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

FEB 28 2018

Washington I  
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SEC FILE NUMBER
8-45389

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 01/01/2017 AND ENDING 12/31/2017  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **CARNEGIE, INC.**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

**20 West 55th Street**

(No. and Street)

**New York**

**NY**

**10019**

(City)

(State)

(Zip Code)

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

Thomas Flakstad

212-262-5800

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Regen, Benz & Mackenzie CPA's P.C.**

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

**57 West 38th Street, 3rd Floor New York**

**NY**

**10018**

(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)

SEC 1410 (06-02)

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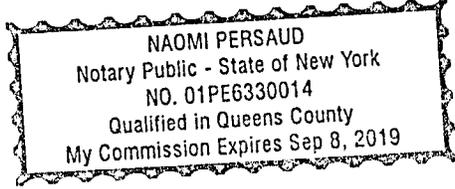
OATH OR AFFIRMATION

I, Thomas Flakstad, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CARNEGIE, INC. of December 31, 2017, 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:

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

Thomas Flakstad  
Signature  
President  
Title

Naomi Persaud  
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.
- (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).



# RegenBenzMacKenzie

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder  
of Carnegie, Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Carnegie, Inc. (a wholly owned subsidiary of Carnegie Investment Bank AB), (a Delaware corporation) as of December 31, 2017, the related statements of income (loss), changes in stockholder's equity, and cash flows for the year then ended, and the related notes and schedules I, II, III, IV, V, VI and VII (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of Carnegie, Inc. as of December 31, 2017, 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 of America.

### **Basis for Opinion**

These financial statements are the responsibility of Carnegie, Inc.'s management. Our responsibility is to express an opinion on Carnegie, Inc.'s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Carnegie, Inc. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### **Supplemental Information**

The information contained in schedules I, II, III, IV, V, VI and VII has been subjected to audit procedures performed in conjunction with the audit of Carnegie, Inc.'s financial statements. The supplemental information is the responsibility of Carnegie, 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 17 C.F.R. §240.17a-5. In our opinion, the supplemental information contained in Schedules I, II, III, IV, V, VI and VII is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Regen, Benz & MacKenzie, CPAs PC*

Regen, Benz & MacKenzie, CPA's PC

We have served as Carnegie Inc.'s auditor since 1993.

New York, New York

February 20, 2018

REGEN, BENZ & MACKENZIE, C.P.A.'S, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

57 WEST 38TH STREET, THIRD FLOOR, NEW YORK, NEW YORK 10018  
TELEPHONE 212.661.2720 FACSIMILE 212.681.6140

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**CARNEGIE, INC.**  
**(a wholly owned subsidiary  
of Carnegie Investment Bank AB)**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

CARNEGIE, INC.  
(a wholly owned subsidiary of Carnegie Investment Bank AB)  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2017

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 6,527,379
Commissions Receivable	395,073
Clearing Deposit	250,024
Prepaid Income Taxes	152,760
Prepaid Expenses	<u>76,557</u>
Total Current Assets	<u>7,401,793</u>

Fixed Assets

Furniture, Equipment and Leasehold Improvements at Cost, Less Accumulated Depreciation of \$753,594	<u>315,620</u>
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Other Assets

Deferred Income Tax Benefit	<u>1,359,555</u>
Total Other Assets	<u>1,359,555</u>

TOTAL ASSETS	<u>\$ 9,076,968</u>
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LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 3,257,063
Deferred Rent	<u>106,989</u>
Total Current Liabilities	<u>3,364,052</u>

Stockholder's Equity

Common Stock - \$0.01 Par Value: 100 Shares Authorized Issued and Outstanding	1
Paid-in-Capital	3,999,999
Retained Earnings	<u>1,712,916</u>
Total Stockholder's Equity	5,712,916

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 9,076,968</u>
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*The accompanying notes are an integral part of these financial statements.*

CARNEGIE, INC.  
(a wholly owned subsidiary of Carnegie Investment Bank AB)  
STATEMENT OF INCOME (LOSS)  
FOR THE YEAR ENDED DECEMBER 31, 2017

Revenue

Commission Income	\$ 7,135,883
Fee Income	4,099,249
Foreign Exchange Loss	(69,537)
Interest Income	<u>24</u>
Total Revenue	<u>11,165,619</u>

Expenses

Settlement Costs	3,477,779
Salaries	4,587,351
Office Rent and Utilities	436,162
Commercial Rent Tax	20,992
Payroll Taxes	152,469
Employee Benefits	531,374
Insurance	50,714
Research	9,614
Depreciation	73,403
Repair and Maintenance	10,327
Office Expenses	33,563
Telephone and Communication	964,066
Machine Rental and Maintenance	47,508
Professional and Legal Fees	973,959
Travel and Entertainment	680,922
Regulatory Fees	20,946
Dues and Subscriptions	38,575
Charitable Contributions	4,430
Miscellaneous	13,291
Payroll Service Charge	5,007
Seminars	<u>1,218</u>
Total Expenses	<u>12,133,670</u>

Loss before Provision for Income Taxes	(968,051)
Provision for Income Taxes	(303,787)
Income Tax Benefit	<u>263,252</u>
Total Income Tax Provision	<u>(40,535)</u>
Net Loss	<u>\$ (1,008,586)</u>

*The accompanying notes are an integral part of these financials statements.*

CARNEGIE, INC.  
(a wholly owned subsidiary of Carnegie Investment Bank AB)  
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Capital Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, January 1, 2017	\$ 1	\$ 3,999,999	\$ 2,721,502	\$ 6,721,502
Net Loss	-	-	(1,008,586)	(1,008,586)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance, December 31, 2017	<u>\$ 1</u>	<u>\$ 3,999,999</u>	<u>\$ 1,712,916</u>	<u>\$ 5,712,916</u>

*The accompanying notes are an integral part of these financials statements.*

CARNEGIE, INC.  
(a wholly owned subsidiary of Carnegie Investment Bank AB)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flows From Operating Activities

Net Loss	\$ (1,008,586)
Adjustments to Reconcile Net Loss to Net Cash Provided By Operating Activities:	
Depreciation	73,403
Decrease in Commissions Receivable	329,823
Increase in Clearing Deposit	(250,024)
Decrease in Prepaid Income Taxes	12,694
Decrease in Prepaid Expenses	57,450
Decrease in Deferred Income Tax Benefit	169,685
Decrease in Other Receivables	49,700
Increase in Accounts Payable and Accrued Expenses	796,854
Increase in Deferred Rent	<u>34,212</u>
Net Cash Provided by Operating Activities	265,211

Cash Flows From Investing Activities

Purchase of Fixed Assets	(3,345)
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Cash Flows From Financial Activities

	<u>-</u>
Net Increase in Cash	261,866
Cash and Cash Equivalents - Beginning of Year	<u>6,265,513</u>
Cash and Cash Equivalents - End of Year	<u>\$ 6,527,379</u>

Supplemental Disclosures of Cash Flow Information:

Cash Paid During The Period For:

Taxes	<u>\$ -</u>
Interest	<u>\$ -</u>

*The accompanying notes are an integral part of these financials statements.*

CARNEGIE, INC.  
(a wholly owned subsidiary of Carnegie Investment Bank AB)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - ORGANIZATION

Carnegie, Inc. ("Carnegie") a United States of America Corporation, was incorporated in Delaware on September 19, 1986. Carnegie is a wholly owned subsidiary of Carnegie Investment Bank AB, a Swedish Corporation which is owned by Carnegie Holding AB, a Swedish corporation.

Substantially all securities transactions represent the sale of foreign securities (a minor portion, less than 2% represents domestic securities). All foreign securities commission income is generated through related companies and the settlement costs of foreign securities transactions are through related companies.

Carnegie does not maintain any customer accounts, as defined by Rule 15c3-3 of the Securities and Exchange Commission. Carnegie is therefore exempt from Rule 15c3-3 in accordance with Section (k)(2)(i) thereof.

Since Carnegie does not settle their trades through a United States broker, it is required to record the liability for the failed trades if any.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Carnegie uses the accrual method of accounting for financial statements and for income tax purposes. Carnegie accounts for all revenue from securities transactions and expenses related to such transactions on a trade date basis.

Fixed Assets

Furniture and equipment are stated at cost and are being depreciated on the straight-line basis using estimated useful lives from three to seven years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

Commissions

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

Fee income

Fee income arises from securities offerings in which Carnegie acts as an agent. Fees are recorded at the time the underwriting is completed and the income is reasonably determinable.

Deposit with Clearing Broker

The Company clears some customer transactions through another broker-dealer on a fully disclosed basis. The fully disclosed correspondent/clearing agreement requires a deposit with the clearing firm. Provided the Company is not in default of its obligations or liabilities to the clearing firm, the clearing firm will return the security deposit following termination of the fully disclosed correspondent/clearing agreement.

Tax Uncertainties

Carnegie accounts for income taxes in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, Income Taxes, which requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statements and income tax purposes. The differences relate principally to depreciation and amortization of property and equipment. Deferred tax assets and liabilities represent the future tax consequence for those differences which will either be deductible or taxable when the assets and liabilities are recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

CARNEGIE, INC.  
(a wholly owned subsidiary of Carnegie Investment Bank AB)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Uncertainties (Continued)

Carnegie adopted the provisions of FASB ASC 740-10-25, which prescribes a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns. FASB ASC 740-10-25 also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, and accounting for interest and penalties associated with tax positions.

Deferred income taxes are provided when income and expenses are recognized in different years for financial and tax reporting purposes (see Note 8). Interest and penalties associated with tax positions are recognized in the statement of income if material.

Foreign Currency Translation

Amounts recorded in foreign currencies are translated into U.S. dollars as follows:

- (a) Monetary assets and monetary liabilities, at the rate of exchange in effect as of the balance sheet date;
- (b) Non-monetary assets and non-monetary liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and,
- (c) Revenues and expenses, at the rate of exchange at the trade date.

Use of Estimates

Carnegie uses estimates and assumptions in preparing financial statements in accordance with U.S. Generally Accepted Accounting Principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used. The nature of the Company's operations is such that variances from estimates of financial statements amounts are not likely to be significant.

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued since the Company's policy is to recognize the cost of compensated absences when actually paid to employees.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for the periods beginning after December 15, 2017. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

In February 2016, the FASB issued new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2018. A lessee will be required to recognize on the balance sheet the assets and liabilities for lease terms of more than 12 months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

CARNEGIE, INC.  
(a wholly owned subsidiary of Carnegie Investment Bank AB)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

NOTE 3 - CASH

Only \$250,000 of cash held at TD Bank is FDIC insured, \$6,278,113 was not FDIC insured. For the statement of cash flows, Carnegie includes cash on deposit, cash on hand, money market and certificates of deposits with original maturities less than three months (if any) as cash equivalents.

NOTE 4 - COMMISSIONS RECEIVABLE

Commissions receivable represents the net amount that arises in the normal course of business. Receivable are generally considered past due after 30 days and do not accrue interest. There was no receivable that was past due.

Management determines the allowance for doubtful accounts based upon prior experience and its assessment of the collectability of specific accounts. At December 31, 2017, commissions receivable were considered fully collectible by management. No allowance for doubtful accounts has been provided.

The amount of \$395,073 includes \$390,317 due from related companies net of settlement costs are as follows:

Carnegie Investment Bank AB	\$376,460
Carnegie ASA	4,225
Carnegie London	<u>9,632</u>
	<u>\$390,317</u>

NOTE 5 - FIXED ASSETS

Furniture, equipment and leasehold improvements at cost, less accumulated depreciation. When properties are retired or otherwise disposed of, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting profit or loss is reflected in income in the period incurred.

The following is a summary of the furniture and equipment, and the related accumulated depreciation as of December 31, 2017:

Cost	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Furniture and Equipment	\$ 910,800	\$ 3,345	\$ ---	\$ 914,145
Leasehold Improvements	<u>155,069</u>	<u>---</u>	<u>---</u>	<u>155,069</u>
	<u>\$1,065,869</u>	<u>\$ 3,345</u>	<u>\$ ---</u>	<u>\$ 1,069,214</u>
Accumulated Depreciation	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Furniture and Equipment	\$ 648,380	\$ 58,871	\$ ---	\$ 707,251
Leasehold Improvements	<u>31,811</u>	<u>14,532</u>	<u>---</u>	<u>46,343</u>
	<u>\$ 680,191</u>	<u>\$ 73,403</u>	<u>\$ ---</u>	<u>\$ 753,594</u>

CARNEGIE, INC.  
(a wholly owned subsidiary of Carnegie Investment Bank AB)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

NOTE 6 - EMPLOYEE BENEFITS

Carnegie established a profit sharing pension plan in 1994. All employees who have been employed with the company for three months are covered by the plan. Carnegie's contributions to the plan are at the discretion of the Board of Directors. Contributions may vary from 0-15 percent of an employee's base salary and are determined on a yearly basis; however, the maximum contribution for any individual may not exceed \$25,000. Funds contributed to the pension plan are set aside in a separate account for each participant and are self-directed by the participant.

For the year ended December 31, 2017, contributions to the plan charged to operations were \$232,575 and are included in employee benefits. Additionally, Carnegie pays for the cost of all of its employee's health insurance premiums.

NOTE 7 - COMMITMENTS

Carnegie occupies leased office space in New York City. The current lease will expire on December 31, 2025. Future minimum rental commitments for this operating lease are as follows:

2018	\$ 347,937
2019	355,766
2020	374,521
2021	388,323
2022	397,060
Thereafter	<u>1,239,317</u>
	<u>\$ 3,102,924</u>

Rent expense for the year totaled \$374,108.

NOTE 8 - INCOME TAXES

The major components of income tax expense for the year ended December 31, 2017 are as follows:

Current Income Tax	\$ 15,000
Adjustment in Respect of Deferred Income Tax of Prior Years	291,093
Adjustments in Respect of Income Tax of Prior Years	<u>(2,306)</u>
Income Tax Expense Reported on Financial Statements	<u>\$ 303,787</u>

Deferred income tax at December 31, 2017 relates to the following:

Charitable Contributions Carry Forward	\$ 2,125
Accelerated Depreciation for Tax Purposes	(29,304)
Deferred Compensation	435,025
Deferred Rent	34,537
Federal, State and Local Net Operating Losses	<u>917,172</u>
Deferred Income Tax Reported on Financial Statements	<u>\$1,359,555</u>

CARNEGIE, INC.  
 (a wholly owned subsidiary of Carnegie Investment Bank AB)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

NOTE 8 - INCOME TAXES (CONTINUED)

The following temporary differences gave rise to the deferred tax; reduction of rent expense attributable to rent abatement is not taxable since it was not received; the excess of book depreciation over tax depreciation; and deferred compensation which is not deductible for tax purposes until paid.

Prepaid income taxes represent an overpayment of Federal, State and Local income tax that will be applied to the 2018 tax liability. The overpayment is attributable to amounts credited from prior years and applied to the year 2017 estimated taxes.

Carnegie incurred Net Operating Losses in years 2009, 2010, 2012, 2015, 2016 and 2017. The Net Operating Losses for 2009, 2010, 2012, and 2015 were utilized for Federal income tax only. New York State and New York City only allow a carryback of \$10,000 and the balance may be carried forward for 20 years. Following are Federal, New York State and New York City Net Operating Losses and the year they expire:

	<u>Amount</u>	<u>Year of Loss</u>	<u>Expiration</u>
Federal	\$ 374,993	2016	2036
	734,122	2017	2037
New York State	1,041,433	2009	2029
	2,242,843	2010	2030
	1,747,985	2012	2032
	13,191	2015	2035
	814,244	2016	2036
	373,606	2017	2037
New York City	983,188	2009	2029
	2,234,239	2010	2030
	1,739,374	2012	2032
	1,867	2015	2035
	810,744	2016	2036
	734,106	2017	2037

On December 22, 2017, the 2017 Tax Cuts And Jobs Act (the "Act") was signed into law. Among other changes, the Act reduces the federal corporate tax rate from 35% to 21%. Under generally accepted accounting principles, 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. As a result of the federal tax rate reduction, Carnegie remeasured the net deferred tax asset at December 31, 2017, resulting in a reduction of the net deferred tax asset of \$327,042.

The Federal, New York State and New York City income tax returns of the Company for 2014 through 2017 are subject to examination by the taxing authorities for three years after they were filed.

CARNEGIE, INC.  
(a wholly owned subsidiary of Carnegie Investment Bank AB)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

NOTE 9- RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year.

	<u>Commission and Fee Income</u>	<u>Trading Gain(Loss)</u>	<u>Currency Gain(Loss)</u>	<u>Settlement Fees Paid</u>
Carnegie Investment Bank AB	\$ 7,852,183	\$ (229,530)	\$ (69,431)	\$ 2,427,391
Carnegie Bank A/S	1,631,447	-	119	590,470
Carnegie ASA	1,268,768	(579)	(2,116)	438,923
	<u>\$ 10,752,398</u>	<u>\$ (230,109)</u>	<u>\$ (71,428)</u>	<u>\$ 3,456,784</u>

Accounts Payable as of December 31, 2017 includes \$229,530 payable to Carnegie Investment Bank AB.

Carnegie, Inc. reimbursed its parent for certain expenses totaling \$1,360,340. These expenses relate to items which were paid by the parent and were allocated to the group. The expenses were as follows:

Consulting Services	\$ 581,353
Professional Fees	307,426
Exchange Expense	203,394
Fix Order Routing	111,465
IT Expenses	68,412
Software Licensing	63,416
Reuter Expense	24,820
Miscellaneous	54
Total	<u>\$ 1,360,340</u>

NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date. Fair value measurements assume the asset or liability is exchanged in an orderly manner; the exchange is in the principal market for that asset or liability (or in the most advantageous market when no principal market exists); and that the market participants are independent, knowledgeable, able and willing to transact an exchange. The new provisions also clarify that the reporting entity's nonperformance risk (credit risk) should be considered in valuing liabilities.

CARNEGIE, INC.  
(a wholly owned subsidiary of Carnegie Investment Bank AB)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

NOTE 10 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

FASB ASC 820 establishes a framework for measuring fair value by creating a hierarchy of observable independent market inputs and unobservable market assumptions and expands disclosures about fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Considerable judgment is required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in the financial statements are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value.

Carnegie has a number of financial instruments, including cash, of which, none of the financial instruments are held for trading purposes.

NOTE 11 - SUBSEQUENT EVENTS

The Company's management has performed subsequent events procedures through February 20, 2018, which is the date the financial statements were available to be issued, there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

NOTE 12 - NET CAPITAL REQUIREMENTS

Carnegie is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital. The Company has elected to use the alternative method, permitted by the rule, which requires that Carnegie maintain minimum net capital, as defined, equal to the greater of \$250,000 or 2 percent of aggregated debit balances arising from customer transactions, as defined. (The net capital rule of the applicable exchange also provides that equity capital may not be withdrawn or cash dividends paid if resulting net capital would be less than 5 percent of aggregate debits.) At December 31, 2017, Carnegie had net capital of \$3,413,321 which was \$3,163,321 in excess of its required net capital.

NOTE 13 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

Concentration of Credit Risk

The credit risk for commissions receivable is concentrated because 99% of the balances due are from three related parties (see Note 4 and 9). However, commissions receivable are collected within a short period of time, accordingly, commissions receivable are reported at the amount of the receivable outstanding.

Revenue Concentration

Revenue for the year ended December 31, 2017 includes revenue from three related parties, (see Notes 4 and 9) which accounted for approximately 94% of the total revenues.

SUPPLEMENTARY INFORMATION  
PURSUANT TO RULE 17A-5 OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AS OF DECEMBER 31, 2017

SCHEDULE I  
CARNEGIE, INC.  
 (a wholly owned subsidiary of Carnegie Investment Bank AB)  
COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1 OF  
THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2017

NET CAPITAL

Total Stockholder's Equity Qualified for Net Capital	\$ <u>5,712,916</u>
Deductions and/or Charges	
Non-allowable Assets:	
Petty Cash	30
Commissions Receivable	395,073
Prepaid Income Taxes	152,760
Prepaid Expenses	76,557
Furniture, Equipment and Leasehold Improvements	315,620
Other Assets	<u>1,359,555</u>
Total Deductions and/or Charges	<u>2,299,595</u>
Net Capital before Haircuts on Securities Positions (Tentative Net Capital)	3,413,321
Haircuts on Investment Securities	<u>-</u>
Net Capital	\$ <u><u>3,413,321</u></u>
Aggregate Indebtedness	
Items Included in Statement of Financial Condition:	
Accounts Payable and Accrued Expenses	\$ 3,257,063
Deferred Rent	<u>106,989</u>
Total Aggregate Indebtedness	\$ <u><u>3,364,052</u></u>
COMPUTATION OF ALTERNATIVE NET CAPITAL REQUIREMENT	
2 percent of aggregate debit items (or \$250,000, if greater) as shown in formula for reserve requirements pursuant to rule 15c3-3 prepared as of the date of the net capital computation	
Capital Requirement of Broker, Dealer Electing Alternative Method	\$ <u>250,000</u>
Total Net Capital Requirement	\$ <u><u>250,000</u></u>
Excess Net Capital	\$ <u><u>3,163,321</u></u>
Net Capital in excess of the greater of: 5 percent of aggregate debit items or 120% of minimum net capital requirement	\$ <u><u>3,113,321</u></u>

SCHEDULE I (CONTINUED)  
CARNEGIE, INC.  
(a wholly owned subsidiary of Carnegie Investment Bank AB)  
COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1 OF  
THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2017

RECONCILIATION WITH CARNEGIE, INC. COMPUTATION

Net Capital, as reported in Company's Part II Focus Report	\$ <u>3,413,321</u>
Net Capital per above	\$ <u>3,413,321</u>

SCHEDULE II  
CARNEGIE, INC.

(a wholly owned subsidiary of Carnegie Investment Bank AB)

COMPUTATION FOR DETERMINATION OF CUSTOMER ACCOUNT RESERVE  
OF BROKERS AND DEALERS UNDER RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2017

Credit Balance:

• Free credit balances and other credit balances in customers' security accounts.	\$ 0
• Monies borrowed collateralized by securities carried for the account of customers.	0
• Monies payable against customers' securities loaned.	0
• Customers' securities failed to receive.	0
• Credit balances in firm accounts which are attributable to principal sales to customers.	0
• Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days.	0
• Market value of short security count differences over 30 calendar days old.	0
• Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days.	0
• Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer agent or the issuer during the 40 days.	0

Debit Balance:

• Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection.	0
• Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver.	0
• Failed to deliver of customers' securities not older than 30 calendar days.	0
• Margin required and on deposit with the Options Clearing Corporation for all option contracts written or purchased in customer accounts.	0
• Margin required and on deposit with a clearing agency registered with the Commission under section 17A of the Act (15 U.S.C. 78q-1) or a derivatives clearing organization registered with the Commodity Futures Trading Commission under section 5b of the Commodity Exchange Act (7 U.S.C. 7a-1) related to the following types of positions written, purchased or sold in customer accounts: (1) security future products and (2) future contracts (and options thereon) carried in a securities account pursuant to an SRO portfolio margining rule.	0
Total Credits	0
Total Debits	<u>0</u>
• Excess of total credits over total debits.	\$ <u><u>0</u></u>

SCHEDULE III

CARNEGIE, INC.

(a wholly owned subsidiary of Carnegie Investment Bank AB)

COMPUTATION FOR DETERMINATION OF PAB ACCOUNT RESERVE OF BROKERS AND  
DEALERS UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION

AS OF DECEMBER 31, 2017

There are no material differences between the preceding computation and Carnegie's corresponding unaudited part II of Form X-17A-5 as of December 31, 2017.

SCHEDULE IV  
CARNEGIE, INC.

(a wholly subsidiary of Carnegie Investment Bank AB)

INFORMATION FOR POSSESSION OR CONTROL REQUIREMENTS UNDER  
RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2017

- |    |   |             |
|----|---|-------------|
| 1. | Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frames specified under rule 15c3-3). | <u>\$ 0</u> |
| A. | Number of items   | <u>0</u>    |
| 2. | Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under rule 15c3-3.   | <u>\$ 0</u> |
| A. | Number of items   | <u>0</u>    |

SCHEDULE V  
CARNEGIE, INC.  
(a wholly owned subsidiary of Carnegie Investment Bank AB)  
SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS IN  
SEGREGATION FOR CUSTOMERS' TRADING ON U.S. COMMODITY EXCHANGES  
AS OF DECEMBER 31, 2017

As Carnegie, Inc. is not registered as a futures commission's merchant, this schedule is not applicable.

SCHEDULE VI

CARNEGIE, INC.

(a wholly owned subsidiary of Carnegie Investment Bank AB)

SCHEDULE OF SECURED AMOUNTS AND FUNDS HELD IN SEPARATE ACCOUNTS FOR  
FOREIGN FUTURES AND OPTIONS CUSTOMERS PURSUANT TO REGULATION 30.7 UNDER

THE COMMODITY EXCHANGE ACT

AS OF DECEMBER 31, 2017

As Carnegie, Inc. is not registered as a futures commission merchant, this schedule is not applicable.

SCHEDULE VII

CARNEGIE, INC.

(a wholly owned subsidiary of Carnegie Investment Bank AB)

STATEMENT OF CLEARED SWAPS CUSTOMER SEGREGATION REQUIREMENTS

AND FUNDS IN CLEARED SWAPS CUSTOMER ACCOUNTS UNDER

4D(f) OF THE COMMODITY EXCHANGE ACT

AS OF DECEMBER 31, 2017

As Carnegie, Inc. is not registered as a futures commission merchant, this schedule is not applicable.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

ON CARNEGIE, INC'S EXEMPTION REPORT

FOR THE PERIOD OF

JANUARY 1, 2017 TO DECEMBER 31, 2017



# RegenBenzMacKenzie

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder of  
Carnegie Inc.  
New York, New York

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

*Regen, Benz & MacKenzie, CPA's PC*

Regen, Benz & MacKenzie, CPA's PC

New York, New York  
February 20, 2018

REGEN, BENZ & MACKENZIE, C.P.A.'S, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

57 WEST 38TH STREET, THIRD FLOOR, NEW YORK, NEW YORK 10018  
TELEPHONE 212.661.2720 FACSIMILE 212.681.6140



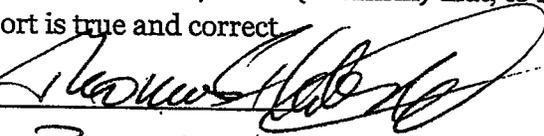
Carnegie Inc.'s Exemption Report

Carnegie 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 provisions 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) throughout the most recent fiscal year without exception.

Carnegie Inc.

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

By: 

Title: *President*

Date *2/20/18*



# RegenBenzMacKenzie

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON APPLYING AGREED-UPON PROCEDURES

Board of Directors of Carnegie Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below, which were agreed to by Carnegie Inc and the Securities Investor Protection Corporation (SIPC) with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of Carnegie Inc for the year ended December 31, 2017, solely to assist you and SIPC in evaluating Carnegie Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Carnegie Inc.'s management is responsible for Carnegie 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 Total Revenue amounts reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2017 with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2017, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
4. Recalculated 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 with the applicable instructions of the Form SIPC-7. 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.

*Regen, Benz & MacKenzie, CPA's PC*  
Regen, Benz & MacKenzie, CPA's PC

New York, NY  
February 20, 2018

REGEN, BENZ & MACKENZIE, C.P.A.'S, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

57 WEST 38TH STREET, THIRD FLOOR, NEW YORK, NEW YORK 10018  
TELEPHONE 212.661.2720 FACSIMILE 212.681.6140

CARNEGIE, INC.  
SEC FILE NUMBER 8-45389  
SCHEDULE OF ASSESSMENT PAYMENTS SIPC  
FOR THE ASSESSMENT PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2017

SIPC-7 General Assessment:	\$ <u>17,094</u>
Amount Paid to SIPC:	
September 29, 2017	\$ 8,488
February 16, 2018	<u>8,606</u>
Total Payments	\$ <u>17,094</u>