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

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SEC  
Washington DC  
MAR 02 2016  
416

SEC FILE NUMBER
170167202

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 01/01/2016 AND ENDING 12/31/2016  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Andes Capital Group, LLC**  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**205 W. Wacker Drive; Suite 1804**  
(No. and Street)

OFFICIAL USE ONLY
FIRM I.D. NO.

**Chicago** **IL** **60608**  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
**Curtis Spears** **(312) 376-4505**  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Beggin Tipp Lamm, LLC**

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

**1415 East State Street; Suite 608** **Rockford** **IL** **61104**  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

<b>FOR OFFICIAL USE ONLY</b>

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

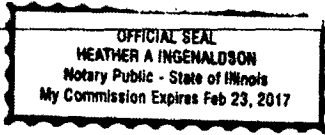
SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Curtis Spears, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Andes Capital Group, LLC, 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:

\_\_\_\_\_  
\_\_\_\_\_



Curtis Spears  
Signature  
President/CEO  
Title

Heather A. Ingendison  
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. **(Statement of Cash Flows)**
- (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).

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Section

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Washington DC  
416

**Andes Capital Group, LLC**

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**Annual Audit Report  
For the Year Ended  
December 31, 2016**

**Andes Capital Group, LLC**  
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STRATEGIC THINKING • PROFESSIONAL INTEGRITY

Report of Independent Registered Public Accounting Firm

To the Members of  
Andes Capital Group, LLC  
Chicago, Illinois

We have audited the accompanying statement of financial condition of Andes Capital Group, LLC as of December 31, 2016, and the related statements of income, changes in members' equity, and cash flows for the year then ended. These financial statements are the responsibility of Andes Capital Group, LLC'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 Andes Capital Group, LLC as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplementary information on pages 11 through 14 has been subjected to audit procedures performed in conjunction with the audit of Andes Capital Group, LLC's financial statements. The supplemental information is the responsibility of Andes Capital Group, LLC'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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Beggin Tipp Lamm LLC*

Rockford, Illinois  
February 8, 2017

**Andes Capital Group, LLC**  
**Statement of Financial Condition**  
**December 31, 2016**

<u>ASSETS</u>	<u>2016</u>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 129,496
Commission receivable	69,930
Deposit due from broker	50,000
Security deposit	3,437
<b>Total current assets</b>	<u>252,863</u>
 <b>PROPERTY AND EQUIPMENT:</b>	
Equipment	18,600
Furniture and fixtures	31,240
Total property and equipment	<u>49,840</u>
Less: Accumulated depreciation	(44,286)
<b>Net property and equipment</b>	<u>5,554</u>
<b>TOTAL ASSETS</b>	<u>\$ 258,417</u>
 <b><u>LIABILITIES AND MEMBERS' EQUITY</u></b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 6,967
<b>Total current liabilities</b>	<u>6,967</u>
 <b>MEMBERS' EQUITY</b>	
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<u>\$ 258,417</u>

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

**Andes Capital Group, LLC**  
**Statement of Income**  
**For the Year Ended December 31, 2016**

	2016
<b>Revenues;</b>	
Commissions and fee income	\$ 472,795
<b>Operating expenses:</b>	
Outside services	160,024
Other cost of sales	75,640
Advertising	105
Bank charges	1,460
Conferences and meetings	1,147
Contributions	11,756
Depreciation	1,081
Dues and subscriptions	20,143
Guaranteed payments to partners	34,536
Insurance	2,833
Licenses and permits	669
Entertainment/promotion	29,145
Office expense	9,487
Professional fees	84,400
Rent	25,305
Telephone	7,470
Travel	41,554
<b>Total operating expenses</b>	<b>506,755</b>
<b>Operating loss</b>	<b>(33,960)</b>
<b>Other expense;</b>	
Interest expense	(760)
<b>Total other expense</b>	<b>(760)</b>
<b>Net loss</b>	<b>\$ (34,720)</b>

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

**Andes Capital Group, LLC**  
**Statement of Changes in Members' Equity**  
**For the Year Ended December 31, 2016**

	2016
Members' equity, beginning	\$ 286,170
Net income	(34,720)
Members' equity, ending	<u>\$ 251,450</u>

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



**Andes Capital Group, LLC**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2016**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<u>2016</u>
Net loss	<u>\$ (34,720)</u>
Adjustments to reconcile net loss to net cash used for operating activities:	
Depreciation	1,081
(Increase) decrease in:	
Commissions receivable	(15,826)
Security deposit	(1,037)
Increase (decrease) in:	
Accounts payable	<u>3,091</u>
Net cash used for operating activities	<u>(47,411)</u>
<b>NET DECREASE IN CASH</b>	(47,411)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	176,907
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 129,496</u></u>
<b>SUPPLEMENTAL DISCLOSURE;</b>	
Interest expense	<u><u>\$ 760</u></u>

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

**Andes Capital Group, LLC**  
**Notes to Financial Statements**

**Note 1 – Summary of Significant Accounting Policies**

**Organization and Nature of Operations**

Andes Capital Group, LLC (Company) is an Illinois Limited Liability Company registered as a broker-dealer with the Securities and Exchange Commission (SEC) and is a member of various exchanges and the Financial Industry Regulatory Authority (FINRA). It provides a range of services to a diversified institutional client base. Services include: origination, underwriting, distribution and trading of municipal bonds; sales, trading and underwriting of taxable fixed income and private placements.

**Financial Statement Presentation**

The financial statements have been prepared in accordance with the standards of the Public Company Accounting Oversight Board (United States).

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company maintains its operating cash in a bank checking account insured by the Federal Deposit Insurance Corporation.

**Receivable from Clearing Broker**

Management believes that, based on industry practice and collection history, the balance receivable from its clearing broker at December 31, 2016, is collectable in full, and accordingly, no allowance for doubtful accounts has been recorded (See note 6).

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from 5 to 10 years. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.

**Income Taxes**

Since the Company is a limited liability company, it files a partnership return for income tax purposes; therefore, there is not income tax liability at the entity level. Rather, the Company's net income or loss is allocated among the members, and is reported on their respective individual income tax returns. Accordingly, no provision is made for income taxes in the financial statements.

The Company follows the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The

**Andes Capital Group, LLC**  
**Notes to Financial Statements (Continued)**

**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Income Taxes (Continue)**

Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at December 31, 2016.

**Revenue Recognition**

Revenue represent succession for transactions and net fees charged to customers on a transaction. Reimbursable expenses are costs incurred in providing services to the customers of the Company.

**Note 2 – Members' Equity**

The Company is governed by the terms and conditions of the Limited Liability Company Agreement (The Agreement) dated March 17, 2014. The Company shall continue until terminated in accordance with the terms of the Agreement or as provided by law, including events of dissolution. The Company shall be dissolved only upon any of the following events: (i) Upon the written action of Members holding not less than 66-2/3% of all outstanding Units, (ii) upon the issuance of a final and non-appealable judicial decree of dissolution; (iii) upon a sale consisting of a sale or other disposition of all or substantially all of the assets of the Company.

Members – The Company is composed of four members with no class distinction.

**Note 3 – Fair Value Financial Instrument**

The Company's financial instruments are cash and cash equivalents, unbilled services and accounts payable for which recorded values approximate fair values based on their short-term nature.

**Note 4 – Net Capital Requirements**

The Company is subject to the Uniform Net Capital Rule (15c3-1) of the Securities and Exchange Commission, which requires the maintenance of a minimum net capital of \$100,000 at December 31, 2016, and the ratio of aggregated indebtedness to net capital, both of which are defined, should not exceed 15 to 1. At December 31, 2016, the Company had net capital of \$241,682, which was \$141,682 in excess of its required net capital of \$100,000. The Company's ratio of aggregated indebtedness to net capital was 0.03 to 1 at December 31, 2016.

**Note 5 – Operating Lease**

On August 28, 2014, the Company entered into a lease agreement for its operating facility under a month-to-month lease. The lease requires monthly lease payment of \$1,250. At December 31, 2016, rent expense for this lease totaled \$15,000.

Additionally, the Company rented a branch office on a month-to-month basis. Rent for the branch office totaled \$10,305, and the Company's total rent expense was \$25,305 for the year ended December 31, 2016.

**Andes Capital Group, LLC**  
**Notes to Financial Statements (Continued)**

**Note 6 – Clearing Agreement**

The Company is an introducing broker, and clears all transactions for customers on a fully disclosed basis with other brokers. The Company promptly transmits all customer funds and securities to such clearing brokers and, at December 31, 2016 had no amounts or securities due to clearing brokers from unsettled trades. Because the Company is contingently liable for the payment of securities purchased and the delivery of securities sold by customers, it maintains with its clearing broker a money market account to be used as a security deposit. The amount of cash on deposit with the security broker was \$50,000 at December 31, 2016.

Receivables from the clearing broker arise in the ordinary course of business from the settlement of securities transactions. The receivables are generally collected within 30 days.

**Note 7 – Commitments and Contingencies**

The Company's management has indicated that there are no commitments or guarantees against the assets of the Company. In addition, they have also indicated that there are no contingencies regarding litigation or arbitration.

**Note 8 – Advertising Costs**

The Company's management has elected to expense advertising costs as they are incurred. Advertising costs for the year ended December 31, 2016, was \$105.

**Note 9 – Major Customers**

Revenues from institutional clients in excess of 10 percent of total revenues and reimbursable expenses income are as follows:

Customer 1: \$314,679  
Customer 2: \$ 51,124

**Note 10 – Subsequent Events**

The Company's management has evaluated subsequent events through February 8, 2017, the date the financial statements were available to be issued, and has concluded that there are no significant subsequent events that would require adjustment to or disclosure in the financial statements.

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

<b><u>COMPUTATION OF NET CAPITAL</u></b>	<b><u>2016</u></b>
Total members' equity qualified for net capital	\$ 251,450
Less non-allowable assets:	
Commissions receivable	777
Security deposit	3,437
Fixed assets	5,554
<b>NET CAPITAL</b>	<b><u>\$ 241,682</u></b>
Net capital requirement	100,000
<b>EXCESS NET CAPITAL</b>	<b><u>\$ 141,682</u></b>
<b>NET CAPITAL LESS</b>	
<b>120% OF MINIMUM STATUTORY REQUIREMENT</b>	<b><u>\$ 121,682</u></b>
<b><u>COMPUTATION OF AGGREGATE INDEBTEDNESS</u></b>	
Aggregate indebtedness	<u>\$ 6,967</u>
Ratio: Aggregate indebtedness to net capital	0.03 to 1

Schedule II

**Andes Capital Group, LLC  
Reconciliation with Computation Included  
in Part II of Form X-17A-5  
December 31, 2016**

Net capital as previously reported in the Financial and Operation Combined Uniform Single Report - Part IIA (Unaudited)	<u>\$ 172,529</u>
Audit Adjustments:	
Increase in members' equity from Statement of Financial Condition	5,555
Increase for fixed assets	(5,554)
Decrease in non-allowable receivable	69,152
Total adjustments	<u>69,153</u>
Net Capital as currently reported on Schedule I	<u>\$ 241,682</u>

**Andes Capital Group, LLC  
Computation for Determination of Reserve Requirements  
Required by Rule 15c3-3 of the Securities and Exchange Commission  
December 31, 2016**

The Company is exempt from Rule 15c3-3 under paragraph (k)(2)(ii). The Company clears all transactions with and for customers on a fully disclosed basis with RBC Correspondence Services, or other qualified investment company, and promptly transmits all customer funds and securities, to RBC Correspondence Services, or other qualified investment company, which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.

**Andes Capital Group, LLC**  
**Information Relating to the Possession or Control Requirements**  
**Required by Rule 15c3-3 of the Securities and Exchange Commission**  
**December 31, 2016**

The Company is exempt from the possession and control requirements of Rule 15c3-3 under paragraph (k)(2)(ii). The Company clears all transactions for customers on a fully disclosed basis with RBC Correspondence Services, or other qualified investment company, and promptly transmits all customer funds and securities to RBC Correspondent Services, and other qualified investment company, which carries all pertaining thereto pursuant to the requirements of Rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.



STRATEGIC THINKING • PROFESSIONAL INTEGRITY

Report of Independent Registered Public Accounting Firm

To the Members of  
Andes Capital Group, LLC  
Chicago, Illinois

We have reviewed management's statements, included in the accompanying exemption report, in which (1) Andes Capital Group, LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which Andes Capital Group, LLC claimed an exemption from 17 C.F.R. §240.15c3-3 (k)(2)(ii) and (2) Andes Capital Group, LLC stated that Andes Capital Group, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. Andes Capital Group, LLC'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 Andes Capital Group, LLC'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)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Beggin Tipp Lamm LLC*

Rockford, Illinois  
February 8, 2017

Andes Capital Group, LLC  
205 W. Wacker Drive; Suite 1804  
Chicago, Illinois 60606

Andes Capital Group, LLC's Exemption Report  
Required by Rule 17A-5 of the Securities and Exchange Commission

Andes Capital Group, 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 broker 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 stated that they met the identified exemption provisions throughout the most recent fiscal year without exception.

Andes Capital Group, LLC

I, Curtis Spears, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

By:

  
\_\_\_\_\_  
Title: President/CEO

February 8, 2017

STRATEGIC THINKING • PROFESSIONAL INTEGRITY

Independent Accountant's Agreed-Upon Procedures Report  
on Schedule of Assessment and Payments (Form SIPC-7)

To the Members of  
Andes Capital Group, LLC  
Chicago, Illinois

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2016, which were agreed to by Andes Capital Group, LLC, and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC solely to assist you and the other specified parties in evaluating Andes Capital Group, LLC's compliance with the applicable instructions of Form SIPC-7. Andes Capital Group, LLC's management is responsible for Andes Capital Group, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public accountants. 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 in the general ledger and to copies of disbursed checks, noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2016, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2016, noting no differences;
- 3) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-6 and Form SIPC-7 to Form X-17A-5 and Andes Capital Group, LLC's Statement of Operations, 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.

*Beggin Tipp Lamm LLC*

Rockford, Illinois  
February 8, 2017

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