



OATH OR AFFIRMATION

I, Gustavo Dominguez, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AdCap Securities LLC as of December 31, 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:

\_\_\_\_\_

\_\_\_\_\_



[Signature]  
Notary Public

[Signature]  
Signature  
CEO  
Title

- 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 Stockholders' Equity or Partners' or Sole Proprietors' Capital.
  - (e) Statement of Cash Flows
  - (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) Statement of Exemption from Rule 15c3-3.
  - (k) 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.
  - (l) An Oath or Affirmation.
  - (m) SIPC Supplemental Report and Independent Accountant's Report
  - (n) Report of Independent Registered Public Accounting Firm on Statement of Exemption or Compliance
  - (o) 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).

**AdCap Securities, LLC**  
**(A Wholly-Owned Subsidiary of AdCap Holdings, LLC)**  
**Index**  
**December 31, 2015**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member AdCap Securities, LLC  
(A Wholly-Owned Subsidiary of  
AdCap Holdings, LLC)

We have audited the accompanying statement of financial condition of AdCap Securities, LLC (A Wholly-Owned Subsidiary of AdCap Holdings, LLC) (the "Company") as of December 31, 2015, and the related notes to the financial statements. This financial statement is the responsibility of AdCap Securities, LLC's management. Our responsibility is to express an opinion on this financial statement 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial position. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial position presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the Company has not generated significant revenues to maintain its operations and thus is dependent upon AdCap Holdings, LLC (the "Parent") to make capital contributions from time to time to provide support for its operations. The Company's ability to continue operations is dependent upon the member's willingness and ability to continue providing the necessary capital for the Company to maintain compliance with the Securities and Exchange Commission Net Capital Rule (Rule 15c3-1).

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of AdCap Securities, LLC as of December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

*Morrison, Brown, Argiz & Farra*

Miami, Florida  
February 26, 2016

An Independent Member of Baker Tilly International

**AdCap Securities, LLC**  
**(A Wholly-Owned Subsidiary of AdCap Holdings, LLC)**  
**Statement of Financial Condition**  
**December 31, 2015**

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**ASSETS**

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Cash	\$ 211,695
Deposits with clearing organizations	305,000
Receivable from clearing organization	325,460
Goodwill	260,000
Prepaid expenses	20,336
Furniture and equipment, net	12,962
Other assets	3,498
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TOTAL ASSETS	<b>\$ 1,138,951</b>

**LIABILITIES AND MEMBER'S EQUITY**

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Accounts payable and accrued expenses	\$ 263,668
Commissions payable	52,639
Subordinated loan interest payable	1,348
Liabilities subordinated to claims of general creditors	300,000
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TOTAL LIABILITIES	617,655

COMITMENTS AND CONTINGENCIES (NOTES 3 and 10)

MEMBER'S EQUITY	<hr/> 521,296
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TOTAL LIABILITIES AND MEMBER'S EQUITY	<b>\$ 1,138,951</b>
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See accompanying notes to the financial statement.

**AdCap Securities, LLC**  
**(A Wholly Owned Subsidiary of AdCap Holdings, LLC)**  
**Notes to the Financial Statements**  
**December 31, 2015**

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**1. NATURE OF BUSINESS**

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AdCap Securities, LLC (A Wholly Owned Subsidiary of AdCap Holdings, LLC) (the "Company"), formerly known as Lake Forest Securities, LLC, is an Illinois corporation registered as a broker-dealer with the Securities and Exchange Commission ("SEC"), and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is wholly owned by AdCap Holdings, LLC (the "Parent"). The Company's operations consist primarily of introducing customer accounts on a fully disclosed basis to its clearing brokers and does not maintain customer accounts.

The Company has not generated significant revenues to maintain its operations, and thus has been dependent on the Parent to make capital contributions from time to time to support its operations and to maintain compliance with SEC Rule 15c3-1. The Company will likely continue to depend on the Parent for these capital contributions. The Parent has committed to continue providing the necessary capital to maintain compliance with SEC Rule 15c3-1.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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**Basis of Financial Statement Presentation**

The accounting policies and reporting practices of the Company conform to the predominant practices in the broker-dealer industry and are in accordance with accounting principles generally accepted in the United States of America.

**Government and Other Regulation**

The Company's business is subject to significant regulation by various governmental agencies and self-regulatory organizations. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the applicable requirements of these organizations.

**Commissions**

Commission and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

**Statement of Cash Flows**

For purposes of the statements of cash flows and cash equivalents, the Company considers highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

**Clearing Agreements**

The Company has agreements with both RBC Capital Markets and Pershing, LLC. to provide execution and clearing services on behalf of its customers on a fully disclosed basis.

**Furniture and Equipment**

Furniture and equipment are stated at cost less accumulated depreciation and amortization. Depreciation of assets is provided for by the straight-line method over the estimated useful lives of 3 years. As of December 31, 2015, furniture and equipment amounted to \$17,063 and the related accumulated depreciation was \$4,101. Repairs and maintenance are expensed as incurred.

**AdCap Securities, LLC**  
**(A Wholly-Owned Subsidiary of AdCap Holdings, LLC)**  
**Notes to the Financial Statements**  
**December 31, 2015**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 December 31, 2015 and revenues and expenses during the year then ended. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

**Revenue Recognition**

The Company primarily acts in a principal capacity, buying and selling securities on a riskless basis with customers and other dealers. Such securities transactions and the related riskless principal trading, commissions, brokerage fees revenues, and expenses are recorded on trade date.

**Income Taxes**

Effective July 24, 2014, the Company elected to be treated as a corporation for federal income tax purposes. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and credit carryforwards. 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. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that tax benefits will not be realized.

The Company recognizes positions taken or expected to be taken in a tax return in accordance with existing accounting guidance on income taxes which prescribes a recognition threshold and measurement process. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other operating expenses, respectively.

**Goodwill**

The Company accounts for goodwill and intangibles under an accounting standard which specifies that all goodwill and indefinite life intangibles shall not be amortized. Goodwill must be allocated to reporting units and evaluated for impairment on an annual basis. The Company completed its annual impairment evaluation for the fiscal year ended December 31, 2015 and determined that goodwill is not impaired.

**Subsequent Events**

The Company has evaluated subsequent events through February 26, 2016, which is the date the financial statements were issued.

**AdCap Securities, LLC**  
**(A Wholly-Owned Subsidiary of AdCap Holdings, LLC)**  
**Notes to the Financial Statements**  
**December 31, 2015**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**New Accounting Pronouncements**

Revenue From Contracts With Customers

In May 2014, the Financial Accounting Standards Board issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2017 and in interim periods in that reporting period. Early application is permitted for annual reporting periods beginning after December 15, 2016. The Company is currently evaluating the effect the update will have on its financial statements.

**3. COMMITMENTS AND CONTINGENCIES**

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**Litigation**

The Company is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Company's financial position or results of operations.

**4. RECEIVABLES FROM CLEARING ORGANIZATION**

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Receivable from broker includes cash balances held at the clearing brokers as well as receivables due from the clearing brokers on trades pending settlement. At December 31, 2015, the amount due from clearing brokers totaled \$325,460.

**5. DEPOSITS WITH CLEARING ORGANIZATION**

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The Company's clearing brokers' are RBC Capital Markets and Pershing, LLC. The agreements between the Company and clearing brokers require that the Company maintain a collateral deposit of \$305,000. The collateral deposit including interest receivable as of December 31, 2015 is \$305,000.

**6. NET CAPITAL REQUIREMENTS**

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The Company, as a registered broker dealer in securities, is subject to the Securities and Exchange Commission's uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimal net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. As of December 31, 2015, the Company had net capital of \$525,848 which was \$425,848 in excess of its required net capital of \$100,000. The Company's ratio of aggregate indebtedness to net capital was 0.60 to 1 as of December 31, 2015.

**AdCap Securities, LLC**  
**(A Wholly-Owned Subsidiary of AdCap Holdings, LLC)**  
**Notes to the Financial Statements**  
**December 31, 2015**

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**7. RELATED PARTY TRANSACTIONS**

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On October 1, 2014, the Company entered into an expense sharing agreement, subsequently amended, with the Parent. For the year ended December 31, 2015, the agreement resulted in reimbursement of expenses to the Parent of \$85,769 for certain operating expenses. These amounts are reflected within the applicable expense category in the accompanying statement of operations.

**8. LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS**

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On November 20, 2015, the Company converted a loan payable to the Parent in the amount of \$300,000 into a subordinated loan agreement with the Parent. As of December 31, 2015, the balance of the subordinated loan was \$301,348 which includes accrued interest of \$1,348. The subordinated loan and interest are used in computing net capital. The subordinated loan with the Parent has a three year term and bears interest at 4%.

**9. INCOME TAXES**

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The Company recorded no income tax benefit or expense for the year ended December 31, 2015.

The actual income tax expense for 2015 differs from the statutory tax expense for the year (computed by applying the U.S. federal corporate tax rate of 34% to net loss due to the valuation allowance).

The Company has approximately \$1,137,000 of Federal and State net operating loss carry forwards starting to expire in 2034. Their utilization is limited to future taxable earnings of the Company.

The Company's deferred tax asset is derived from net operating losses and amounts to approximately \$420,000 as of December 31, 2015. Due to the uncertain nature of the ultimate realization of the net deferred tax asset, the Company has established a full valuation allowance against the benefits of the net deferred tax asset and will recognize these benefits only as reassessment demonstrates they are realizable. Ultimate realization is dependent upon several factors, among which is future earnings. While the need for this valuation allowance is subject to periodic review, if the allowance is reduced, the tax benefits of the net deferred tax assets will be recorded in future operations as a reduction of the Company income tax expense.

The U.S. Federal jurisdiction, Florida, Illinois, New York are the major tax jurisdictions where the Company files income tax returns. The Company is no longer subject to U.S. Federal or State examinations by tax authorities for years before 2012.

For the year ended December 31, 2015, the Company did not have any unrecognized tax benefits as a result of tax positions taken during a prior period or during the current period. No interest or penalties have been recorded as a result of tax uncertainties.

**AdCap Securities, LLC**  
**(A Wholly-Owned Subsidiary of AdCap Holdings, LLC)**  
**Notes to the Financial Statements**  
**December 31, 2015**

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**10. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONCENTRATION OF CREDIT RISK**

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The Company enters into various transactions involving off-balance sheet financial instruments. These financial instruments include securities purchased and sold on a when-issued basis. These financial instruments are used to meet the needs of customers and are subject to varying degrees of market and credit risk.

The Company's customer securities activities are provided to a diverse group of institutional, corporate and individual investors. In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

The Company is engaged in various securities trading and brokerage activities in which counterparties primarily include broker-dealers, banks, other financial institutions and corporations. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

# **AdCap Securities, LLC**

**(A Wholly-Owned Subsidiary of  
AdCap Holdings, LLC)  
Financial Statement  
December 31, 2015**