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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
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Section
MAR 02 2015
Washington DC
404

SEC FILE NUMBER
8-27779

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 01/01/14 AND ENDING 12/31/14
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Capital Management Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

500 Wells Fargo Plaza, 7900 Xerxes Avenue South
(No. and Street)

Minneapolis MN 55431-1200
(City) (State) (Zip Code)

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

Gregory A. Stroh 952-898-1200
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Boyer & Company

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

14500 Burnhaven Dr., Ste 135 Burnsville MN 55306
(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)

3/10/15

OATH OR AFFIRMATION

I, Gregory A. Stroh, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Capital Management Securities, Inc., as of December 31, 2014, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Handwritten signature of the notary public over the line 'Notary Public'.

Signature: [Handwritten Signature]
Title: PRESIDENT

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).

CAPITAL MANAGEMENT SECURITIES, INC.

FINRA BROKER/DEALER, MEMBER SIPC

500 WELLS FARGO PLAZA • 7900 XERXES AVENUE SOUTH • MINNEAPOLIS, MINNESOTA 55431-1107 • 952.893.1200 • FAX 952.893.0133

VIA FEDEX

February 25th, 2015

Securities & Exchange Commission
100 F Street NE
Washington, D.C. 20549

SEC
Mail Processing
Section

MAR 02 2015

Washington DC
404

To whom it may concern:

Enclosed please find the Annual Audited Financial Statements for the year ending December 31, 2014 for Capital Management Securities, Inc.

If you have any questions or require further information, please do not hesitate to contact me at the number listed above.

Sincerely,



Melissa L. Glennie
MLG/jh

Enclosure

CAPITAL MANAGEMENT SECURITIES, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2014 AND 2013

CAPITAL MANAGEMENT SECURITIES, INC.

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BOYER & COMPANY

A Professional Association

Certified Public Accountants

14500 Burnhaven Drive-Suite 135
Burnsville, MN 55306
(952) 435-3437

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Capital Management Securities, Inc.
Minneapolis, MN

We have audited the accompanying financial statements of Capital Management Securities, Inc. (a Minnesota corporation), which comprise the statements of financial condition as of December 31, 2014 and 2013, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements and supplementary information. Capital Management Securities, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial condition of Capital Management Securities, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The Schedule I, Computation of Net Capital Under Rule 15c3-1, Schedule II, Computation for Determination of Reserve Requirements Under Rule 15c3-3 (exemption), Schedule III, Information for Possession or Control Requirements Under Rule 15c3-3 (exemption), and Schedule IV, Reconciliation of FOCUS Report (IIA) as of December 31, 2014 to Audited Financial Statements as of December 31, 2014 have been subjected to audit procedures performed in conjunction with the audit of Capital Management Securities, Inc.'s financial statements. The supplemental information is the responsibility of Capital Management Securities, 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 Rule 17a-5 of the Securities Exchange Act of 1934. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Boyer & Company

Burnsville, MN

January 22, 2015

CAPITAL MANAGEMENT SECURITIES, INC.

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 272,790	\$ 285,836
Accounts Receivable	32,293	44,026
Prepaid Expenses	15,831	19,763
Prepaid Income Taxes	2,300	-
Total Current Assets	<u>323,214</u>	<u>349,625</u>
PROPERTY AND EQUIPMENT		
Furniture and Equipment	57,515	60,571
Leasehold Improvements	13,061	11,397
Software	8,465	8,465
Total Property and Equipment	79,041	80,433
Less: Accumulated Depreciation and Amortization	<u>(29,172)</u>	<u>(24,691)</u>
Net Property and Equipment	<u>49,869</u>	<u>55,742</u>
TOTAL ASSETS	<u>\$ 373,083</u>	<u>\$ 405,367</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Commissions Payable	\$ 39,055	\$ 52,266
Accounts Payable	9,518	10,512
401(k) Payable	13,393	10,514
Accrued Payroll Taxes	-	1,264
Accrued Income Taxes	-	9,900
Total Current Liabilities	<u>61,966</u>	<u>84,456</u>
DEFERRED INCOME TAXES	<u>11,600</u>	<u>12,900</u>
STOCKHOLDER'S EQUITY		
Common Stock, \$.01 Per Share, 50,000 Shares Authorized, 9,105 and 12,214 Shares Issued and Outstanding	91	122
Additional Paid in Capital	7,165	57,252
Retained Earnings	292,261	250,637
Total Stockholder's Equity	<u>299,517</u>	<u>308,011</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 373,083</u>	<u>\$ 405,367</u>

See notes to financial statements.

CAPITAL MANAGEMENT SECURITIES, INC.

STATEMENTS OF OPERATIONS
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
REVENUE		
Commissions	\$ 1,758,431	\$ 1,660,912
Office Rent	59,809	64,045
Management Fee	18	26
Interest	8	46
Other	33,831	37,338
Total Revenue	<u>1,852,097</u>	<u>1,762,367</u>
OPERATING EXPENSES		
Commissions	1,396,678	1,309,417
Salaries and Wages	174,313	140,356
Payroll Taxes	14,950	14,352
Employee Benefits	10,569	10,104
Advertising	207	1,055
Depreciation and Amortization	9,297	5,189
Dues and Subscriptions	21,007	20,128
Equipment Supplies and Rental	21,782	23,753
Insurance	16,076	17,319
Miscellaneous	4,294	4,867
Office Supplies and Printing	4,889	5,473
Postage	5,174	4,661
Professional Services	13,322	15,594
Regulatory Expense	18,615	19,170
Rent	65,850	49,504
Repairs and Maintenance	12,584	11,665
Sales and Use Tax	1,831	1,234
Telephone	5,667	5,895
Travel and Entertainment	2,709	4,803
Total Operating Expenses	<u>1,799,814</u>	<u>1,664,539</u>
Income from Operations	52,283	97,828
Loss on Asset Dispositions	<u>-</u>	<u>2,540</u>
Income Before Income Taxes	52,283	95,288
Income Tax Expense	<u>10,659</u>	<u>30,665</u>
NET INCOME	<u>\$ 41,624</u>	<u>\$ 64,623</u>

See notes to financial statements.

CAPITAL MANAGEMENT SECURITIES, INC.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Common Stock</u>		<u>Paid In</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Earnings</u>	
BALANCE, December 31, 2012	12,214	\$ 122	\$ 57,252	\$ 186,014	\$ 243,388
Net Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,623</u>	<u>64,623</u>
BALANCE, December 31, 2013	<u>12,214</u>	<u>122</u>	<u>57,252</u>	<u>250,637</u>	<u>308,011</u>
Repurchase of Stock	(3,109)	(31)	(50,087)	-	(50,118)
Net Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,624</u>	<u>41,624</u>
BALANCE, December 31, 2014	<u>9,105</u>	<u>\$ 91</u>	<u>\$ 7,165</u>	<u>\$ 292,261</u>	<u>\$ 299,517</u>

See notes to financial statements.

CAPITAL MANAGEMENT SECURITIES, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Net Income	\$ 41,624	\$ 64,623
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	9,297	5,189
Loss on Asset Dispositions	-	2,540
(Increase) Decrease in Assets:		
Accounts Receivable	11,733	17,885
Prepaid Expenses	3,932	(2,279)
Prepaid Income Taxes	(2,300)	3,800
Increase (Decrease) in Liabilities:		
Accounts Payable	(994)	(24,701)
Commissions Payable	(13,211)	(1,927)
401(k) Payable	2,879	577
Accrued Payroll Taxes	(1,264)	(3,898)
Accrued Income Taxes	(9,900)	9,900
Deferred Income Taxes	(1,300)	15,424
Net Cash Provided by Operating Activities	<u>40,496</u>	<u>87,133</u>
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	<u>(3,424)</u>	<u>(57,837)</u>
Net Cash Provided (Used) by Investing Activities	<u>(3,424)</u>	<u>(57,837)</u>
Cash Flows from Financing Activities:		
Repurchase of Stock	<u>(50,118)</u>	-
Net Cash Provided (Used) by Financing Activities	<u>(50,118)</u>	-
Net Increase (Decrease) in Cash	(13,046)	29,296
Cash, Beginning of Year	<u>285,836</u>	<u>256,540</u>
Cash, End of Year	<u>\$ 272,790</u>	<u>\$ 285,836</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Income Taxes	<u>\$ 13,900</u>	<u>\$ 1,541</u>

See notes to financial statements.

CAPITAL MANAGEMENT SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Organization – The Company was organized in April 1975 as a Corporation under the laws of Minnesota.
- B. Nature of Operations – Capital Management Securities, Inc. (the Company) is a licensed broker-dealer under the jurisdiction of the Financial Industry Regulatory Authority (FINRA). The Company buys and sells listed and unlisted securities; municipal, corporate and government bonds; mutual fund shares; and provides other financial services. The Company, as an introducing broker-dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker-dealer and promptly transmits all customer funds and securities to the clearing broker-dealer which carries all the accounts of such customers.
- C. Use of Estimates – The preparation of financial statements 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- D. Cash Equivalents – The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.
- E. Clearing Agreement – The Company uses a clearing agent in their business transactions. The agent requires the maintenance of a clearing account deposit. The amount of restricted cash in the clearing deposit account at December 31, 2014 and 2013 was \$15,089.
- F. Accounts Receivable and Allowance for Doubtful Accounts – An allowance for doubtful accounts has not been established as of December 31, 2014 and 2013. Based upon management's analysis of outstanding accounts receivable as of December 31, 2014 and 2013 and the Company's past collection experience, an allowance is not considered necessary by management.
- G. Property and Equipment – Property and equipment is carried at cost. Depreciation of property and equipment is computed by the straight-line method based on useful lives of three to ten years.

Depreciation and amortization expense was \$9,297 and \$5,189 for the years ended December 31, 2014 and 2013.

Maintenance and repairs of property and equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

The Company reviews its property and equipment for impairment whenever events indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recorded when the sum of the future cash flows is less than the carrying amount of the asset. The amount of the loss is determined by comparing the fair market values of the asset to the carrying amount of the asset.

- H. Recognition of Revenue – Commission income from sales of securities is recorded on the trade date.
- I. Income Taxes – Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in operations in the period that includes the enactment date. Deferred income tax expense represents the change during the period in

CAPITAL MANAGEMENT SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities, which consist of book depreciation versus tax depreciation differences, and differences associated with cash basis reporting versus accrual basis reporting are individually classified as current and noncurrent based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The management is of the view that there are no significant tax positions that may be challenged.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods. The Company believes it is no longer subject to income tax examinations for the years prior to 2011.

- J. Concentrations of Risk – The Company maintains its cash in accounts with federally insured banks. At times, the balances in these accounts may be in excess of the federally insured limit of \$250,000. The Company believes that there is no significant risk with respect to these deposits.

The Company is engaged in various brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The Company feels the risk at this time is minimal and they review the credit standing of their counterparties on a regular basis.

- K. Subsequent Events – Management has evaluated subsequent events through the date which the financial statements were available to be issued.
- L. Advertising – The Company expenses advertising costs as they are incurred. Advertising and promotion expense for the years ended December 31, 2014 and 2013 was \$207 and \$1,055, respectively.
- M. Reclassifications – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 2 – COMMITMENTS AND CONTINGENCIES

The Company has a lease agreement for office space expiring December 31, 2019. Monthly base rent ranges from \$0 to \$4,991 over the term of the lease. Terms of the lease also require the Company to pay its share of taxes and operating expenses. Facility rent expense for the years ended December 31, 2014 and 2013 was \$65,850 and \$49,504, respectively.

The Company has also entered into various operating leases for equipment that expire through 2018. Equipment rent expense for the years ended December 31, 2014 and 2013 was \$20,980 and \$22,686, respectively. The equipment lease commitment includes a lease that is reimbursed by sales representatives.

Minimum future lease payments as of December 31, 2014 under non-cancelable operating leases are:

<u>Years Ending December 31,</u>	<u>Office Facility</u>	<u>Equipment</u>	<u>Total</u>
2015	\$ 55,521	\$20,993	\$ 76,514
2016	56,457	20,993	77,450
2017	57,393	20,993	78,386
2018	58,328	19,243	77,571
2019	<u>59,264</u>	<u>-</u>	<u>59,264</u>
	<u>\$286,963</u>	<u>\$82,222</u>	<u>\$369,185</u>

CAPITAL MANAGEMENT SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 3 – STOCKHOLDER'S EQUITY

During 2014, the Company repurchased 3,109 shares of stock from their parent company for \$50,118.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Company shares its facilities and expenses with a sister company. Expenses are allocated between the two entities based on gross revenues. During 2014 and 2013 approximately \$252,411 and \$344,123 or 43% and 48% of common expenses were allocated to the Company's sister company, respectively. The majority of the expenses are paid by the Company, and the sister company reimburses the Company for its share of the expenses monthly. Amounts due from related parties totaled \$0 as of December 31, 2014 and 2013.

NOTE 5 – INCOME TAXES

The Company files a consolidated income tax return as part of a controlled group with common ownership. Deferred income taxes and income tax expense are computed using the Company's proportionate share.

The Company's net deferred tax asset (liability) at December 31, 2014 and 2013 consisted of:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
December 31, 2014	\$(6,800)	\$(4,800)	\$(11,600)
December 31, 2013	\$(7,460)	\$(5,440)	\$(12,900)

The components for the provision for income taxes for the years ended December 31, 2014 and 2013 are as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Year Ended December 31, 2014:			
Deferred Income Tax	\$(1,300)	\$ -	\$(1,300)
Current Income Tax	<u>6,712</u>	<u>5,247</u>	<u>11,959</u>
Income Tax Expense	<u>\$ 5,412</u>	<u>\$5,247</u>	<u>\$10,659</u>
Year Ended December 31, 2013:			
Deferred Tax (Income)	\$ 8,959	\$ 6,465	\$15,424
Current Income Tax (Income)	<u>2,450</u>	<u>12,791</u>	<u>15,241</u>
Income Tax Expense (Credit)	<u>\$11,409</u>	<u>\$19,256</u>	<u>\$30,665</u>

The amount of federal income tax expense attributable to continuing operations differs from the amount of expense that would result from applying domestic federal statutory rates to pretax income from continuing operations primarily due to permanent differences of nondeductible expenses and the effect of state minimum fees.

SUPPLEMENTARY INFORMATION

CAPITAL MANAGEMENT SECURITIES, INC.

SCHEDULE I, COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1

DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
STOCKHOLDER'S EQUITY at End of Year	\$ 299,517	\$ 308,011
ADDITIONS	<u>-</u>	<u>-</u>
TOTAL CAPITAL AND ALLOWABLE SUBORDINATED LIABILITIES	<u>299,517</u>	<u>308,011</u>
DEDUCTIONS:		
Unallowable Assets:		
Property and Equipment - Net	49,869	55,742
Prepaid Expenses	15,831	19,763
Prepaid Income Taxes	2,300	-
Nonliquid Receivables	7,224	21,277
Total	<u>75,224</u>	<u>96,782</u>
NET CAPITAL BEFORE HAIRCUTS ON SECURITIES POSITIONS	224,293	211,229
HAIRCUTS ON SECURITIES	<u>-</u>	<u>-</u>
NET CAPITAL at End of Year	<u>\$ 224,293</u>	<u>\$ 211,229</u>
REQUIRED CAPITAL		
Basic Capital Requirement:		
Liabilities	61,966	84,456
Required Percent	6.67%	6.67%
Basic Capital Requirement	4,133	5,632
Minimum Capital Required	<u>25,000</u>	<u>25,000</u>
EXCESS CAPITAL	<u>\$ 199,293</u>	<u>\$ 186,229</u>
COMPUTATION OF AGGREGATE INDEBTEDNESS		
Indebtedness	\$ 61,966	\$ 84,456
Net Capital	<u>224,293</u>	<u>211,229</u>
Percent of Debt to Net Capital	<u>27.6%</u>	<u>40.0%</u>

See independent auditors' report

CAPITAL MANAGEMENT SECURITIES, INC.

SCHEDULE II, COMPUTATION FOR DETERMINATION OF
RESERVE REQUIREMENTS UNDER RULE 15c3-3 (EXEMPTION)

DECEMBER 31, 2014 AND 2013

The Company is exempt from Rule 15c3-3 under Subparagraph k(2)(ii) and does not possess, control or otherwise hold client or customer funds or securities.

See independent auditors' report.

CAPITAL MANAGEMENT SECURITIES, INC.

SCHEDULE III, INFORMATION FOR POSSESSION OR
CONTROL REQUIREMENTS UNDER RULE 15c3-3 (EXEMPTION)

DECEMBER 31, 2014 AND 2013

The Company is exempt from Rule 15c3-3 under Subparagraph k(2)(ii) and does not possess, control or otherwise hold client or customer funds or securities.

See independent auditors' report.

CAPITAL MANAGEMENT SECURITIES, INC.

SCHEDULE IV, RECONCILIATION OF FOCUS REPORT (IIA) AS OF DECEMBER 31, 2014
TO AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014

	Balance Per Focus Report on <u>December 31, 2014</u>	Adjustments		Balance Per Audited Financial Statements At <u>December 31, 2014</u>
		<u>Debit</u>	<u>Credit</u>	
Total Assets	\$ 384,653	\$ 30 (b)	\$ 11,600 (a)	373,083
Less: Total Liabilities	<u>61,966</u>		11,600 (a)	<u>73,566</u>
Net Worth	322,687	23,200 (a)	30 (b)	299,517
Less: Non-Allowable Assets	<u>86,794</u>			<u>75,224</u>
Tentative Net Capital	235,893			224,293
Less: Securities Haircuts	<u>-</u>			<u>-</u>
Net Capital	<u>\$ 235,893</u>			<u>\$ 224,293</u>

- (a) Deferred, Prepaid, and Accrued Income Taxes
(b) Depreciation Correction

See independent auditors' report.

BOYER & COMPANY

A Professional Association

Certified Public Accountants

14500 Burnhaven Drive-Suite 135
Burnsville, MN 55306
(952) 435-3437

INDEPENDENT ACCOUNTANTS' AGREED-UPON PROCEDURES REPORT ON SCHEDULE OF ASSESSMENT AND PAYMENTS (FORM SIPC-7)

Board of Directors
Capital Management Securities, Inc.
Minneapolis, MN

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, 2014, which were agreed to by Capital Management Securities, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Capital Management Securities, Inc.'s compliance with the applicable instructions of Form SIPC-7. Capital Management Securities, Inc.'s management is responsible for Capital Management Securities, 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 for the year ended December 31, 2014, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31 2014, 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.

Boyer & Company

Burnsville, MN

January 22, 2015

BOYER & COMPANY

A Professional Association

Certified Public Accountants

14500 Burnhaven Drive-Suite 135
Burnsville, MN 55306
(952) 435-3437

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Capital Management Securities, Inc.
Minneapolis, MN

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

Boyer + Company

Burnsville, MN

January 22, 2015