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PART III

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 01/01/2022 AND ENDING 06/30/2022
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: AVM, L.P.

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.)

777 YAMATO ROAD SUITE 300

(No. and Street)

BOCA RATON

FLORIDA

33431

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

MARC C. MESKIN 561-544-4404

MARC.MESKIN@AVMLTD.COM

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

N/A-This is an unaudited Statement of Financial Condition

(Name – if individual, state last, first, and middle name)

(Address)

(City)

(State)

(Zip Code)

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

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* 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.

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.

AVM, L.P.
(an Illinois limited partnership)
Consolidated Statement of
Financial Condition
June 30, 2022
Unaudited

AVM, L.P.
 (an Illinois limited partnership)
 June 30, 2022
 Consolidated Statement of Financial Condition (Unaudited)

June 30, 2022

(in thousands)

Assets

Cash and cash equivalents	\$	12,236
Due from brokers and clearing organizations		2,198
Receivables from affiliates		7,428
Furniture, equipment, and software, net		1,608
Right of use assets		2,570
Other assets		<u>1,371</u>
Total assets	\$	<u>27,411</u>

Liabilities and Partners' Capital

Liabilities

Due to brokers and clearing organizations	\$	30
Accrued compensation		4,540
Accrued expenses		762
Payables to affiliates and other related parties		64
Lease liabilities		<u>2,701</u>
Total liabilities		8,097

Commitments and contingencies

General Partner		255
Class A Limited Partners		<u>19,059</u>
Total partners' capital		<u>19,314</u>
Total liabilities and partners' capital	\$	<u>27,411</u>

See accompanying notes to consolidated statement of financial condition

AVM, L.P.
(an Illinois limited partnership)

June 30, 2022

Notes to Consolidated Statement of Financial Condition (Unaudited)

1. Summary of Significant Accounting Policies

Organization and Business

AVM, L.P. ("AVM") is an institutional broker-dealer trading in U.S. government and other fixed income securities and derivatives. AVM's core business is the provision of introducing broker services to sophisticated, institutional customers. AVM also assists its clients with obtaining access to securities financing (e.g., via repurchase arrangements), and performs collateral management, as well as clearing services as agent and other operational services, to certain customers. AVM generally offers brokerage services on a non-discretionary, agency basis and does not serve in a principal capacity to its customers (although AVM may act in a riskless principal capacity on certain securities transactions). AVM conducts both its securities and futures interest businesses with other broker-dealers on a fully disclosed basis. AVM is registered with the Securities and Exchange Commission ("SEC") and as an introducing broker with the Commodity Futures Trading Commission ("CFTC"). AVM is a member of the Financial Industry Regulatory Authority ("FINRA"). AVM operates as a single segment.

Basis of Preparation

The consolidated statement of financial condition includes the accounts of AVM and AVM's wholly-owned subsidiaries (collectively, the "Partnership"), AVM Financial Limited ("AVM Financial") and III Capital Management (CH) LLC ("III CM (CH)").

AVM Financial is a broker-dealer located in the United Kingdom and is registered with the Financial Conduct Authority ("FCA") which requires it to maintain regulatory net capital in the amount of €50,000. AVM Financial met this requirement throughout the year. AVM Financial provides AVM with a presence in the European markets and the ability to provide investor relations services to AVM's European customers. All intercompany balances and transactions are eliminated in consolidation. The functional currency of AVM Financial is U.S. dollars.

III CM (CH) is an entity formed in March 2022 for the purpose of developing a systematic trading strategy using algorithms created by its employees. III CM (CH) is located in Pfäffikon in the canton of Schwyz in Switzerland and is the process of registering as a portfolio manager with the Swiss Financial Market Supervisory Authority ("FINMA"). Once the registration is accepted by FINMA, III CM (CH) will have a regulatory capital requirement of CHF 200,000 plus 25% of fixed annual costs and .01% of assets under management. III CM (CH) may also provide investment advice services, financial research, IT and other administrative services to AVM. All intercompany balances and transactions are eliminated in consolidation. The functional currency of III CM (CH) is U.S. dollars.

The consolidated statement of financial condition has been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and is stated in U.S. dollars.

Cash and Cash Equivalents

Cash includes cash held at banks and brokers. The amount held, at times, may exceed the amount of insurance provided by the Federal Deposit Insurance Corporation. The Partnership considers all highly liquid investments with a maturity of three months or less, including money market funds, to be cash

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Notes to Consolidated Statement of Financial Condition (Unaudited)
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equivalents. Cash equivalents are recorded at fair market value. At June 30, 2022, the Partnership's cash equivalent balance was invested in an overnight money market funds, the BlackRock Liquidity FedFund (Institutional Shares) and the Goldman Sachs Treasury Obligations Fund, and was valued at approximately \$12,033,000 based on the reported net asset value. Money Market Funds are categorized as Level 1 under ASC 820 "Fair Value measurement (Topic 820)", as they are primarily traded in highly active, liquid and visible markets.

Due from/to Brokers and Clearing Organizations

Due from brokers and clearing organizations consists of cash and deposits of \$1,188,000 held at these organizations as well as receivables for unsettled trades and other fees for \$1,010,000. Due to brokers and clearing organizations consists of balances payable to other brokers in the ordinary course of business.

Furniture, Equipment, and Software, net

Furniture, equipment, and software, are stated at cost and depreciated over estimated useful lives of three to seven years using a straight-line method. Leasehold improvements are amortized over the shorter of the economic useful life of the improvements or the term of the lease using a straight-line method. AVM capitalizes the qualifying costs incurred during the application development phase for internally developed software. Such internally developed software is amortized on a straight-line basis over the estimated useful life of three years beginning when such software is placed into service.

Income Taxes

No provision for federal, state and local income taxes has been made in the accompanying consolidated statement of financial condition, as individual partners are responsible for their proportionate share of the Partnership's taxable income. Interest and other income realized by the Partnership from non-U.S. sources and capital gains realized on the sale of securities of non-U.S. issuers may be subject to withholding and other taxes levied by the jurisdiction in which the income or gain is sourced.

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. An asset is not recognized to the extent that the transfer of economic benefits in the future is not deemed to be more likely than not. Any deferred tax assets and liabilities recognized are provided at the average rate of tax expected to apply when the asset or liability settles and are not discounted. As of June 30, 2022, there are no deferred tax assets or liabilities to be recorded in the consolidated statement of financial condition.

The Partnership recognizes a tax benefit from an uncertain position only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents. If this threshold is met, the Partnership measures the tax benefit as the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement. The Partnership is subject to potential examination by taxing authorities in various jurisdictions. Open tax years are those that are open for examination by relevant taxing authorities (i.e., open tax years are generally limited to the

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three most recent annual tax periods for which the returns have been filed). As of June 30, 2022, there was no impact to the consolidated statement of financial condition relating to accounting for uncertainty in income taxes.

Estimates

The preparation of the consolidated statement of financial condition in conformity with U.S. GAAP 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 consolidated statement of financial condition. Actual results could differ from those estimates.

2. Significant Risk Factors

In the normal course of business, the Partnership enters into transactions in various financial instruments. The Partnership's financial instruments are subject to, but are not limited to, the following risks:

Credit Risk

Credit risk represents the potential loss that the Partnership would incur if the counterparties failed to perform pursuant to the terms of their obligations to the Partnership. The Partnership minimizes its exposure to credit risk by conducting transactions with established, reputable financial institutions. Counterparty exposure is monitored on a regular basis.

The Partnership has an agreement with the Bank of New York Mellon Corporation to provide clearing and custodian services while carrying the Partnership's account as a customer. The Partnership clears its trades under a fully disclosed clearing agreement with Pershing LLC ("Pershing") and has a prime brokerage agreement with Citigroup Capital Markets Inc.

Currency Risk

The Partnership is exposed to risks that the exchange rate of the U.S. dollar relative to other currencies, primarily British Pounds and Swedish Krona, may change in a manner which has an adverse effect on the reported value of the Partnership's assets and liabilities denominated in currencies other than the U.S. dollar.

Political Risk

The Partnership is exposed to political risk to the extent that it trades securities that are listed on various U.S. and foreign exchanges and markets. The governments in any of these jurisdictions could impose restrictions, regulations or other measures, which may have a material adverse impact on the Partnership's business.

COVID-19 Risk

The Partnership is exposed to a variety of risks associated with the ongoing COVID-19 pandemic, including its effect on the economy, the Partnership's employees, the Partnership's clients, the regulatory environment and the Partnership's operations.

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COVID-19 and the volatile economic conditions stemming from the pandemic, as well as reactions to future pandemics or new strains or resurgences of COVID-19, could also precipitate or aggravate the other risk factors identified in previous sections, which, in turn, could materially adversely affect the Partnership's business, financial condition, liquidity, results of operations (including revenues and profitability). Further, COVID-19 may also affect the Partnership's operating and financial results in a manner that is not presently known or that the Partnership currently does not consider to present significant risks to the Partnership's operations.

3. Partnership Agreement

At June 30, 2022, the Partnership consists of a general partner, AVM Associates, LLC, a Florida limited liability company, and Class A limited partnership interests.

4. Furniture, Equipment, and Software, net

Furniture, equipment, and software are as follows:

<u>June 30, 2022</u>	<u>(in thousands)</u>
Computer hardware and software	\$ 7,250
Furniture and fixtures	748
Leasehold improvements	<u>2,835</u>
	10,833
Less accumulated depreciation and amortization	<u>(9,225)</u>
Furniture, equipment, and software, net	<u>\$ 1,608</u>

Computer hardware and software includes both purchased software and internally developed software. At June 30, 2022, capitalized costs relating to internally developed software were \$4,641,000, all of which has been placed into service. At June 30, 2022, accumulated amortization for internally developed software was \$4,317,000 and is included in furniture, equipment, and software, net on the consolidated statement of financial condition.

5. Related Parties Transactions

The amounts relating to affiliated transactions, as disclosed on the consolidated statement of financial condition are as follows:

<u>June 30, 2022</u>	<u>(in thousands)</u>
Receivables from affiliates	\$ 7,428
Payables to affiliates and other related parties	64

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Notes to Consolidated Statement of Financial Condition (Unaudited)
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The Partnership is party to an agreement with its affiliate, III Capital Management. Per the terms of this agreement, III Capital Management pays to the Partnership sales commissions in exchange for the Partnership's sales and investor relations services for the funds managed by III Capital Management. The sales commissions equal the sum of: (i) one third of all management (or equivalent) fees and (ii) 15% of all incentive fee revenues. The related receivable as of June 30, 2022 was \$7,249,000 and is included in receivables from affiliates.

The Partnership held a promissory note from a Principal for \$175,000 at a rate of 4% per year, which was due on June 30, 2022, but was extended for 18 days at the same interest rate, maturing July 18, 2022. The note is collateralized by the Principal's ultimate capital interest in the Partnership and the Partnership's general partner, as well as certain interests in III Capital Management and an investment fund managed by III Capital Management. As of June 30, 2022, the outstanding principal plus accrued interest totaled \$179,000 and was included in receivables from affiliates. The note was paid in full on July 13, 2022.

Effective May 31, 2018, the Partnership and a former partner (the "Former Partner") entered into an agreement pursuant to which, beginning on June 1, 2018 through May 31, 2027, the Former Partner is entitled to receive additional payments from the Partnership equal to 9.99% of net income in excess of certain special allocation and target amounts. Additional payments made during 2022 totaled \$0. The additional payments are recorded at the present value of all estimated future payments through May 31, 2027. As of June 30, 2022, the present value of future payments for 2022 through the end of the agreement was estimated to be zero.

Effective January 1, 2020, the Partnership and a withdrawing partner (the "Withdrawing Partner") entered into a withdrawal agreement pursuant to which, the Withdrawing Partner will receive additional payments equal to 3% of the Partnership's net income, subject to certain target amounts and special allocations through December 31, 2025. Additional payments made during 2022 totaled \$0. The additional payments are recorded at the present value of all estimated future payments through December 31, 2025. As of June 30, 2022, the present value of future payments for 2022 through the end of the agreement was estimated to be zero.

6. Leases

The Partnership recognizes and measures its leases in accordance with Accounting Standards Codification ("ASC") 842. The Partnership is a lessee in a non-cancelable operating lease for office space. The Partnership determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Partnership recognizes a lease liability and ROU asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments using a discount rate which represents the implicit rate of the lease, if readily determinable, or the Partnership's incremental borrowing rate based on information available at the date of lease commencement. The Partnership's incremental borrowing rate for a lease is the rate of interest that it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received and any impairment recognized. The lease cost for lease payments is recognized on a straight-line basis over the lease term.

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(Continued)

The Partnership has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Partnership is reasonably certain to exercise. The Partnership has excluded options to extend or terminate leases from recognition as part of the right-of-use assets and lease liabilities, until those options are reasonably certain and/or executed. There are no material guarantees, options to purchase, or restrictive covenants related to leases.

The Partnership made an accounting policy election by class of underlying asset, for computers and other office equipment, to account for each separate lease component of a contract and its associated non-lease components as a single lease component.

Amounts reported in the consolidated statement of financial condition as of June 30, 2022 were as follows:

Operating leases: (in thousands)	
Operating lease ROU assets	\$ 2,570
Operating lease liabilities	2,701

Other information related to leases as of June 30, 2022 was a follows:

Supplemental cash flow information: (in thousands)

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flow from operating leases only	226
Reductions to ROU assets resulting from reductions to lease obligations:	
Operating leases	252
Weighted-average remaining lease term:	
Operating leases	5.7 years
Weighted-average discount rate:	
Operating leases	6.5%

The Partnership has obligations under operating leases for office space. One lease term is in excess of one year and others are for one year or less. The schedule below lists the approximate aggregate

annual rental payments at June 30, 2022. These payments have not been reduced by aggregate future minimum sublease rentals of approximately \$284,000 due to the Partnership under non-cancelable subleases.

As of June 30, 2022, the maturities of remaining lease liabilities are summarized as follows:

	<i>(in thousands)</i>
2022	\$ 272
2023	554
2024	565
2025	478
2026	539
Later years	649
Total undiscounted lease payments	<u>\$ 3,057</u>
Less: imputed interest	(356)
Lease liability	<u>\$ 2,701</u>

Effective June 27, 2022, the Partnership extended the term of its office lease to include the majority of the space covered by the prior lease. The extension is for a period of 38 months and begins at the end of the prior lease and covers the period January 1, 2025 through February 29, 2028.

Certain office space rental agreements contain renewal options and escalation clauses.

7. Commitments and Contingencies

In the normal course of business, the Partnership enters into contracts that contain a variety of indemnifications. The Partnership's maximum exposure under these arrangements is not known. However, the Partnership has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

The Partnership has a non-contributory profit sharing plan covering substantially all employees who meet specific age and service requirements. The profit-sharing plan provides for annual contributions at the discretion of the partners that may not exceed the greater of \$61,000 or 25% of eligible employee compensation.

8. Regulatory Net Capital Requirements

Pursuant to the Uniform Net Capital Rule of the Securities Exchange Act of 1934, and CFTC Rule 1.17, the Partnership is required to maintain minimum net capital, as defined. The Partnership has elected to use the alternative method permitted by the rules in computing minimum net capital. Such method requires that the Partnership maintain minimum net capital equal to the greater of \$250,000 or 2% of aggregate debit balances arising from customer transactions, as defined. The Partnership is required to notify its governing regulatory agencies if net capital falls below \$375,000. Net capital may fluctuate on a daily basis. At June 30, 2022, the Partnership's regulatory net capital and net capital requirement are approximately \$7,111,000 and \$250,000, respectively.

Advances to affiliates and capital withdrawals of the Partnership are subject to certain notifications and other provisions of the rules of the SEC and other Regulatory authorities.

9. Consolidated Subsidiaries

The following is a summary of certain financial information of the Partnership's consolidated subsidiaries:

June 30, 2022

	<i>(in thousands)</i>
Total assets	\$ 1,149
Shareholder's equity	(150)

On April 30, 2022, the Directors of AVM Financial Limited declared and paid a dividend of \$600,000 to the Partnership. The remaining shareholder's equity of AVM Financial of \$263,000 is not included as capital in the computation of the Partnership's net capital. III CM (CH) is the process of registering as a portfolio manager with the Swiss Financial Market Supervisory Authority ("FINMA"). Once the registration is accepted by FINMA, III CM (CH) will have a regulatory capital requirement of CHF 200,000 plus 25% of fixed annual costs and .01% of assets under management.

10. Subsequent Events

The Partnership evaluated all events that occurred through the date the consolidated statement of financial condition was available to be issued. During such period, the Partnership did not have any subsequent events requiring recognition or disclosure in the consolidated statement of financial condition.