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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
8-69315

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 01/01/16 AND ENDING 12/31/16
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

38 Degree Advisors, Inc.

OFFICIAL USE ONLY

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

4370 Alpine Road Suite 209

FIRM I.D. NO.

(No. and Street)

Portola Valley

CA

94028

(City)

(State)

(Zip Code)

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

William Portwood

404-317-4781

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Cropper Accountancy Corporation

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

2700 Ygnacio Valley Road #270 Walnut Creek

CA

94598

(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)

ty

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.

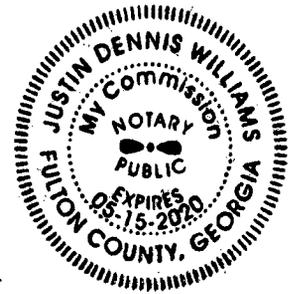
act

OATH OR AFFIRMATION

I, William Portwood, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of 38 Degree Advisors, Inc., as of December 31, 20 16, 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:

[Signature]
Signature
CFO
Title

[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).

38 DEGREE ADVISORS, INC.

**FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT REGISTERED ACCOUNTING FIRM**

December 31, 2016

38 DEGREE ADVISORS, INC.

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(925) 476-9930 efax

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholder of
38 Degree Advisors, Inc.
Portola Valley, California

We have audited the accompanying statement of financial condition of 38 Degree Advisors, Inc. as of December 31, 2016, and the related statements of operations, changes in shareholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of 38 Degree Advisors, Inc.'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 38 Degree Advisors, Inc. 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 Supplemental information contained in Schedule I has been subjected to audit procedures performed in conjunction with the audit of 38 Degree Advisors, Inc.'s financial statements. The supplemental information is the responsibility of 38 Degree Advisors, Inc.'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 is fairly stated, in all material respects, in relation to the financial statements as a whole.


CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
February 27, 2017

38 DEGREE ADVISORS, INC.

STATEMENT OF FINANCIAL CONDITION

December 31, 2016

Assets

Cash	\$	28,834
Accounts receivable, net		52,100
Property and equipment, net		-
Investment in Secret Golf Inc.		49,999
Other assets		<u>2,500</u>
Total assets	\$	<u>133,433</u>

Liabilities and shareholder's equity

Liabilities		
Accrued liabilities	\$	<u>19,693</u>
Total liabilities		<u>19,693</u>
Shareholder's equity		
Shareholder's equity		14,541
Retained earnings		<u>99,199</u>
Total shareholder's equity		<u>113,740</u>
Total liabilities and shareholder's equity	\$	<u>133,433</u>

38 DEGREE ADVISORS, INC.

STATEMENT OF OPERATIONS

For the year ended December 31, 2016

Revenue

Unregulated Revenue	\$	285,810
Other income		101,170
Total revenue		<u>386,980</u>

Expenses

Bad Debt Expense		121,000
Cost of Goods Sold		84,657
Professional Services		57,112
Rent		57,040
Insurance expense		18,940
Dues and Subscriptions		15,383
Professional Fees - All Other		14,230
Professional Development		10,118
Automobile expense		9,266
Professional Fees - FICA/CCO		5,477
Other operating expenses		45,713
Total expenses		<u>438,936</u>

Net Income (loss)

\$ (51,956)

38 DEGREE ADVISORS, INC.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the year ended December 31, 2016

Shareholder's equity, beginning of year	\$	250,946
Shareholder contributions		-
Shareholder withdrawals		(85,250)
Net income (loss)		<u>(51,956)</u>
Shareholder's equity, end of year	\$	<u>113,740</u>

38 DEGREE ADVISORS, INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2016

Cash flows from operating activities

Net Income (loss) \$ (51,956)

Adjustments to reconcile net income (loss) to net cash provided
(used) by operating activities:

Changes in assets and liabilities:

Accounts receivable, net 86,516

Other assets 21,390

Accrued liabilities 8,668

Net cash provided by (used in) operating activities 64,618

Cash flows from investing activities

Capital withdrawals, net of change in advance capital withdrawals and
capital withdrawals payable (85,250)

Net cash provided by (used in) investing activities (85,250)

Net change in cash and cash equivalents (20,633)

Cash and cash equivalents, beginning of year 49,466

Cash and cash equivalents, end of year \$ 28,834

Supplemental disclosure of cash flow information

Cash paid during the year for interest \$ -

Income tax payments \$ -

38 DEGREE ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of operations and summary of significant accounting policies

Nature of Operations

38 Degree Advisors Inc (the "Company") was formed as a sub-chapter S corporation under the laws of the State of California in October 2010. Since May 2014, The Company is a broker-dealer, registered with Financial Industry Regulatory Authority ("FINRA"), and licensed by the Securities and Exchange Commission ("SEC"). The Company advises on or facilitates private placement equity or debt offerings in addition to providing advisory services to facilitate mergers or acquisitions, financial restructurings, asset sales, divestitures or other corporate reorganizations or business combinations. Private placement transactions could include sales of private equity or debt securities, and warrants to institutional and accredited investors. The Company also provides non-regulated services in the areas of interim executive management and strategic & business consulting.

Government and Other Regulation

The Company's business is subject to significant regulation by governmental agencies and self-regulatory organizations. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the applicable requirements of these organizations.

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as detailed in the Financial Accounting Standards Board's Accounting Standards Codification ("ASC").

Revenue Recognition

The Company generates commission and fee income from assisting clients with the private placement of debt and equity capital, M&A advisory services, interim executive management and strategic and business consulting. Commission and fee income and related expenses are recognized when earned or incurred.

Income Taxes

The Company is organized in the state of California as a sub-chapter S corporation. The Company has elected to be treated as a sub-chapter S corporation for federal income tax purposes and does not record a provision or liability for income taxes. The shareholders report their share of the Company's income or loss on their tax returns. The financial statements reflect the Company's transactions without adjustment, if any, required for income tax purposes.

Management has evaluated the application of Financial Accounting Standards Board Accounting Standards Codification ("ASC") 740 "Income Taxes" to the Company, and has determined that no reserves for uncertain tax positions were required to have been recorded as a result of the adoption of ASC 740. The prior three tax years generally remain subject to examination by the U.S. Federal and most state tax authorities.

38 DEGREE ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the amounts disclosed in the financial statements. Actual results could differ from those estimates.

Fair Value - Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches. ASC 820, "Fair Value Measurements and Disclosures", establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

With regards to defining fair value and Level 3 hierarchy, unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the 38 Degree Advisors' own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

38 DEGREE ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS

2. Net capital requirement

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1) which requires the Company to maintain a minimum net capital equal to or greater than \$5,000 or 6 and 2/3% of aggregate indebtedness, and a ratio of aggregate indebtedness to net capital not exceeding 15 to 1, both as defined. At December 31, 2016, the Company's adjusted net capital was approximately \$9,000 which exceeded the requirement by approximately \$4,000.

3. Related party transactions

The Company receives fees for consulting and professional services from Secret Golf Inc. The Managing Director of the Company is the interim CEO of Secret Golf Inc. and has ownership interest in Secret Golf Inc as well. During 2016 the revenue earned for these consulting services was \$120,000 plus \$16,170 of reimbursable expenses. At December 31, 2016, the Company had \$172,200 of accounts receivable from Secret Golf Inc. netted by \$121,000 allowance for doubtful accounts. The allowance is based on an analysis of current receivables aging.

4. Investment in Secret Golf Inc

Investment in Secret Golf Inc. consists of a direct ownership of Series A-1 preferred stock of Secret Golf Inc., a privately held company. The transaction price, excluding transaction costs, is typically 38 Degree Advisors' best estimate of fair value at inception. When evidence supports a change to the carrying value from the transaction price, adjustments are made to reflect expected exit values in the investment's principal market under current market conditions.

38 Degree Advisors performs ongoing reviews based on an assessment of trends in the performance of each underlying investment from the inception date to the most recent valuation date. These assessments typically incorporate the original transaction price, recent transactions in the same or similar instruments, completed or pending third party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets and changes in financial ratios or cash flows.

As of December 31, 2016, the fair market value of the 38 Degree Advisors' investment in Secret Golf Inc. was \$49,999, which is the cost paid for the original shares. The investment in Secret Golf Inc. is included in Level 3 of the fair value hierarchy.

5. Fair value measurements

The Company's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820. See Note 1 for a discussion of the Company's policies. The following table presents information about the Company's assets and liabilities measured at fair value as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Assets (at fair value)				
Investments in private companies	-	-	49,999	49,999

38 DEGREE ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS

6. Leases

In November 2015, 38 Degree Advisors entered into a lease agreement for office space with The Thesing Group for a two year term. Future minimum lease payments under the lease are as follows:

• 2017	\$70,560
	<u> </u>
	\$70,560

Rent expense under this lease was \$57,040 for the year December 31, 2016.

7. Subsequent events

These financial statements were approved by management and available for issuance on February 23, 2017. Subsequent events have been evaluated through this date. There were no subsequent events requiring disclosures or adjustments.

38 DEGREE ADVISORS, INC.

SUPPLEMENTAL INFORMATION

December 31, 2016

Schedule I
Computation of Net Capital under Rule 15c3-1
of the Securities and Exchange Commission

Net capital:		
Total Shareholders' Equity qualified for net capital	\$	113,740
Less: Non allowable assets		<u>(54,600)</u>
Net capital		59,140
Haircut on securities		<u>(49,999)</u>
Adjusted net capital		9,141
Net minimum capital requirement of 6.67% of aggregate indebtedness of \$19,693 or \$5,000 whichever is greater		<u>5,000</u>
Excess net capital	\$	<u>4,141</u>

There are no material differences between the above computation and the Company's corresponding unaudited Focus Report (form X-17A-5) filing as of December 31, 2016.

38 DEGREE ADVISORS, INC.

SUPPLEMENTAL INFORMATION

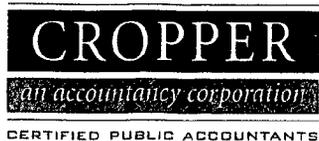
December 31, 2016

**Schedule II
Computation of Determination of Reserve Requirements
Pursuant to Rule 15c3-3**

Not applicable

**Information for Possession or Control
Requirements under Rule 15c3-3**

Not applicable



office location
2700 Ygnacio Valley Road, Ste 270
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2977 Ygnacio Valley Rd, PMB 460
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholder of
38 Degree Advisors, Inc.
Portola Valley, California

We have reviewed management's statements, included in the accompanying Exemption Report Pursuant to SEC Rule 17A-5, in which (1) 38 Degree Advisors, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which 38 Degree Advisors claimed an exemption from 17 C.F.R. §240.15c3-3: (2)(i) (the "exemption provisions") and (2) 38 Degree Advisors, Inc. stated that 38 Degree Advisors, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. 38 Degree Advisors, Inc.'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 38 Degree Advisors, Inc.'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)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Cropper Accountancy Corporation
CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
February 27, 2017



Member FINRA/SIPC
4370 Alpine Road Suite 209
Portola Valley, CA 94028
(650) 850-4171

SEC Rule 15c3-3 Exemption

38 Degree Advisors, Inc. (the Company) claims only one exemption from SEC Rule 15c3-3 for the fiscal year ending December 2016. The Company is exempt from the requirements of SEC Rule 15c3-3 (“Customer Protection Rule”) under subparagraph (k)(2)(i).

There are three types of exemptions to SEC Rule 15c3-3: (k)(1), (K)(2)(i), and (k)(2)(ii). The firm is unable to avail itself to the (k)(2)(ii) exemption as it applies to introducing broker-dealers who have a clearing relationship and do not hold customer funds or securities. The firm does not maintain a clearing relationship.

The Company is exempt under (k)(2)(i) for the following reasons. 1) The firm requested and was granted such exemption in its Membership Agreement with FINRA. 2) The firm does not hold customer funds or securities, in fact does not receive any customer funds or securities. 3) Any transmittal of any funds by a customer would be handled through a bank account in which the firm is not an owner or beneficiary. 4) The firm carries no margin accounts.

The Company met the identified provision throughout the most recent fiscal year without exception.

I, William B. Portwood, swear and affirm that, to my best knowledge and belief, this exemption report is true and correct.

A handwritten signature in black ink, appearing to read 'W. B. Portwood', written over a horizontal line.

William B. Portwood
CFO



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2700 Ygnacio Valley Road, Ste 270
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON APPLYING AGREED-UPON PROCEDURES

To the Shareholder of
38 Degree Advisors, Inc.
Portola Valley, California

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2016, which were agreed to by 38 Degree Advisors, Inc. and the Securities and Exchange Commission, financial Industry Regulatory Authority, Inc., SIPC, and other designated examining authorities, solely to assist you and the other specified parties in evaluating 38 Degree Advisors, Inc.'s compliance with the applicable instructions of Form SIPC-7. 38 Degree Advisors, Inc.'s management is responsible for 38 Degree Advisors, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 (FOCUS Report) for the year ended December 31, 2016 with the amounts reported in Form SIPC-7 for that period, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences; and
- 5) Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Cropper Accountancy Corporation
CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
February 27, 2017

SIPC-7

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300

General Assessment Reconciliation

SIPC-7

(33-REV 7/10)

For the fiscal year ended December 31, 2016

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

38 Degree Advisors, Inc.
4370 Alpine Road, Suite 209
Portola Valley, California 94028
DEA: FINRA
SEC ID: 8-69315; FINRA CRD #: 168540
FYE: December

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

William Portwood (404) 317-4781

WORKING COPY

- 2. A. General Assessment (item 2e from page 2) \$ 965
- B. Less payment made with SIPC-6 filed (exclude interest) (377)
8/4/17 (date check cleared)
Date Paid
- C. Less prior overpayment applied (0)
- D. Assessment balance due or (overpayment) 588
- E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum 0
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 588
- G. PAYMENT: the box Funds Wired
Check mailed to P.O. Box
Total (must be same as F above) \$ 587
- H. Overpayment carried forward \$()

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

38 Degree Advisors, Inc.

(Name of Corporation, Partnership or other organization)

[Signature]
(Authorized Signature)

Dated the 19th day of January, 20 17.

CE/llcc
(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates:
Postmarked Received Reviewed

Calculations Documentation Forward Copy

Exceptions: _____

Disposition of exceptions: _____

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning 1/1/2016
and ending 12/31/2016

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

Eliminate cents
\$ 386,130

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above. 0
 - (2) Net loss from principal transactions in securities in trading accounts. 0
 - (3) Net loss from principal transactions in commodities in trading accounts. 0
 - (4) Interest and dividend expense deducted in determining item 2a. 0
 - (5) Net loss from management of or participation in the underwriting or distribution of securities. 0
 - (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities. 0
 - (7) Net loss from securities in investment accounts. 0
- Total additions 0

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products. 0
- (2) Revenues from commodity transactions. 0
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions. 0
- (4) Reimbursements for postage in connection with proxy solicitation. 0
- (5) Net gain from securities in investment accounts. 0
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date. 0
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act). 0
- (8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C): 0

(Deductions in excess of \$100,000 require documentation)

- (9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. \$ 0
 - (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). \$ 0
- Enter the greater of line (i) or (ii) 0
- Total deductions 0

2d. SIPC Net Operating Revenues

\$ 386,130

2e. General Assessment @ .0025

\$ 965

(to page 1, line 2.A.)



February 27, 2017

Cropper Accountancy Corporation
Walnut Creek, California

This representation letter is provided in connection with your audit of the financial statements of 38 Degree Advisors, which comprise the statement of financial condition as of December 31, 2016, and the related statements of operations, changes in shareholder's equity, and cash flows for the year then ended pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements and supplemental information, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP). We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of February 27, 2017, the following representations made to you during your audit.

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 4, 2016, including our responsibility for the preparation and fair presentation of the financial statements pursuant to Rule 17a-5 under the Securities and Exchange Act of 1934, and the related notes to the financial statements and supplemental information.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all disclosures necessary for such fair presentation and disclosures required to be included by the laws and regulations to which the Company is subject.
- We have provided you with:
 - Access to all financial records and other information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, including the names of all related parties and all relationships and transactions with related parties.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - Minutes of the meetings of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and supplementary information that are free from material misstatement, whether due to fraud or error.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- The books and records underlying the financial statements and supplemental information have been reconciled to supporting data and properly adjusted as necessary.
- All material transactions have been properly recorded in the accounting records and reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements communicated by employees, former employees, regulators, or others.
- We have no knowledge of any violations or suspected violations of laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
- Related-party relationships or transactions, including sales, purchases, loans, transfers, leasing arrangements, guarantees, and amounts receivable from or payable to related parties, have been properly accounted for and adequately disclosed in the financial statements.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Significant estimates and material concentrations known to management have been properly disclosed in accordance with U.S. GAAP.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the company is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- All securities exchange memberships and participation in joint accounts carried by others have been properly recorded.
- There are no material unrecorded assets or contingent assets, such as claims relating to buy-ins, unfulfilled contracts, etc., whose value depends on the fulfillment of conditions regarded as uncertain.

- All borrowings and financial obligations of which we are aware are included in the financial statements, and all borrowing arrangements of which we are aware are disclosed.
- There are no securities or investments not readily marketable owned by us or pledged to secure assets loaned pursuant to subordinated agreements.
- The Company has assessed the impact of FASB ASC 740, Income Taxes , and has determined that no material liability is required to be recorded.
- There are no borrowings or claims unconditionally subordinated to all claims or general creditors pursuant to a written agreement.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with *FASB Accounting Standards Codification 275, Risks and Uncertainties*
- There are no other liabilities or gain or loss contingencies that are required to be accrued or disclosed under GAAP.
- There are no side agreements or other arrangements (either written or oral) that have not been disclosed to you.
- The company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- Information about financial instruments with off-balance-sheet risk and financial instruments (including receivables) with concentrations of credit risk have been properly disclosed.
- We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We understand and acknowledge our responsibility for the fair presentation of the supplemental information, Schedule I - Completion of Net Capital under Rule 15c3-1 of the securities and exchange commissions in accordance with U.S. GAAP and Rule 17a-5 of the Securities and Exchange Act of 1934. We believe the supplemental information, including its form and content, is fairly presented in accordance with U.S. GAAP and SEC Rule 17a-5. The methods of measurement and presentation of the supplemental information have not changed from those used in the prior period. The form and content of supplemental information complies, in all material respects, with the regulatory requirements of SEC Rule 17a-5. We are responsible for, and have disclosed to you, any significant assumptions or interpretations underlying the measurement and presentation of the supplemental information, and we believe that those assumptions or interpretations are appropriate.
- There have been no regulatory examination reports, supervising correspondence, or similar materials received from applicable regulatory agencies, including communications concerning



supervisory actions or noncompliance with, or deficiencies in, rules, regulations, or supervisory actions during the year ended December 31, 2016 or through February 27, 2017.

- There are no capital withdrawals anticipated within the next six months other than in the ordinary course of business.
- We are responsible for establishing and maintaining adequate internal control for safeguarding the Company's securities and for the practices and procedures relevant to the objectives stated in SEC Rule 17a-5(g), including making periodic computations of aggregated indebtedness (or aggregate debits) and net capital under Rule 15c3-1 and for maintaining 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, we do not maintain practices and procedures related to the following:
 - Making quarterly securities examinations, counts, verifications, and comparisons, and recording the differences as required by Rule 17a-13.
 - 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.

We believe that our practices and procedures were adequate at December 31, 2016 to meet the SEC's objectives. There have been no significant changes in internal control since December 31, 2016.

- We acknowledge our responsibility for compliance with the identified exemption provisions throughout the year, and our assertions, are the responsibility of management. We have made available to you all records and other information relating to our assertions, including communications from regulatory agencies, internal auditors, and others who perform equivalent functions and compliance functions concerning possible exceptions to exemption provisions through the date of the review report. There have been no known events or other factors subsequent to the period addressed in our assertions that might significantly affect our compliance with the identified exemption provisions.
- The Company has been in compliance with the exemptive provisions of SEC Rule 15c3-3 at all times during the year ended December 31, 2016 and through February 27, 2017.
- Net capital computations prepared by us during the period January 1, 2016 through February 27, 2017 indicated that we were in compliance with the requirements of The Net Capital Rule (SEC Rule 15c3-1) at all times during the period. The Company is not subject to, and did not prepare, a calculation for the reserve requirements of SEC Rule 15c3-3.
- There were no significant deficiencies, material weaknesses, or material inadequacies at December 31, 2016 or during the period January 1, 2016 through February 27, 2017, in internal control over financial reporting and control activities for safeguarding the Company's securities (as well as other assets), and the practices and procedures followed in making periodic computations of aggregate indebtedness (or aggregate debits) and net capital as defined in accordance with the Net Capital Rule (SEC Rule 15c3-1).
- There are no outstanding past due PCAOB accounting support fees.



- We are aware of the requirements regarding expense-sharing agreements as specified in SEC Rule 15c3-1(c)(2)(i)(F) and the July 11, 2003, letter issued by the Securities and Exchange Commission, Division of Market Regulation. We believe that the Company has sufficient documentation necessary to verify the financial independence of the affiliated entity assuming the Company's liabilities, has appropriately recorded all expenses relative to the operation of its business, and is in compliance with the Rule and the requirements stipulated in the letter.

No events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

Signature:  February 27, 2017

Title: MANAGING DIRECTOR

February 27, 2017
Cropper Accountancy Corporation
Walnut Creek, California

In connection with your engagement to apply agreed-upon procedures to the General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) of 38 Degree Advisors, Inc. for the year ended December 31, 2016, we confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your engagement.

- 1) We are responsible for the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) in accordance with Rule 17a-5(e)(4) of the Securities and Exchange Act of 1934 and the SIPC Series 600 Rules.
- 2) We are responsible for establishing and maintaining effective internal control over compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7).
- 3) We are responsible for the presentation of the General Assessment Reconciliation (Form SIPC-7) in accordance with Rule 17a-5(e)(4) of the Securities and Exchange Act of 1934 and the SIPC Series 600 Rules.
- 4) As of December 31, 2016, the General Assessment Reconciliation (Form SIPC-7) is presented in compliance with the applicable SIPC-7 instructions in accordance with Rule 17a-5(e)(4) of the Securities and Exchange Act of 1934 and the SIPC Series 600 Rules.
- 5) We are responsible for selecting the agreed-upon procedures criteria and for determining that such criteria are sufficient and appropriate for our purposes.
- 6) We have disclosed to you all known noncompliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7), including noncompliance occurring after December 31, 2016.
- 7) We have made available all documentation and other information that we believe is relevant to our compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7).
- 8) There have been no communications from regulatory agencies, internal auditors, or other independent accountants or consultants regarding possible noncompliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7), including communications received between December 31, 2016 and the date of this letter.
- 9) We have responded fully to all inquiries made to us by you during the engagement.
- 10) No events have occurred subsequent to December 31, 2016 and through the date of this letter that would require adjustment to or modification of the General Assessment Reconciliation.
- 11) Your report is intended solely for the information and use of 38 Degree Advisors, Inc. and the Securities Investor Protection Corporation and other designated examining authorities and is not intended to be and should not be used by anyone other than these specified parties.

Signature:  February 27, 2017
Title: MANAGING DIRECTOR