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**ANNUAL REPORTS  
FORM X-17A-5  
PART III**

FEB 28 2022

**FACING PAGE**

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/2021 AND ENDING 12/31/2021  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF FIRM: Northcoast Research Partners, LLC

TYPE OF REGISTRANT (check all applicable boxes):

- Broker-dealer
- Security-based swap dealer
- Major security-based swap participant
- Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

1301 East Ninth Street Suite 1500  
(No. and Street)

Cleveland Ohio 44114  
(City) (State) (Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Sal Raffa 216-468-6955 sal.raffa@northcoastresearch.com  
(Name) (Area Code – Telephone Number) (Email Address)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

Barnes Welding CPAs, Inc.  
(Name – if individual, state last, first, and middle name)

1350 Euclid Avenue Suite 1400 Cleveland Ohio 44115  
(Address) (City) (State) (Zip Code)

4/22/2008 3179  
(Date of Registration with PCAOB)(if applicable) (PCAOB Registration Number, if applicable)

**FOR OFFICIAL USE ONLY**

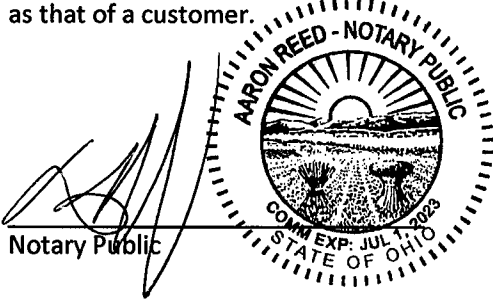
\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

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RMS

## OATH OR AFFIRMATION

I, Sal Raffa, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Northcoast Research Partners, LLC, as of December 31, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.



Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Chief Financial Officer

### This filing\*\* contains (check all applicable boxes):

- (a) Statement of financial condition.
- (b) Notes to consolidated statement of financial condition.
- (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- (d) Statement of cash flows.
- (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- (f) Statement of changes in liabilities subordinated to claims of creditors.
- (g) Notes to consolidated financial statements.
- (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (t) Independent public accountant's report based on an examination of the statement of financial condition.
- (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- (z) Other: \_\_\_\_\_

\*\*To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

**NORTHCOAST RESEARCH PARTNERS, LLC**

***STATEMENT OF FINANCIAL CONDITION***

***DECEMBER 31, 2021***

# NORTHCOAST RESEARCH PARTNERS, LLC

## TABLE OF CONTENTS

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	<u>Page</u>
Report of Independent Registered Public Accounting Firm.....	1-2
FINANCIAL STATEMENTS	
Statement of Financial Condition .....	3
Notes to Statement of Financial Condition.....	4-7
SUPPLEMENTAL INFORMATION	
Computation of Net Capital and Required Net Capital Pursuant to Rule 15c3-1 of the Securities Exchange Act of 1934 and Statement Pursuant to Rule 17a-5(d)(2)(iii) .....	8
SUPPLEMENTAL REPORTS	
Report of Independent Registered Public Accounting Firm.....	9
SEC Rule 15c3-3 Exemption Report.....	10



## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Northcoast Research Holdings, LLC, the Sole Member of  
Northcoast Research Partners, LLC  
Cleveland, Ohio

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Northcoast Research Partners, LLC (the Company) as of December 31, 2021, and the related notes (collectively referred to as the financial statement). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
(CONTINUED)**

**Auditors' Report on Supplemental Information**

The Computation of Net Capital and Required Net Capital Pursuant to Rule 15c3-1 of the Securities Exchange Act of 1934 and Statement Pursuant to Rule 17a-5(d)(2)(iii) has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statement. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statement 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 Computation of Net Capital and Required Net Capital Pursuant to Rule 15c3-1 of the Securities Exchange Act of 1934 and Statement Pursuant to Rule 17a-5(d)(2)(iii) is fairly stated, in all material respects, in relation to the financial statement as a whole.

*Barnes Wendling CPAs, Inc.*

Barnes Wendling CPAs, Inc.  
We have served as the Company's auditor since 2019.  
Cleveland, Ohio  
February 22, 2022

# NORTHCOAST RESEARCH PARTNERS, LLC

## STATEMENT OF FINANCIAL CONDITION

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	DECEMBER 31, 2021
<b>ASSETS</b>	
Cash	\$ 883,082
Restricted cash equivalents	215,531
Deposit held by clearing broker	262,345
Receivable from broker	269,412
Receivables from customers	126,562
Prepaid expenses	46,817
Equipment and leasehold improvements, net	28,603
Right-of-use asset	<u>459,355</u>
	<u>\$ 2,291,707</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 37,174
Accrued payroll	290,340
Lease liability	<u>664,670</u>
<b>TOTAL LIABILITIES</b>	992,184
<b>MEMBER'S EQUITY</b>	<u>1,299,523</u>
	<u>\$ 2,291,707</u>

*See accompanying notes to statement of financial condition.*

# NORTHCOAST RESEARCH PARTNERS, LLC

## NOTES TO STATEMENT OF FINANCIAL CONDITION

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### **NOTE A – Organization and nature of business**

Northcoast Research Partners, LLC (the Company) provides independent equity research to its institutional customers. The Company is a limited liability company organized under the laws of Ohio and was incorporated on October 29, 2008. They began trading operations during May 2009. The Company, a wholly-owned subsidiary of Northcoast Research Holdings, LLC (Holdings or Parent), is registered as a broker-dealer under the Securities Exchange Act of 1934, and is a member of the Financial Industry Regulatory Authority (FINRA).

### **NOTE B – Summary of significant accounting policies**

#### General

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America. The Company does not carry customer accounts or hold funds or securities for customers, but operates as an introducing broker on a fully disclosed basis.

#### Use of estimates

The preparation of statement of financial condition in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual results could differ from those estimates.

#### Cash and restricted cash equivalents

Cash and restricted cash equivalents consist of cash and other highly liquid resources, such as money market funds with an original maturity of three months or less when purchased. Cash and restricted cash equivalents consist of a deposit held by the clearing broker (Note B) and a money market fund account set aside as collateral for the Parent's demand line of credit as required by contractual agreement with the bank of \$215,531. When the related bank debt is paid in full, the restriction will lapse. Management evaluated the credit worthiness of the respective financial institutions and, along with consideration of historical trends, determined no allowance for credit losses was necessary for the deposit held at the clearing broker and for the money market fund as of December 31, 2021.

#### Deposit held by clearing broker

Under the terms of the clearing agreement between the Company and the clearing broker, the Company is required to maintain a certain level of cash on deposit with the clearing broker. Should the clearing broker suffer a loss due to a failure of a customer of the Company to complete a transaction, the Company is required to indemnify the clearing broker. Deposit held by clearing broker at December 31, 2021 is \$262,345.

#### Concentration of credit risk and credit losses

The Company's cash balance is primarily in two financial institutions. For each financial institution, the respective balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

# NORTHCOAST RESEARCH PARTNERS, LLC

## NOTES TO STATEMENT OF FINANCIAL CONDITION

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### NOTE B – Summary of significant accounting policies, continued

The Company had receivables from four customers at December 31, 2021 that comprised 68% of the receivables from customers balance.

The Company is further exposed to credit risk for commissions receivable from the broker, which is collected within 30 days, and the Company is also exposed to credit risk for the deposit held by clearing broker. Such credit risk is generally limited to the amount of the receivable from the broker and deposit held by clearing broker.

In the normal course of business, the Company's customers and clearing broker activities involve the execution and settlement of various customer security transactions. These activities may expose the Company to certain risks in the event the customer or other broker is unable to fulfill its contracted obligations and the Company must purchase or sell the financial instrument underlying the contract at a loss or gain.

The Company has not experienced nonperformance by any customer or its clearing broker in the above situations during 2021 nor does it anticipate it will. In addition, the Company has a policy of reviewing, the credit standing of the customers, the clearing broker and financial institutions with which it conducts business.

As of December 31, 2021, the Company had no other significant concentrations of credit risk.

#### Receivables from broker and customers and allowances

Receivables from broker and customers totaled \$395,974 and \$319,283, at December 31, 2021 and 2020, respectively. Receivables from broker included \$17,523 of unsettled regular-way trades. Receivables from broker and customers are recorded and carried at the amount expected to be collected. Management considers historical experience, credit quality of customers, current economic conditions and other factors that may affect the Company's ability to collect from customers when assessing the need for an allowance for credit losses. The Company has not experienced significant nonperformance by any customer in 2021 and 2020. Based upon management's assessment as of December 31, 2021 and 2020, no allowances for receivables were recorded as of December 31, 2021.

#### Equipment and leasehold improvements

Equipment and leasehold improvements consisted of the following at December 31, 2021:

Furniture and fixtures	\$ 160,508
Office equipment	244,825
Leasehold improvements	<u>27,974</u>
	433,307
Less accumulated depreciation	<u>(404,704)</u>
	<u>\$ 28,603</u>

# NORTHCOAST RESEARCH PARTNERS, LLC

## NOTES TO STATEMENT OF FINANCIAL CONDITION

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### **NOTE B – Summary of significant accounting policies, continued**

The straight-line method is generally used to provide for depreciation over the estimated useful lives of the assets, primarily 7 years for furniture and fixtures and 3 years for office equipment. Leasehold improvements are amortized over the shorter of their estimated useful life or the term of the lease.

#### Income taxes

The Company is not required to file Federal or state income tax returns. Due to being a single member limited liability company, the Company's income, gains, losses, deductions and credits are included on Holdings' tax return. Holdings, as a limited liability company, is not subject to Federal or state income taxes and each of its members are required to report on their Federal and state income tax returns their share of Holdings' income, gains, losses, deductions and credits.

#### Events occurring after reporting date

The Company has evaluated events and transactions that occurred between December 31, 2021 and February 22, 2022, which is the date that the statement of financial condition was issued, for possible recognition or disclosure in the statement of financial condition.

### **NOTE C – Profit sharing plan**

The Company has a 401(k) profit sharing plan that covers substantially all employees. Employees may elect to contribute pre-tax a portion of their pay up to limits established by the Internal Revenue Service. The Company is required to contribute 3% of the employees' compensation, regardless of the individual's participation. Profit sharing contributions to the plan are discretionary and determined by management based on the Company's financial performance in the calendar year.

### **NOTE D – Lease commitments**

In 2013, Holdings decided to relocate the Company's office space and entered into a non-cancelable ten-year operating lease commencing on February 1, 2014.

During 2016, the landlord asked Holdings to relocate the Company's offices to a different floor in the same building at the landlord's expense. Holdings and the landlord amended the original operating lease agreement which resulted in a reduction of lease expense commencing upon relocation. The amended lease did not alter the original length of the lease term. On January 15, 2017, the rental obligations under this lease were assumed by the Company. The Company relocated on October 9, 2017.

The office space lease agreement provides for escalating rent payments at various times during the lease term. Generally accepted accounting principles require that rent be recorded on a straight-line basis over the life of the lease. An aggregate difference between actual rent payments and the amount which would have been paid if payments were made on the straight-line basis is \$163,649 at December 31, 2021. In addition, the landlord provided a tenant improvement allowance of \$200,000 for leasehold improvements which is deferred and accreted on a straight-line basis over the lease term as a reduction of rent expense. As of December 31, 2021, the leasehold allowance, net of accretion, was \$41,667.

# NORTHCOAST RESEARCH PARTNERS, LLC

## NOTES TO STATEMENT OF FINANCIAL CONDITION

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### NOTE D – Lease commitments, continued

As of December 31, 2021, the right-of-use asset is \$459,355 and the related lease liability is \$664,670. The right-of-use asset and the related lease liability was calculated utilizing a discount rate of 6%. The operating lease assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at the commencement date. As the Company's operating lease does not provide an implicit rate, the Company estimated its incremental borrowing rate based on information available at the commencement date in determining the present value of future payments.

Future minimum lease payments under lease agreement as of December 31, 2021 are as follows:

2022	\$	335,198
2023		345,081
2024		<u>28,825</u>
Total lease payments		709,104
Less: interest		<u>(44,434)</u>
Present value of lease liabilities	\$	<u>664,670</u>

### NOTE E – Net capital requirements

As a member organization of FINRA, the Company is subject to the Uniform Net Capital Rule 15c3-1 adopted by the Securities and Exchange Commission and administered by FINRA, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The Company's minimum net capital requirement as of December 31, 2021 was \$35,522. At December 31, 2021, the Company's net capital was \$882,010 and exceeded the minimum net capital requirement by \$846,488. The Company's ratio of aggregate indebtedness at December 31, 2021 was .60 to 1. The Company is exempt under provision (k)(2)(ii) of the Securities Exchange Act of 1934 Rule 15c3-3 from the "Computation for Determination of Reserve Requirements" and the schedule of "Information Relating to Possession or Control Requirements."

## Supplemental Information

# NORTHCOAST RESEARCH PARTNERS, LLC

## COMPUTATION OF NET CAPITAL AND REQUIRED NET CAPITAL PURSUANT TO RULE 15c3-1 OF THE SECURITIES EXCHANGE ACT OF 1934 AND STATEMENT PURSUANT TO RULE 17a-5(d)(2)(iii)

DECEMBER 31, 2021

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Total member's equity from statement of financial condition	\$ 1,299,523
Nonallowable assets:	
Restricted cash	215,531
Receivables	126,562
Equipment and leasehold improvements, net	28,603
Prepaid expenses	<u>46,817</u>
Total nonallowable assets	<u>417,513</u>
Net capital	\$ 882,010
Net capital requirement (greater of \$5,000 or 6-2/3% aggregate indebtedness)	<u>\$ 35,522</u>
Excess net capital	<u>\$ 846,488</u>
Total aggregate indebtedness	<u>\$ 532,829</u>
Percentage of aggregate indebtedness to net capital	.60 to 1

### Statement Pursuant to Rule 17a-5(d)(2)(iii)

There are no material differences between the preceding computation and the Company's corresponding unaudited amended Part II of Form X-17A-5 as of December 31, 2021.

## Supplemental Reports

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Northcoast Research Holdings, LLC, the Sole Member of  
Northcoast Research Partners, LLC  
Cleveland, Ohio

We have reviewed management's statements, included in the accompanying Northcoast Research Partners, LLC Exemption Report Confidential Pursuant to Rule 17a-5(e)(3), in which (1) Northcoast Research Partners, LLC (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: (k)(2)(ii) (exemption provision) and (2) the Company stated that the Company met the identified exemption provision throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provision 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 provision. 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)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Barnes Wendling CPAs, Inc.*

Barnes Wendling CPAs, Inc.  
Cleveland, Ohio  
February 22, 2022


**NORTHCOAST RESEARCH PARTNERS, LLC  
EXEMPTION REPORT**

Northcoast Research Partners, LLC (the Company) is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k)(2)(ii)
- (2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k) throughout the most recent fiscal year without exception.

Northcoast Research Partners, LLC

I, Sal Raffa, affirm that, to the best of my knowledge and belief, this Exemption Report is true and correct.

  
\_\_\_\_\_  
Sal Raffa  
Executive Managing Director and Chief Financial Officer

February 22, 2022