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

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**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 01/01/17 AND ENDING 12/31/17
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: H2C Securities Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

4655 Executive Drive, Suite 280

(No. and Street)

San Diego
(City)

California
(State)

92121
(Zip Code)

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

William B. Hanlon, III

858-242-4800

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Brian W. Anson

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

18401 Burbank Blvd., #120
(Address)

Tarzana
(City)

California
(State)

91356
(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
 MAR - 1 2018
 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)

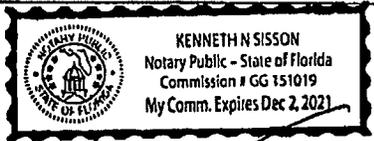
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E.B.

YW

OATH OR AFFIRMATION

I, William B. Hanlon, III, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of H2C Securities Inc. as 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:



[Signature]
Notary Public

[Signature]
Signature

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 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).

BRIAN W. ANSON

Certified Public Accountant

18401 Burbank Blvd., Suite 120, Tarzana, CA 91356 • Tel. (818) 636-5660 • Fax (818) 401-8818

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders' and Board of Directors of H2C Securities, Inc.

Opinion on the Financial Statements

I have audited the accompanying statement of financial condition of H2C Securities, Inc. as of December 31, 2017, the related statements of income, changes in shareholders' equity, and cash flows, for the year then ended, and the related notes and Schedule I, Statement of Net Capital Under Rule 15c3-1, Schedule II, Determination of Reserve Requirements Under Rule 15c3-3 (exemption), and Schedule III, Information Relating to Possession or Control Requirements Under Rule 15c3-3 (exemption) (collectively referred to as the financial statements). In my opinion, the financial statements present fairly, in all material respects, the financial position of H2C Securities, 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 H2C Securities, Inc.'s management. My responsibility is to express an opinion on H2C Securities, Inc.'s financial statements based on my audit. I am a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and am required to be independent with respect to H2C Securities, 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.

I conducted my audit in accordance with the standards of the PCAOB. Those standards require that I 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. My audit included performing procedures to assess the risks 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. My audit also included evaluating the accounting principles used and significant estimates made by management, as evaluating the overall presentation of the financial statements. I believe that my audit provides a reasonable basis for my opinion.



Brian W. Anson, CPA

I have served as H2C Securities, Inc. auditor since 2012.

Tarzana, California

February 16, 2018

H2C SECURITIES INC.

Statement of Financial Condition
December 31, 2017

ASSETS

Cash	\$ 1,083,338
Due from Related Party	5,151,642
Accounts receivable	982,706
Other assets	14,599
Total assets	<u>\$ 7,232,285</u>

LIABILITIES AND SHAREHOLDERS EQUITY

LIABILITIES

Accounts payable	\$ 3,000
Total liabilities	<u>3,000</u>

Shareholders Equity:

Common stock \$.50 par value, (5,000 shares authorize, issued and outstanding)	2,500
Additional paid in capital	84,926
Retained earnings	7,141,859
Total shareholders' equity	<u>7,229,285</u>
Total liabilities and shareholders' equity	<u>\$ 7,232,285</u>

H2C SECURITIES INC.
Statement of Income
For the year ended December 31, 2017

REVENUES:

Fee income	<u>\$10,979,279</u>
Total income	<u>\$10,979,279</u>

EXPENSES:

Occupancy	216,000
Professional fees	281,775
Regulatory fees	52,600
Salaries and wages	9,920,503
Other general and administrative expenses	19,268
Total expenses	<u>10,490,146</u>
INCOME BEFORE INCOME TAXES	<u>489,133</u>
INCOME TAX PROVISION	
Income tax expense	<u>7,229</u>
NET INCOME	<u><u>\$ 481,904</u></u>

H2C SECURITIES INC.

Statement of Changes in Stockholders' Equity
For the year ended December 31, 2017

	Common Stock	Additional Paid in Capital	Retained Earnings	Total Stockholders' Equity
Beginning balance January 1, 2017	\$ 2,500	\$ 84,926	\$ 6,659,956	\$ 6,747,382
Net income			481,904	481,904
Ending balance December 31, 2017	\$ 2,500	\$ 84,926	\$ 7,141,859	\$ 7,229,285

H2C SECURITIES INC.
Statement of Cash Flows
For the year ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	481,904
Adjustments to reconcile net income to net cash used in operating activities:	
(Increase) decrease in:	
Accounts receivable	(2,846,650)
Other assets	24,404
Increase (decrease) in:	
Accounts payable	(16,760)
Payroll taxes payable	(487)
Total adjustments	<u>(2,839,493)</u>
Net cash used in operating activities	<u>(2,357,589)</u>
 Decrease in cash	 (2,357,589)
 Cash-beginning of period	 <u>3,440,928</u>
Cash-end of period	1,083,338
 Supplemental disclosure of cash flow information	
 Cash paid during the year for:	
Interest	0
Income taxes	0

H2C SECURITIES INC.
Notes to Financial Statements
For the year ended December 31, 2017

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

H2C Securities Inc., (the "Company"), was formed in 1970, in the State of Illinois as a corporation. The Company is registered as a broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investor Protection Corporation ("SIPC"). The Company is authorized to engage in private placements of securities and merger and acquisition advisory services. The Company does not hold customer funds or safeguard customer securities.

On September 18, 2012, G Equity Investment Group Ltd., an Illinois corporation and member of FINRA, was acquired by Hammond Hanlon Camp LLC as a fully-owned subsidiary. On October 29, 2012, G Equity Investment Group Ltd. changed its name to H2C Securities Inc.

Summary of Significant Accounting Policies

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

For purposes relating to the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company also includes money markets as cash equivalents.

Concentration of Credit Risk

The Company maintains bank accounts with cash balances that exceed federally insured limits. No credit losses have been experienced on these accounts. Management believes that any potential credit losses would be minimal and, accordingly, no reserve for such losses has been established. Two clients made up approximately 21 percent of the gross revenue.

H2C SECURITIES INC.
Notes to Financial Statements
For the year ended December 31, 2017

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Accounts receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

The company maintains cash balances and deposits with financial institutions that exceed federally insured limits. Management performs periodic evaluations of the relative credit standing of these institutions. The Company has not sustained any material credit losses from these instruments.

The management has reviewed the results of operations for the period of time from its year end December 31, 2017 through February 16, 2018 the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

The Company is subject to audit by the taxing agencies for years ending December 31, 2014, 2015 and 2016.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritized the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820 are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.

Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

There were no levels to measure at December 31, 2017.

Note 2: NET CAPITAL

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Net capital and aggregate indebtedness change day to day, but on December 31, 2017 the Company had net capital of \$1,080,338, which was \$980,338 in excess of its required net capital of \$100,000; and the Company's ratio of aggregate indebtedness to net capital was 0.003 to 1, which is less than the 15 to 1 maximum ratio allowed for a broker dealer.

Note 3: INCOME TAXES

The Company files a consolidated tax return with its subsidiaries on an accrual basis. Income taxes are calculated for the Company as a stand-alone entity. The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, Income Taxes, when material. Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each tax year. The measurement of unrecognized tax benefits is adjusted when new information becomes available.

The company and its stockholders have elected S-Corporation status under the federal and state tax laws. As a result, the company is not liable for corporate income taxes but a portion of state taxes. Instead, the stockholders are taxed on the company's taxable income on their individual tax returns. However, the Company was subject to the state of California franchise tax of \$7,229 for year ended December 31, 2017.

Note 4: RELATED PARTY

H2C Securities Inc is a fully-owned subsidiary of Hammond Hanlon Camp LLC. Throughout the year, H2C Securities Inc paid expenses (expense reports, payroll and rent (\$216,000) charges) totaling \$5,151,642 on behalf of Hammond Hanlon Camp LLC. Hammond Hanlon Camp LLC charged H2C Securities \$0.00 for related charges to client expenses and client payments received by related entity. The end resulting balance as of 12/31/2017 is \$5,151,642 owed to H2C Securities Inc from Hammond Hanlon Camp LLC.

Note 5: RETIREMENT PLAN

The Company has sponsored a Simplified Employee Pension Plan covering substantially all of its employees. Contributions to the plan are made exclusively by the Company. For the year ended December 31, 2017, the Company's pension expense was \$254,158.

H2C SECURITIES INC.

Statement of Net Capital
 Schedule I
 For the year ended December 31, 2017

	Focus 12/31/17	Audit 12/31/17	Change
Stockholders' equity, December 31, 2017	\$ 7,229,285	\$ 7,229,285	\$ -
Subtract - Non allowable assets:			
Accounts receivable	982,706	982,706	
Due from Related Party	5,151,642	5,151,642	
Other assets	14,599	14,599	
Tentative net capital	<u>1,080,338</u>	<u>1,080,338</u>	-
Haircuts	0	0	-
NET CAPITAL	<u>1,080,338</u>	<u>1,080,338</u>	-
Minimum net capital	100,000	100,000	-
Excess net capital	<u>\$ 980,338</u>	<u>\$ 980,338</u>	-
Aggregate indebtedness	3,000	3,000	-
Ratio of aggregate indebtedness to net capital	0.003	0.003	

There were no reported differences between the audit and Focus at December 31, 2017.

H2C SECURITIES INC.

Schedule II
Determination of Reserve Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission
December 31, 2017

The Company is exempt from the Reserve Requirement of computation according to the provision of Rule 15c3-3(k)(2)(i).

Schedule III
Information Relating to Possession or Control
Requirements Under Rule 15c3-3
December 31, 2017

The Company is exempt from the Rule 15c3-3 as it relates to possession and Control requirements under the (k)(2)(i) exemptive provision.



ATLANTA CHICAGO NEW YORK SAN DIEGO

4655 Executive Drive, Suite 280
San Diego, CA 92121

Assertions Regarding Exemption Provisions

h2c.com
T 858 242 4800

We, as members of management of H2C Securities Inc. ("the Company"), are responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with the Securities Exchange Commission (SEC) and the broker or dealer's designated examining authority (DEA). One of the reports to be included in the annual filing is an exemption report prepared by an independent public accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, the management of the Company hereby makes the following assertions:

Identified Exemption Provision:

The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, Paragraph (k)(2)(i)

Statement Regarding Meeting Exemption Provision:

The Company met the identified exemption provision without exception throughout the period ending January 1, 2017 through December 31, 2017.

H2C Securities Inc.

By:

William B. Hanlon III, CEO

February 16, 2017

BRIAN W. ANSON

Certified Public Accountant

18401 Burbank Blvd., Suite 120, Tarzana, CA 91356 • Tel. (818) 636-5660 • Fax (818) 401-8818

**REPORT OF INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM**

Board of Directors
H2C Securities Inc.
San Diego, California

I have reviewed management's statements, included in the accompanying Exemption Report in which (1) H2C Securities Inc., identified the following provisions of 17 C.F.R. §15c3-3(k) under which H2C Securities Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(i) (the "exemption provision") and (2) H2C Securities Inc., stated that H2C Securities Inc., met the identified exemption provision throughout the most recent fiscal year without exception. H2C Securities Inc.'s management is responsible for compliance with the exemption provision and its statements.

My 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 H2C Securities Inc.'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, I do not express such an opinion.

Based on my review, I am 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.



Brian W. Anson
Certified Public Accountant
Tarzana, California
February 16, 2018

H2C SECURITIES INC.

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