

SEC

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

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FACING PAGE WASH, D.C.

**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: LEC Investment Corp.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

505 North 20<sup>th</sup> Street, Suite 1150

(No. and Street)

Birmingham

(City)

AL

(State)

35203

(Zip Code)

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

Judy Branch 205-521-6317

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Warren Averett, LLC

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

2500 Acton Road

(Address)

Birmingham

(City)

AL

(State)

35243

(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)

DM



**LEC INVESTMENT CORP.**  
**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**(Pursuant to Rule 17a-5 of the  
Securities and Exchange Commission)**

**DECEMBER 31, 2017**

**LEC INVESTMENT CORP.  
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DECEMBER 31, 2017**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders  
of LEC Investment Corporation

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

We have audited the accompanying statement of financial condition of LEC Investment Corporation (a Delaware Corporation) as of December 31, 2017, and the related statements of income, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended, and the related notes to financial statements and supplemental information (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of LEC Investment Corporation as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements are the responsibility of LEC Investment Corporation's management. Our responsibility is to express an opinion on these 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 LEC Investment Corporation 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 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. 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 supplementary information contained in Schedule I has been subjected to audit procedures performed in conjunction with the audit of LEC Investment Corporation's financial statements. The supplemental information is the responsibility of LEC Investment Corporation'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 supplementary information contained in Schedule I is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Warren Averett, LLC*

Birmingham, AL  
February 16, 2018

**LEC INVESTMENT CORP.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2017**

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**ASSETS**

<b>CASH</b>	\$ 103,856
<b>DEPOSIT – FINRA</b>	<u>116</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 103,972</u></u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>ACCOUNTS PAYABLE</b>	\$ 680
<b>STOCKHOLDERS' EQUITY</b>	
Common stock, par value \$1 per share; authorized, issued, and outstanding 1,000 shares	1,000
Paid-in capital	9,736
Retained earnings	<u>92,556</u>
Total stockholders' equity	<u>103,292</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><u>\$ 103,972</u></u>

See notes to the financial statements.

**LEC INVESTMENT CORP.  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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<b>REVENUE</b>	
Consulting fee	<u>\$      40,000</u>
<b>OPERATING EXPENSES</b>	
Regulatory fees	10,956
General and administrative expenses	<u>20,991</u>
Total operating expenses	<u>31,947</u>
<b>NET GAIN</b>	<u><u>\$      8,053</u></u>

See notes to the financial statements.



**LEC INVESTMENT CORP.  
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>BALANCE AT DECEMBER 31, 2016</b>	\$ 1,000	\$ 9,736	\$ 84,503	\$ 95,239
Net gain	-	-	8,053	8,053
<b>BALANCE AT DECEMBER 31, 2017</b>	<u>\$ 1,000</u>	<u>\$ 9,736</u>	<u>\$ 92,556</u>	<u>\$ 103,292</u>

See notes to the financial statements.

**LEC INVESTMENT CORP.  
STATEMENT OF CHANGES IN LIABILITIES  
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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<b>SUBORDINATED LIABILITIES AT BEGINNING OF YEAR</b>	<b>\$ -</b>
<b>INCREASES (DECREASES)</b>	<b>-</b>
<b>SUBORDINATED LIABILITIES AT END OF YEAR</b>	<b>\$ -</b>

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See notes to the financial statements.

**LEC INVESTMENT CORP.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net gain	\$ 8,053
Adjustments to reconcile net income to net cash provided by operating activities:	
Change in deposit – FINRA	286
Change in accounts payable	<u>430</u>
Net cash provided by operating activities	<u>8,769</u>
<b>NET INCREASE IN CASH</b>	<u>8,769</u>
<b>CASH AT BEGINNING OF YEAR</b>	<u>95,087</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 103,856</u></u>

See notes to the financial statements.

**LEC INVESTMENT CORP.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

LEC Investment Corp. (the Company) is a registered broker-dealer with the Securities Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority. The Company has been organized to sell partnership interests in real estate syndications by means of private placements on a "best-efforts" basis.

**Basis of Financial Statement Preparation**

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

**Cash**

Cash consists primarily of bank deposit accounts. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

**Taxes on Income**

No provision for income taxes is recorded on the Company's general ledger as the stockholders have elected to report income or loss in accordance with provisions of Subchapter S of the Internal Revenue Code.

The Company adopted the provisions of Accounting Standards Codification (ASC) 740 relating to uncertainty in income taxes. This guidance requires entities to assess their uncertain tax positions for the likelihood that they would be overturned upon Internal Revenue Service (IRS) examination or upon examination by state taxing authorities. In accordance with this guidance, the Company has determined that it does not have any positions at December 31, 2017, that it would be unable to substantiate.

The Company has filed its tax returns for all years through December 31, 2016. Years December 31, 2014, and subsequent remain subject to audit by taxing authorities.

**Subsequent Events**

The Company has evaluated subsequent events through February 16, 2018, the date of the issued financial statements.

**Recently Issued Accounting Pronouncements**

In May 2014, the FASB and the International Accounting Standards Board (IASB) jointly issued a comprehensive new revenue recognition standard (Accounting Standards Update 2014-09 Revenue from Contracts with Customers (Topic 606) that will supersede nearly all existing revenue recognition guidance under U.S. GAAP and International Financial Reporting Standards (IFRS).

**LEC INVESTMENT CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The standard's core principle is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The guidance may be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initial application recognized at the date of initial application for fiscal years and interim periods within those years beginning after December 15, 2017. Early application is permitted only as of annual reporting periods beginning after December 15, 2016. The Company is in the process of reviewing the potential impact the adoption of this guidance will have on its financial statements.

"In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern. The amendments in ASU 2014-15 are intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. This ASU provides guidance to an organization's management, with principles and definitions that are intended to reduce diversity in the timing and content of disclosures that are commonly provided by organizations today in the financial statement footnotes. The effective date of this ASU was January 1, 2017. The adoption of this ASU will not have a material impact on the financial statements of the Company."

In August 2016, FASB issued ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments (Topic 230), which addresses eight classification issues related to the statement of cash flows. This ASU is effective for public business entities for annual and interim periods in fiscal years beginning after December 15, 2017. For all other entities, the ASU is effective for annual periods in fiscal years beginning after December 15, 2018, and interim periods in fiscal years beginning after December 15, 2019. Entities should apply this ASU using a retrospective transition method to each period presented. Early adoption is permitted, including adoption in an interim period. The Company expects to adopt this guidance starting with the first quarter of fiscal year 2019. The Company is currently evaluating the impact the new guidance will have on its statement of cash flows.

**2. NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. At December 31, 2017, the Company had net capital of \$103,176 which was \$98,176 in excess of the required net capital of \$5,000. Also, the Company must not permit its "aggregate indebtedness" to exceed 15 times its net capital. The Company had outstanding aggregate indebtedness of \$680 at December 31, 2017. The Company's ratio of aggregate indebtedness to net capital was 0.0066 to 1.

**LEC INVESTMENT CORP.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**3. RELATED PARTY TRANSACTIONS**

The Company charged consulting fees, pursuant to the management agreement, in the amount of \$40,000 during the year ended December 31, 2017, to Crowne Partners Inc., an affiliated corporation, in which two of the Company's stockholders are shareholders.

**4. COMMITMENTS AND CONTINGENCIES**

The Company is subject to litigation and various claims in the ordinary course of business, as well as regular examination by regulatory agencies. Management is not aware of any litigation or claims. Nor is it aware of any or regulatory matters that will have a material impact on the Company's results of operations or financial position.

**SUPPLEMENTARY INFORMATION**

**SCHEDULE I**  
**LEC INVESTMENT CORP.**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2017**

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<b>Net Capital</b>	
Total stockholders' equity	\$ 103,292
Less deductions and/or charges	<u>116</u>
<b>Net Capital</b>	<u>\$ 103,176</u>
<b>Total aggregate indebtedness</b>	<u>\$ 680</u>
<b>Computation of Basic Net Capital Requirements</b>	
Minimum net capital required	<u>\$ 5,000</u>
Excess net capital	<u>\$ 98,176</u>
Ratio: Aggregate indebtedness to net capital	<u>0.66%</u>

There are no material differences between the preceding computation and the Company's unaudited Form X-17a-5 as of December 31, 2017, as filed on January 18, 2018.

See accompanying report of independent registered public accounting firm.



**LEC Investment Corp.**  
505 20th Street North, Ste 1150  
Birmingham, AL 35203  
(205) 328-3120

LEC Investment Corporation's Exemption Report

LEC Investment Corporation (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:

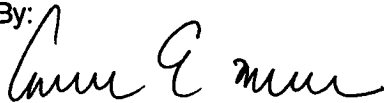
(1) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k)(2)(i): "Special Account for the Exclusive Benefit of customers" maintained.

(2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k)(2)(i) throughout the period from January 1, 2017 through December 31, 2017, without exception.

LEC Investment Corporation

I, Andrea E. Haines, affirm that, to my best knowledge and belief, this Exemption Report is true and correct.

By:



Title: Secretary

Date: February 16, 2018



2500 Acton Road  
Birmingham, AL 35243  
205.979.4100  
warrenaverett.com

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
of LEC Investment Corporation

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

*Warren Averett, LLC*

Birmingham, AL  
February 16, 2018