accrued expenses	<u>234,949</u>

Total aggregate indebtedness	<u><u>\$ 868,391</u></u>
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Percentage of aggregate indebtedness to Net Capital 96%

Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d) -

LoCorr Distributors, LLC
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
December 31, 2016

Schedule I (continued)

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum Net Capital (6 2/3% of \$868,391)	\$	57,893
Minimum dollar Net Capital requirement of reporting broker or dealer and minimum Net Capital requirement	\$	45,000
Net Capital requirement	\$	57,893
Excess Net Capital	\$	847,705
Net Capital less greater of 10% of aggregate indebtedness or 120% of minimum net capital	\$	818,759

RECONCILIATION BETWEEN COMPUTATION OF ANNUAL AUDIT REPORT
AND COMPUTATION IN COMPANY'S UNAUDITED FOCUS REPORT

Computation of Net Capital Under Rule 15c3-1

No material difference exists between the broker's most recent, unaudited,
Part IIA filing and the Annual Audit Report.

LoCorr Distributors, LLC

Computation for Determination of Reserve Requirements

Under Rule 15c3-3 of the Securities and Exchange Commission

December 31, 2016

Schedule II

The Company is exempt from the provisions of Rule 15c3-3 in accordance with Section (k)(1).

**RECONCILIATION BETWEEN COMPUTATION OF ANNUAL AUDIT REPORT
AND COMPUTATION IN COMPANY'S UNAUDITED FOCUS REPORT**

**Computation for Determination of Reserve Requirement Under
Exhibit A of Rule 15c3-3**

No material difference exists between the broker's most recent, unaudited, Part IIA filing and the Annual Audit Report.

Sanville & Company

CERTIFIED PUBLIC ACCOUNTANTS

ROBERT F. SANVILLE, CPA
MICHAEL T. BARANOWSKY, CPA
JOHN P. TOWNSEND, CPA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Managing Member of
LoCorr Distributors, Inc.

We have reviewed management's statement, included in the accompanying Exemption Report in which (1) LoCorr Distributors, Inc. (the "Company") identified the following provisions of 17 C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3:(1) (the "exemption provisions") and (2) the Company stated that the Company met the identified exemptive provisions throughout the most recent fiscal year without exception. The Company stated that the Company'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 the Company'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 provisions set forth in paragraph (k)(1) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Sanville + Company

Abington, Pennsylvania
February 24, 2017

Date: February 24, 2017

Exemption report:

In accordance with the FINRA membership agreement applicable to LoCorr Distributors, LLC (“LoCorr”), it is designated to operate under the exemptive provision of paragraph (k)(1). LoCorr does not handle cash or securities on behalf of customers. Therefore, to the best knowledge and belief of LoCorr it is in compliance with Rule 15c3-3 and has been so throughout the year ended December 31, 2016 without exception.



Jon C Essen, Chief Operating Officer

SEC
Mail Processing
Section
MAR - 1 2017
Washington DC
414

LOCORR DISTRIBUTORS, LLC
Financial Statements
and
Supplemental Schedules Pursuant
to SEC Rule 17a-5
December 31, 2016

LoCorr Distributors, LLC
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December 31, 2016

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