

to  
3/19/15



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER
8- 67566

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: Corporate Finance Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

24461 Ridge Route Drive, Suite A200

(No. and Street)

Laguna Hills

CA

92653

(City)

(State)

(Zip Code)

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

Peter M. Heydenrych

949-305-6710

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

KMJ Corbin & Company LLP

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

555 Anton Blvd., Suite 1000, Costa Mesa, CA

92626

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED  
FEB 27 2015  
DIVISION OF TRADING & MARKETS

**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)

SEC 1410 (06-02)

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3/13/15

OATH OR AFFIRMATION

I, Peter M. Heydenrych, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Corporate Finance Securities, Inc. of February 20, 2015, 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:



Catherine Patience
Notary Public

[Handwritten Signature]
Signature

Chief Financial Officer/FINOP
Title

State of California, County of Orange
Subscribed and sworn to (or affirmed) before me
on this 20th day of February, 2015,
by Peter Heydenrych,
proved to me on the basis of satisfactory evidence
to be the person(s) who appeared before me.

Signature: Catherine Patience

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).

CORPORATE FINANCE SECURITIES, INC.  
SEC ID No. 8-67566

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2014

The report is filed in accordance with Rule 17a-5(e)(3) under the  
Securities Exchange Act of 1934 as a PUBLIC DOCUMENT.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have audited the accompanying statement of financial condition of Corporate Finance Securities, Inc. (the "Company") as of December 31, 2014, and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company'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 the Company as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

The supplemental schedule as of December 31, 2014 included in Schedule I has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental schedule is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental schedule 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 schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, the supplemental schedule included in Schedule I is fairly stated, in all material respects, in relation to the financial statements as a whole.

*KMJ Corbin & Company LLP*  
KMJ Corbin & Company LLP

Costa Mesa, California  
February 26, 2015

**CORPORATE FINANCE SECURITIES, INC.**

**STATEMENT OF FINANCIAL CONDITION**

<b>ASSETS</b>	<u>December 31, 2014</u>
<b>Current assets:</b>	
Cash and cash equivalents	\$ 127,458
Commissions receivable	385,000
Other receivables	5,656
Deferred tax asset, current portion	3,288
Prepaid expenses and other	<u>23,351</u>
Total current assets	544,753
Deferred tax asset, net of current asset	<u>1,366</u>
	<u>\$ 546,119</u>
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	
<b>Current liabilities:</b>	
Accounts payable and accrued expenses	\$ 38,530
Income tax payable	16,678
Commissions payable	<u>381,150</u>
Total current liabilities	<u>436,358</u>
Commitments and contingencies	
<b>Shareholders' equity:</b>	
Series A convertible preferred stock, \$0.01 par value; 15 shares authorized, no shares issued and outstanding	-
Series B convertible preferred stock, \$0.01 par value; 15 shares authorized, 8 shares issued and outstanding (liquidation preference of \$30,000)	-
Series C convertible preferred stock, \$0.01 par value; 15 shares authorized, 4 shares issued and outstanding (liquidation preference of \$12,000)	-
Series D convertible preferred stock, \$0.01 par value; 15 shares authorized, 2 share issued and outstanding (liquidation preference of \$9,000)	-
Common stock, no par value; 100,000 shares authorized, 14,000 shares issued and outstanding	13,000
Additional paid-in capital	54,750
Retained earnings	<u>42,011</u>
Total shareholders' equity	<u>109,761</u>
	<u>\$ 546,119</u>

*See accompanying notes to financial statements*

CORPORATE FINANCE SECURITIES, INC.

STATEMENT OF INCOME

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	For The Year Ended <u>December 31, 2014</u>
Revenues:	
Commissions	\$ 5,626,798
Other	<u>173,563</u>
Total revenues	<u>5,800,361</u>
Expenses:	
Commissions	5,569,449
Other general and administrative	<u>166,594</u>
Total expenses	<u>5,736,043</u>
Income before provision for income taxes	64,318
Provision for income taxes	<u>29,700</u>
Net income	<u>\$ 34,618</u>

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*See accompanying notes to financial statements*

CORPORATE FINANCE SECURITIES, INC.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For The Year Ended December 31, 2014

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		Series D Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at January 1, 2014	-	\$ -	8	\$ -	4	\$ -	2	\$ -	14,000	\$ 13,000	\$ 54,750	\$ 7,393	\$ 75,143
Net income	-	-	-	-	-	-	-	-	-	-	-	34,618	34,618
Balance at December 31, 2014	-	\$ -	8	\$ -	4	\$ -	2	\$ -	14,000	\$ 13,000	\$ 54,750	\$ 42,011	\$ 109,761

See accompanying notes to financial statements

CORPORATE FINANCE SECURITIES, INC.

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2014

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	<u>For The Year Ended December 31, 2014</u>
Cash flows from operating activities:	
Net income	\$ 34,618
Adjustments to reconcile net income to net cash provided by operating activities:	
Deferred income taxes	987
Changes in operating assets and liabilities:	
Commissions receivable	(385,000)
Other receivables	4,264
Prepaid expenses and other	(7,259)
Accounts payable and accrued expenses	14,050
Income tax payable	12,560
Commissions payable	<u>381,150</u>
Net cash provided by operating activities	55,370
Cash and cash equivalents at beginning of year	<u>72,088</u>
Cash and cash equivalents at end of year	<u>\$ 127,458</u>
Supplemental cash flow information -	
Cash paid during the year for:	
Interest	<u>\$ -</u>
Income taxes	<u>\$ 18,148</u>

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*See accompanying notes to financial statements*

# CORPORATE FINANCE SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Business

Corporate Finance Securities, Inc. (the “Company” or “CFS”) was incorporated in Delaware on October 2, 2006.

The Company is registered with the Securities and Exchange Commission (“SEC”) as a broker/dealer in securities and is a member of the Financial Industry Regulatory Authority (“FINRA”). The Company is exempt from the provisions of Rule 15c3-3 (pursuant to paragraph (k)(2)(i) of such rule) under the Securities Exchange Act of 1934, as the Company does not hold customer funds or safekeep customer securities. The Company does not maintain its own securities accounts or perform custodial functions related to the securities transactions. Because of such exemptions, the Company is not required to prepare a determination of reserve requirements and possession or control requirements of Rule 15c3-3.

#### Registration

The Company must register with state departments that govern compliance with securities laws for the states in which it does business. The Company generates commission income in the States of California, Georgia, Illinois, Kentucky, Maine, Minnesota, Ohio, Oklahoma, Tennessee, Texas and Washington. Various regulatory requirements exist in each state with which the Company must comply. Should the Company violate certain state securities laws, it could be prohibited from doing business in those states.

#### Concentrations of Credit Risk

##### *Cash and cash equivalents*

The Company maintains its cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation (“FDIC”). The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to these deposits.

The Company considers highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents are recorded at cost, which approximates fair value.

# CORPORATE FINANCE SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### *Customers*

For the year ended December 31, 2014, three customers accounted for 38% of the Company's commissions revenue. As of December 31, 2014, commissions receivable from one customer totaled 100% of the total commissions receivable balance.

#### Significant Relationships and Agreements

The Company provides the following services through a network of Service Providers ("SP") who are experienced Merger and Acquisition professionals who are registered with FINRA through CFS and hold a valid FINRA license for the activities they are engaged.

1. Mergers and acquisitions advisory services
2. Corporate finance advisory services
3. Private placement advisory services
4. Real estate syndication advisory services
5. Oil and gas interests advisory services

The Company executes agreements with these SPs and provides services based on a Services Agreement ("Agreement") which contains rights and obligations for the two counterparties.

The Company provides FINRA registration services, referral program transaction opportunities, access to research data bases, training and consulting services and other related services. In addition, the SP has the right to use names and marks which are the intellectual property of the Company. The SPs are obligated to the Company to maintain the FINRA credentials, subscribe to Company research assets and maintain the office and operating policies in accordance with Company requirements. The SPs indemnify the Company from any actions arising from their misconduct.

The Company acts as the principal in all transactions and records revenue associated with these transactions and distribute commissions to the SPs based on individual transaction agreements.

The SPs are shareholders of the Company. Accordingly, they are related parties acting as agents for financial reporting purposes and treated as independent contractors for income tax purposes (see Note 3).

# CORPORATE FINANCE SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### Revenue Recognition

Commissions are recorded during the period in which services are performed. Other revenues are related to administrative fees from registered representatives which are recorded when earned according to a predetermined fee schedule and are intended to provide for certain Company administrative costs.

#### Use of Estimates

The preparation of the 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include but are not limited to, the collectibility of receivables and the realizability of the deferred tax asset. Actual results could differ from those estimates.

#### Income Taxes

The Company is a C corporation for income tax purposes. The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements in accordance with the accounting guidance for income taxes. Deferred tax assets and liabilities are recognized for future tax benefits or consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for significant deferred tax assets when it is more-likely-than not that such assets will not be realized through future operations.

The Company recognizes any uncertain income tax positions on income tax returns at the largest amount that is more-likely-than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. There are no unrecognized tax benefits included in the statement of financial condition that would, if recognized, affect the effective tax rate. The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had no amounts accrued for interest and penalties on the Company's statement of financial condition at December 31, 2014.

CORPORATE FINANCE SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

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**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The Company is subject to taxation in the U.S. and the States of California, Georgia, Illinois, Kentucky, Maine, Minnesota, Ohio, Oklahoma, Tennessee, Texas and Washington. The Company does not foresee material changes to its gross uncertain income tax position liability within the next twelve months. The Company is no longer subject to IRS or state examinations prior to 2010.

Dividend Policy

The Company records dividends on Series B, C, and D preferred stock when declared by the Board of Directors. At December 31, 2014, preferred dividends earned but not declared were \$6,249.

Subsequent Events

The Company has evaluated and determined that no events have occurred subsequent to the statement of financial condition date and through the date of issuance of these financial statements, which would require inclusion or disclosure in its financial statements.

**NOTE 2 – INCOME TAXES**

For the year ended December 31, 2014, the provision for income taxes consists of the following:

Federal:	
Current	\$ 11,485
Deferred	257
	<u>11,742</u>
California:	
Current	17,228
Deferred	730
	<u>17,958</u>
	<u>\$ 29,700</u>

The accompanying statement of financial condition reflects a long-term deferred tax asset of \$1,366 related to the Company's basis difference in intangible assets and \$3,288 of short-term deferred tax asset related to state taxes. Income tax expense differed from the amounts computed by applying the U.S. Federal income tax rate of 34 percent as a result of graduated tax rates and state income taxes.

CORPORATE FINANCE SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

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**NOTE 3 – COMMITMENTS AND CONTINGENCIES**

Related Party Transactions

During the course of its business, the Company receives administrative fees from and pays commissions and general and administrative expenses to its shareholders and registered representatives.

Balances with related parties at December 31, 2014:

Assets:

Other receivables	\$ <u>5,656</u>
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Liabilities:

Included in accounts payable and accrued expenses	\$ 11,874
Commissions payable	<u>381,150</u>
Total liabilities	<u>\$ 393,024</u>

Transactions with related parties for the year ended December 31, 2014 are as follows:

Revenues:

Other	\$ <u>173,550</u>
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Expenses:

Commissions	\$ 5,569,449
Other general and administrative (including \$12,000 for office rent)	<u>113,798</u>
Total expenses	<u>\$ 5,683,247</u>

Substantially all cash flows from commission revenues is used to pay commissions expenses to SPs who are preferred and common shareholders (related parties). Accordingly, the accompanying financial statements may not be indicative of the financial position or results of operations had the Company operated without these relationships.

Indemnities and Guarantees

The Company has made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain transactions. The Company indemnifies its officers and directors to the maximum extent permitted under the laws of the State of Delaware. The duration of these indemnities and guarantees varies and, in certain cases, is indefinite. These indemnities and guarantees do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has

CORPORATE FINANCE SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2014

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**NOTE 4 – SHAREHOLDERS' EQUITY**

not been obligated to make any payments for these obligations and no liabilities have been recorded for these indemnities and guarantees in the accompanying statement of financial condition.

Convertible Preferred Stock

Holders of the Company's shares of Series A convertible preferred stock have the following terms: a cumulative dividend of 8% (payable when and if declared), priority payment rights ahead of the Series B, C and D convertible preferred stock; voting rights as provided in the Code of By-Laws and the Amended and Restated Certificate of Incorporation and the Shareholder Agreement; conversion rights, redemption and liquidation rights as provided in the Amended and Restated Certificate of Incorporation and the Shareholder Agreement, respectively. There are no outstanding shares of Series A convertible preferred stock as of December 31, 2014.

Holders of the Company's shares of Series B convertible preferred stock have the following terms: a cumulative dividend of 6% (payable when and if declared), effective April 1, 2010, priority payment rights behind the Series A but equal to the Series C and D; voting rights as provided in the Code of By-Laws and the Amended and Restated Certificate of Incorporation and the Shareholder Agreement; conversion rights, redemption and liquidation rights as provided in the Amended and Restated Certificate of Incorporation and the Shareholder Agreement, respectively.

Holders of the Company's shares of Series C convertible preferred stock have the following terms: a cumulative dividend of 7.5% (payable when and if declared), effective April 1, 2010, priority payment rights behind the Series A but equal to the Series B and D; voting rights as provided in the Code of By-Laws and the Amended and Restated Certificate of Incorporation and the Shareholder Agreement; conversion rights, redemption and liquidation rights as provided in the Amended and Restated Certificate of Incorporation and the Shareholder Agreement, respectively.

Holders of the Company's shares of Series D convertible preferred stock have the following terms: a cumulative dividend of 5% (payable when and if declared), priority payment rights equal to the Series B and C; voting rights as provided in the Code of By-Laws and the Amended and Restated Certificate of Incorporation and the Shareholder Agreement; conversion rights, redemption and liquidation rights as provided in the Amended and Restated Certificate of Incorporation and the Shareholder Agreement, respectively.

**CORPORATE FINANCE SECURITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**For The Year Ended December 31, 2014**

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**NOTE 5 – NET CAPITAL REQUIREMENTS**

As a registered broker/dealer, the Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires that the Company maintain a minimum net capital, as defined, and may not permit its aggregate indebtedness, as defined, to exceed fifteen times its net capital. At December 31, 2014, under the most restrictive requirement, the Company had net capital of \$74,103 which was \$45,012 in excess of its minimum required net capital of \$29,091. The Company's ratio of aggregate indebtedness to net capital was 5.89 to 1.

**CORPORATE FINANCE SECURITIES, INC.**

**SCHEDULE I – COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION**

As of December 31, 2014

	Unaudited Amounts per FOCUS Report	Amounts Based on Annual Report	Difference Increase (Decrease)
Net capital -			
Total shareholders' equity from statement of financial condition	\$ <u>117,476</u>	\$ <u>109,761</u>	\$ <u>(7,715)</u>
Deductions and/or charges:			
Nonallowable assets included in the following statement of financial condition captions:			
Cash and cash equivalents	1,997	1,997	-
Other receivables	5,656	5,656	-
Prepaid expenses and other	23,350	23,351	1
Deferred tax asset	<u>6,961</u>	<u>4,654</u>	<u>(2,307)</u>
Total deductions and/or charges	<u>37,964</u>	<u>35,658</u>	<u>(2,306)</u>
Net capital	79,512	74,103	(5,409)
Minimum net capital required	<u>28,730</u>	<u>29,091</u>	<u>361</u>
Excess net capital	\$ <u>50,782</u>	\$ <u>45,012</u>	\$ <u>(5,770)</u>
Total aggregate indebtedness	\$ <u>430,950</u>	\$ <u>436,358</u>	\$ <u>5,408</u>
Ratio of aggregate indebtedness to net capital	<u>5.42 to 1</u>	<u>5.89 to 1</u>	

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
ON THE EXEMPTION REPORT**

We have reviewed management's statements, included in the accompanying Exemption Report of Corporate Finance Securities, Inc., in which (1) Corporate Finance Securities, Inc. (the "Company") identified the following provision 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)(i) (the "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 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 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 conditions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*KMJ Corbin & Company LLP*  
KMJ Corbin & Company LLP

Costa Mesa, California  
February 26, 2015



CORPORATE FINANCE SECURITIES

24461 Ridge Route, Suite A-200  
Laguna Hills, California 92653

T/ 949.305.6710  
F/ 949.305.6713

**Exemption Report of Corporate Finance Securities, Inc.**

**Corporate Finance Securities, Inc.** (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 provision of 17 C.F.R. § 240.15c3-3:(k)(2)(i)
2. The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k)(2)(i) throughout the year ended December 31, 2014, without exception.

Corporate Finance Securities, Inc.

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

By:   
\_\_\_\_\_  
Peter Heydenrych

February 26, 2015

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON  
 APPLYING AGREED-UPON PROCEDURES RELATED TO AN ENTITY'S SIPC  
 ASSESSMENT RECONCILIATION**

Board of Directors  
 Corporate Finance Securities, Inc.

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 (General Assessment Reconciliation (Form SIPC-7)) to the Securities Investor Protection Corporation ("SIPC") for the year ended December 31, 2014, which were agreed to by Corporate Finance Securities, Inc. (the "Company"), the Securities and Exchange Commission ("SEC"), Financial Industry Regulatory Authority, Inc. ("FINRA") and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company'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 records entries and copies of checks, 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 a difference as follows;

<u>Item No.</u>	<u>Description</u>	<u>Per SIPC-7</u>	<u>Per KMJ</u>	<u>Difference</u>
2a	Total revenues	\$ 5,827,941	\$ 5,800,361	\$ 27,580

The difference noted above was due to reclassification of certain reimbursements of expenses from total revenues to expenses.

3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers (general ledger transaction details by account), noting no adjustments;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers (general ledger transaction details by account) supporting the adjustments, noting no differences; and
5. Compared the amount of any overpayment, if applicable, applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences.

As a result of applying these agreed-upon procedures, the Company has overpaid its General Assessment with the differences summarized as follows:

Item No.	Per SIPC-7 submitted	Recomputed by KMJ
2a	\$ 5,827,941	\$ 5,800,361
Total deductions	-	-
SIPC net operating revenues	<u>\$ 5,827,941</u>	<u>\$ 5,800,361</u>
General assessment	\$ 14,570	\$ 14,501
Less payment made with SIPC-6	(5,836)	(5,836)
Less prior overpayment applied	-	-
Less payment made with SIPC-7	(8,734)	(8,734)
Overpayment	<u>\$ -</u>	<u>\$ (69)</u>

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.

*KMJ Corbin & Company LLP*  
KMJ Corbin & Company LLP

Costa Mesa, California  
February 26, 2015

SIPC-7

(33-REV 7/10)

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

General Assessment Reconciliation

For the fiscal year ended 12/31/2014  
(Read carefully the instructions in your Working Copy before completing this Form)

SIPC-7

(33-REV 7/10)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

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

2722-3304-MIXED AADC 220  
087586 FINRA DEC  
CORPORATE FINANCE SECURITIES INC  
24461 RIDGE ROUTE DR STE A200  
LAGUNA HILLS CA 92653-1686

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

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

Peter Heydenrych (949) 457-8990

2. A. General Assessment (item 2e from page 2)

\$ 14,570

B. Less payment made with SIPC-6 filed (exclude interest)

( 5,836 )

7/21/14  
Date Paid

C. Less prior overpayment applied

( \_\_\_\_\_ )

D. Assessment balance due or (overpayment)

\_\_\_\_\_

E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum

\_\_\_\_\_

F. Total assessment balance and interest due (or overpayment carried forward)

\$ 8,734

G. PAID WITH THIS FORM:

Check enclosed, payable to SIPC  
Total (must be same as F above)

\$ 8,734

H. Overpayment carried forward

\$( \_\_\_\_\_ )

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

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

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

Corporate Finance Securities, Inc.

[Signature]

Chief Financial Officer / FinOp

Dated the 22nd day of January, 2015.

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

SIPC REVIEWER  
Dates: Postmarked \_\_\_\_\_ Received \_\_\_\_\_ Reviewed \_\_\_\_\_  
Calculations \_\_\_\_\_ Documentation \_\_\_\_\_ Forward Copy \_\_\_\_\_  
Exceptions: \_\_\_\_\_  
Disposition of exceptions: \_\_\_\_\_

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

Amounts for the fiscal period  
beginning 1/1/2014  
and ending 12/31/2014

Eliminate cents

\$ 5,827,941

**Item No.**

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

**2b. Additions:**

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

Total additions

**2c. Deductions:**

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

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

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13.

Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ \_\_\_\_\_

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ \_\_\_\_\_

Enter the greater of line (i) or (ii)

Total deductions

2d. SIPC Net Operating Revenues

\$ 5,827,941

2e. General Assessment @ .0025

\$ 14,570

(to page 1, line 2.A.)