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

SEC Processing Section  
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FACING PAGE *Washington DC 408*  
 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: Beech Hill Securities, Inc.  
 ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
880 Third Avenue, 16th Floor

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)  
New York NY 10022  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Vincent Iannuzzi (212) 350-7214  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Wagner & Zwerman LLP

(Name - if individual, state last, first, middle name)  
201 Old Country Road, Ste 202 Melville NY 11788  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

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\*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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*[Handwritten signature]*

OATH OR AFFIRMATION

I, Paul Cantor, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Beech Hill Securities, 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:

DONNA FIORINI
NOTARY PUBLIC-STATE OF NEW YORK
No. 01FI6285480
Qualified in Suffolk County
My Commission Expires July 08, 2021

Notary Public (with signature)

Signature
President
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).

**BEECH HILL SECURITIES, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**DECEMBER 31, 2017**

**BEECH HILL SECURITIES, INC.**  
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# WAGNER & ZWERMAN LLP

*Certified Public Accountants*

Mark Wagner, CPA  
Andrew M. Zwerman, CPA  
Vincent J. Preto, CPA  
John Antinore, CPA

201 Old Country Rd., Ste. 202  
Melville, NY 11747  
Phone: 631-777-1000 Fax: 631-777-1008  
E-mail: staff@wzcpafirm.com

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
Beech Hill Securities, Inc.

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

We have audited the accompanying statement of financial condition of Beech Hill Securities, Inc. as of December 31, 2017, 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 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 Beech Hill 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 Beech Hill Securities, Inc.'s management. Our responsibility is to express an opinion on Beech Hill Securities, 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 Beech Hill 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.

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 computation of net capital under Rule 15c3-1 of the Securities and Exchange Commission, computation for determination of reserve requirements under Rule 15c3-3 of the Securities and Exchange Commission, and information relating to possession or control requirements under Rule 15c3-3 of the Securities and Exchange Commission have been subjected to audit procedures performed in conjunction with the audit of Beech Hill Securities, Inc.'s financial statements. The supplemental information is the responsibility of Beech Hill Securities, 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 computation of net capital under Rule 15c3-1 of the Securities and Exchange Commission, computation for determination of reserve requirements under Rule 15c3-3 of the Securities and Exchange Commission, and information relating to possession or control requirements under Rule 15c3-3 of the Securities and Exchange Commission are fairly stated, in all material respects, in relation to the financial statements as a whole.

*Wagner & Zwerman LLP*

WAGNER &amp; ZWERMAN LLP

Certified Public Accountants

We have served as Beech Hill Securities, Inc.'s  
auditor since 2013.

Melville, NY

February 26, 2018

**BEECH HILL SECURITIES, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2017**

**ASSETS**

Cash and cash equivalents		\$ 493,511
Receivables from clearing organization		1,204,664
Securities owned, at fair value		313,276
Accounts receivable		473,411
Deposit with clearing broker		100,000
Prepaid expenses		121,966
Security deposits and other assets		96,078
Furniture and office equipment	\$ 1,208,133	
Leasehold improvements	91,759	
	<u>1,299,892</u>	
Less accumulated depreciation	(1,239,374)	
Total property and equipment		<u>60,518</u>
Total assets		<u><u>\$ 2,863,424</u></u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Liabilities</b>		
Accounts payable and accrued expenses		\$ 1,072,492
Commissions payable		316,045
Total liabilities before subordinated loans		<u>1,388,537</u>
Subordinated loans		400,000
Total liabilities		<u>1,788,537</u>
<b>Stockholders' equity</b>		
Common stock - no par value; 200 shares authorized, 168.94 shares issued and 147.69 shares outstanding		766,412
Retained earnings		435,864
Less 21.25 shares of common stock in treasury, at cost		(127,389)
Total stockholders' equity		<u>1,074,887</u>
Total liabilities and stockholders' equity		<u><u>\$ 2,863,424</u></u>

The accompanying notes are an integral  
part of these financial statements.

**BEECH HILL SECURITIES, INC.**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Revenues	
Commissions	\$ 3,105,083
Trading gains and (losses) - net	(25,599)
Interest and dividends	24,703
Rebates	249,931
Affiliated income	70,491
Investment banking/capital markets	6,013,453
Other income	1,463,453
	<u>10,901,515</u>
Expenses	
Employee compensation and benefits	7,949,477
Floor brokerage, exchange and clearance fees	641,766
Communications and data processing	432,110
Occupancy related costs	409,559
Interest expense	12,495
Professional fees	546,019
Travel, meals and entertainment	111,224
Other expenses	686,890
	<u>10,789,540</u>
Net income before income taxes	111,975
Provision for income taxes	<u>19,736</u>
Net income	<u><u>\$ 92,239</u></u>

The accompanying notes are an integral  
part of these financial statements.

**BEECH HILL SECURITIES, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>NUMBER OF SHARES</u>	<u>COMMON STOCK</u>	<u>RETAINED EARNINGS</u>	<u>TREASURY STOCK</u>	<u>TOTAL EQUITY</u>
Balance, January 1	147.69	\$ 766,412	\$ 343,625	\$ (127,389)	\$ 982,648
Net income	-	-	92,239	-	92,239
Balance, December 31	<u>147.69</u>	<u>\$ 766,412</u>	<u>\$ 435,864</u>	<u>\$ (127,389)</u>	<u>\$ 1,074,887</u>

The accompanying notes are an integral  
part of these financial statements.

**BEECH HILL SECURITIES, INC.**  
**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO**  
**CLAIMS OF GENERAL CONTRACTORS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Subordinated borrowings - January 1	\$ 400,000
Additional subordinated borrowings	-
Repayments of subordinated borrowings	<u>-</u>
Subordinated borrowings - December 31	<u><u>\$ 400,000</u></u>

The accompanying notes are an integral  
part of these financial statements.

**BEECH HILL SECURITIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income	\$ 92,239
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	41,033
Unrealized (gains) on securities owned	(2,344)
Realized losses on securities owned	23,008
Change in operating assets and liabilities:	
Receivables from clearing organization	55,996
Securities owned	166,218
Accounts receivable	(149,442)
Prepaid expenses	(16,054)
Security deposits and other assets	(66,078)
Accounts payable and accrued expenses	369,513
Commissions payable	58,845
Securities sold short	(187,124)
	<hr/>
Net cash provided by operating activities	385,810
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	(8,923)
	<hr/>
Net cash (used in) investing activities	(8,923)
	<hr/>
Net increase in cash and cash equivalents	376,887
Beginning cash and cash equivalents	116,624
	<hr/>
Ending cash and cash equivalents	493,511
	<hr/> <hr/>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>	
Interest paid	\$ 12,495
Taxes paid	\$ 19,038

The accompanying notes are an integral part of these financial statements.

**BEECH HILL SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1: ORGANIZATION AND BUSINESS**

Beech Hill Securities, Inc. (the "Company") is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA"). The Company clears all of its customer transactions through a correspondent broker on a fully disclosed basis. The Company's main office is located in New York, New York.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

**Use of Estimates**

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all highly-liquid financial instruments with maturities of three months or less when purchased to be cash equivalents.

**Allowance for Doubtful Accounts**

The Company assesses the financial strength of its customers. Periodically, the Company evaluates its accounts receivable and provides an allowance for doubtful accounts equal to the estimated uncollectible accounts. The Company's estimate is based on a review of the current status of the individual accounts receivable. As of December 31, 2017 there was no allowance for doubtful accounts as management believes that all receivables are fully realizable. It is reasonably possible that the Company's estimate of the provision for allowance for doubtful accounts will change.

**Securities Owned**

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Securities are recorded at fair value.

**Furniture, Equipment and Leasehold Improvements**

Furniture, fixtures, office equipment and leasehold improvements are recorded at cost. Depreciation and amortization are provided on both the straight-line and accelerated methods over the shorter of the estimated useful lives of the respective assets or the lease term. Maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized.

**BEECH HILL SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Furniture, Equipment and Leasehold Improvements (Continued)

When items of property and equipment are sold or retired, the cost and related accumulated depreciation and amortization are removed from the accounts and a gain or loss (if any) is included in earnings in the period of disposal.

Revenue Recognition

Securities transactions and commission revenue and expenses are recorded on a trade date basis. Fee income and related expenses are recognized when earned and incurred, respectively, arising from financial advisory services provided by the Company to its clients. Trading gains (losses) are determined using the identified cost method. Rebate income consists of revenue received from the clearing broker and is recognized as earned. Dividend income and expense are recognized on the ex-date and interest income and expense are recorded on the accrual basis. Sublease income is recognized on a monthly basis when earned.

Income Taxes

The Company elected to be treated as an S corporation pursuant to Section 1362 of the Internal Revenue Code. As a result of this election, the Company's net income or loss is reportable on the individual tax returns of its stockholders. A similar election was made for New York State tax purposes. The Company is subject to New York City corporate income taxes and the New York State corporate minimum tax.

Income and losses for tax purposes may differ from the financial statement amounts. Stockholders' equity reflected in the accompanying financial statements does not necessarily represent the stockholders' tax bases of their respective interests.

Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if it has taken an uncertain position that more likely than not would not be sustained upon examination based on its technical merits. Management has analyzed the tax positions taken by the Company and has determined that there are no uncertain positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements.

The Company is subject to routine audits by taxing jurisdictions. The Company's Form 1120S, *US Income Tax Return for an S Corporation*, was under audit by the Internal Revenue Service for the tax year ended December 31, 2014. The audit concluded with no findings and the matter is closed. The Company's U.S. Federal, state and local income tax returns prior to fiscal year 2014 are closed. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

**BEECH HILL SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Income Taxes (Continued)

The Company recognizes interest and penalties associated with tax matters, if applicable, as part of other expenses and includes accrued interest and penalties in accrued expenses in the statement of financial condition. The Company did not recognize any interest or penalties associated with tax matters for the year ended December 31, 2017.

Subsequent Events

The Company has evaluated subsequent events through February 26, 2018, the date the financial statements were available to be issued.

**NOTE 3: RECEIVABLES FROM CLEARING ORGANIZATION**

Receivables from clearing organization at December 31, 2017 consists of \$1,204,664 of net proceeds received from trading activities and commissions.

**NOTE 4: FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

The following table shows the balances of major classes of furniture, equipment and leasehold improvements, their estimated useful lives, and the accumulated depreciation and amortization for each class at December 31, 2017:

Equipment and Software	3 to 5 years	\$ 850,500
Furniture	5 years	357,633
Leasehold improvements	Shorter of lease term and estimated useful life	<u>91,759</u>
		1,299,892
Less – Accumulated depreciation and amortization		<u>(1,239,374)</u>
		<u>\$ 60,518</u>

Depreciation and amortization expense for the year ended December 31, 2017 was \$41,033.

**NOTE 5: SUBORDINATED BORROWINGS**

The Company has borrowings of \$400,000 subject to subordination agreements, which are more fully described as follows:

<u>Description</u>	<u>Effective</u>	<u>Maturity</u>	<u>Rate</u>	<u>Balance Due</u>
Note payable to stockholder	January 1, 2014	December 31, 2018	3%	\$ 100,000

**BEECH HILL SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 5: SUBORDINATED BORROWINGS** (Continued)

<u>Description</u>	<u>Effective</u>	<u>Maturity</u>	<u>Rate</u>	<u>Balance Due</u>
Note payable to non stockholder	March 7, 2014	March 16, 2018 <i>(Executed annual auto renewal)</i>	3%	100,000
Note payable to non stockholder	October 24, 2012	December 31, 2018 <i>(Executed annual auto renewal)</i>	3%	100,000
Note payable to non stockholder	December 31, 2016	December 31, 2018	3%	100,000
				\$ 400,000

On January 1, 2014, a new subordinate loan was signed, which has a term of three years expiring December 31, 2017 and auto renewed for an additional year expiring December 31, 2018 unless elected to cancel, will be auto renewed for a subsequent year.

On March 7, 2014, a new subordinate loan was signed, which has a term of 1 year expiring March 16, 2017 but has been extended for auto renewal for an additional year set to expire March 16, 2018 and will auto renew for an additional year.

On October 24, 2012, a new subordinate loan was signed, expiring December 31, 2014. The loan has been extended for auto renewal each year and is currently set to expire December 31, 2018.

On December 31, 2016, a new subordinate loan was signed, which has a term of one year expiring December 31, 2017 and was elected to auto renew for an additional year.

Interest expense incurred on the loans for the year ended December 31, 2017 amounted to \$12,000. The subordinated borrowings were included in the computation of net capital under the SEC's Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they cannot be repaid.

**BEECH HILL SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 6: FAIR VALUE MEASUREMENTS**

Accounting standards define fair value as 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 (an exit price). Fair value is a market-based measurement that should be determined based on the assumptions market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, a fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). Valuation techniques used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Level 1: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: 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. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances, which might include the reporting entity's own data. However, market participant assumptions cannot be ignored and, accordingly, the reporting entity's own data used to develop unobservable inputs are adjusted if information is reasonably available without undue cost and effort indicating that market participants would use different assumptions.

**BEECH HILL SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 6: FAIR VALUE MEASUREMENTS** (Continued)

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The following table presents the Company's assets and liabilities measured at fair value as of December 31, 2017:

<u>Securities Owned:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Unit Investment Trust	\$ 26,735	\$ 0	\$ 0	\$ 26,735
Municipal Securities	<u>0</u>	<u>286,539</u>	<u>0</u>	<u>286,539</u>
Total assets	<u>\$ 26,736</u>	<u>\$ 286,539</u>	<u>\$ 0</u>	<u>\$ 313,276</u>

The Company holds a position in a Unit Investment Trust account at December 31, 2017. The position is valued at cost as this approximates fair value due to the short-term nature of the position and the fact that the position is held in cash equivalent funds. This holding is restricted as to use by the Company, and as such has been excluded from the Company's cash and cash equivalents but has been included in "security deposits and other assets".

Municipal securities are normally valued using a model that incorporates market observable data, such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data. Certain securities are valued principally using dealer quotations. Due to the reliance on some unobservable inputs, the Company has classified its municipal securities as Level 2 on the hierarchy.

**NOTE 7: RELATED PARTY TRANSACTIONS**

The Company, serving as introducing broker, earned commission income during 2017 of approximately \$34,490 from an affiliated investment relationship. The owners of the Company are the general partners of the investment funds from which such income was earned and expenses were incurred. Such amounts were included in commission income and commission, clearing, and floor brokerage expenses on the statement of income, respectively.

**BEECH HILL SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 7: RELATED PARTY TRANSACTIONS** (Continued)

The Company shares office space and certain personnel with a related entity, Beech Hill Advisors, which is a registered investment advisor that is also owned by some of the owners of the Company. Beech Hill Advisors has separate management and is otherwise not dependent upon the Company. Beech Hill Advisors paid the Company \$36,000 for the use of shared office space, to reimburse the Company for the use of its employees, for brokerage expenses and general revenue. Such amounts are included in affiliated income in the statement of income.

**NOTE 8: LEASES**

The Company occupies office space under a lease, which expires February 28, 2019. Under the terms of the lease, the base rent is subject to escalations for increases in real estate taxes and operating costs. Certain principals of the Company have guaranteed payments required under the lease obligation. Pursuant to this lease, the Company maintains a rent security deposit in the amount of \$30,000, which is reflected in the other assets in the statement of financial condition. Rent expense was \$374,053 for the year ended December 31, 2017 and is included in occupancy and related costs in the statement of income.

The Company also subleases a portion of its facilities to other parties, which resulted in non-broker dealer related income of \$224,500. Two of those leases are long-term and require fixed monthly rental payments through December 31, 2019 while the remaining leases are month to month.

Future minimum commitments under the above long-term leases, including sub-lease income, are as follows as of December 31, 2017:

For the years ended December 31:	Minimum <u>lease commitments</u>	Sublease <u>income</u>
2018	\$ 319,440	\$ 162,000
2019	<u>53,240</u>	<u>27,000</u>
	<u>\$ 372,680</u>	<u>\$ 189,000</u>

**NOTE 9: 401(K) PLAN**

The Company maintains a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code. Employees who have completed six months of service and have attained 21 years of age are eligible to participate. Participants may contribute up to 15% of their salaries. The plan provides for discretionary employer matching contributions. For the year ended December 31, 2017, the Company made no matching contributions.

**BEECH HILL SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 10: RISKS AND UNCERTAINTIES**

Substantially all of the Company's cash and securities positions are held by a custodian broker. The Company has not sustained losses on its cash positions held with its custodian broker and believes its risk is further mitigated by the fact that the broker is highly capitalized and is also a member of major security exchanges.

Although the Company clears its customer transactions through another broker/dealer, nonperformance by its customers in fulfilling their contractual obligations pursuant to securities transactions may expose the Company to risk and potential loss. The Company has a policy of reviewing, as considered necessary, the credit standing of each customer with which it conducts business.

The Company is involved, from time to time, in proceedings with and investigations by, governmental agencies and self-regulatory organizations.

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

From time to time, Beech Hill Securities, Inc. becomes involved in various claims, suits, investigations, and legal proceedings that arise in the ordinary course of its business. As required by FASB ASC 450, *Accounting for Contingencies*, the Company accrues a liability when it believes that it is both probable that a liability has been incurred and that it can reasonably estimate the amount of the loss.

**NOTE 12: WARRANTS**

From time to time, the Company is party to investment banking transactions where the Company may receive warrants of issuing parties as part of its compensation. However, the Company also assigns these warrants to third parties and, accordingly, any value ascribed to the warrants is offset by a liability due to the third party. No assets or liabilities are reflected in the financial statements for these warrants as the value of warrants held by the Company are immaterial.

**NOTE 13: 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. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash distributions paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2017, the Company has net capital of \$1,046,590, which is \$796,590 in excess of its required net capital of \$250,000. The Company's net capital ratio is 1.33 to 1.

**BEECH HILL SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 14: ACQUISITION**

The Company took over managing the operations and client list of a broker dealer, Abramson Financial, on December 1, 2015. Nominal consideration was paid to the owner of this entity relating to this arrangement. The entity will continue to operate as a stand-alone entity separate from Beech Hill Securities, Inc. until the final closing date, which is expected to be in 2018.

**BEECH HILL SECURITIES, INC.**  
**SUPPLEMENTARY INFORMATION**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**AS OF DECEMBER 31, 2017**

Net capital:	
Total stockholders' equity	\$ 1,074,887
Add:	
Subordinated borrowings allowable in the computation of net capital	400,000
Deductions and charges:	
Nonallowable assets:	
Due from clearing broker	9,614
Prepaid expenses, security deposits and other assets	121,966
Furniture and equipment (net)	60,518
Other assets	194,183
Total	386,281
Net capital before haircuts on security positions	1,088,606
Haircut on securities positions	42,016
Net capital	\$ 1,046,590
Aggregate indebtedness	\$ 1,388,537
Computation of basis net capital requirement:	
Minimum net capital requirement (greater of 6-2/3% of aggregate indebtedness or \$250,000 minimum net capital requirement)	\$ 250,000
Excess of net capital	\$ 796,590
Excess of net capital at 1,000%	\$ 746,590
Ratio of aggregate indebtedness to net capital	1.33:1

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

See independent auditors' report  
on supplementary information

**BEECH HILL SECURITIES, INC.**  
**SUPPLEMENTARY INFORMATION**  
**COMPUTATION FOR DETERMINATION OF**  
**RESERVE REQUIREMENTS UNDER RULE 15c3-3**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**AS OF DECEMBER 31, 2017**

The Company is exempt under Section (k)(2)(ii) of Rule 15c3-3. Accordingly there are no items to report under the requirements of this rule.

See independent auditors' report  
on supplementary information

**BEECH HILL SECURITIES, INC.**  
**SUPPLEMENTARY INFORMATION**  
**INFORMATION RELATING TO POSSESSION OR CONTROL**  
**REQUIREMENTS UNDER RULE 15c3-3**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**AS OF DECEMBER 31, 2017**

The Company is exempt under Section (k)(2)(ii) of Rule 15c3-3.  
The Company does not carry securities for customer accounts in a custodial capacity.  
Accordingly there are no items to report under the requirements of this rule.

See independent auditors' report  
on supplementary information

**BEECH HILL SECURITIES, INC.**

**REPORT OF INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM ON MANAGEMENT'S STATEMENT  
REGARDING COMPLIANCE WITH THE EXEMPTION  
PROVISIONS OF SEC RULE 15c3-3**

**DECEMBER 31, 2017**

# WAGNER & ZWERMAN LLP

*Certified Public Accountants*

Mark Wagner, CPA  
Andrew M. Zwerman, CPA  
Vincent J. Preto, CPA  
John Antinore, CPA

201 Old Country Road, Ste 202  
Melville, NY 11747  
Phone: 631-777-1000 Fax: 631-777-1008  
E-mail: staff@wzcpafirm.com

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
Beech Hill Securities, Inc.

We have reviewed management's statements, included in the accompanying statement regarding compliance with the exemption provisions of SEC Rule 15c3-3, in which (1) Beech Hill Securities, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Beech Hill Securities, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (2)(ii) (exemption provisions) and (2) Beech Hill Securities, Inc. stated that Beech Hill Securities, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Beech Hill Securities, 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 Beech Hill Securities, 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.

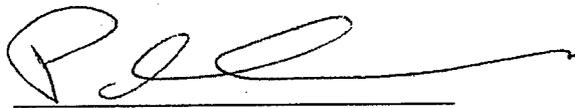
Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Wagner & Zwerman LLP*

WAGNER & ZWERMAN LLP  
Certified Public Accountants  
Melville, NY  
February 26, 2018

MANAGEMENT STATEMENT REGARDING COMPLIANCE  
WITH THE EXEMPTION PROVISIONS OF SEC RULE 15c3-3

We, as the management of Beech Hill Securities, Inc. ("the Company"), are responsible for the Company's compliance with the exemption provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 ("SEC Rule 15c3-3"). The following statements are made to our best knowledge and belief: (1) the Company claims an exemption from the provisions of SEC Rule 15c3-3 under paragraph (k)(2)(ii), and (2) for the reporting period January 1, 2017 through December 31, 2017, the Company has met the identified exemption provision without exception.



Paul Cantor, President  
Beech Hill Securities, Inc.  
February 23, 2018

**BEECH HILL SECURITIES, INC.**

**INDEPENDENT ACCOUNTANTS'**  
**AGREED-UPON PROCEDURES REPORT**  
**ON SCHEDULE OF ASSESSMENT**  
**AND PAYMENTS (FORM SIPC-7)**

**DECEMBER 31, 2017**

# WAGNER & ZWERMAN LLP

*Certified Public Accountants*

Mark Wagner, CPA  
Andrew M. Zwerman, CPA  
Vincent J. Preto, CPA  
John Antinore, CPA

201 Old Country Road, Ste 202  
Melville, NY 11747  
Phone: 631-777-1000 Fax: 631-777-1008  
E-mail: staff@wzcpafirm.com

## INDEPENDENT ACCOUNTANTS' AGREED-UPON PROCEDURES REPORT ON SCHEDULE OF ASSESSMENT AND PAYMENTS (FORM SIPC-7)

To the Board of Directors  
Beech Hill Securities, 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 Beech Hill Securities, Inc. and the Securities Investor Protection Corporation (SIPC) with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of Beech Hill Securities, Inc. for the year ended December 31, 2017, solely to assist you and SIPC in evaluating Beech Hill Securities, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Beech Hill Securities, Inc.'s management is responsible for Beech Hill Securities, 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 amount 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.

# WAGNER & ZWERMAN LLP

*Certified Public Accountants*

Page 2 -- Independent Accountants' Report-SIPC

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.

*Wagner & Zwerman LLP*

WAGNER & ZWERMAN LLP  
Certified Public Accountants  
Melville, NY  
February 26, 2018

**SIPC-7**

(35-REV 6/17)

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

**SIPC-7**

(35-REV 6/17)

For the fiscal year ended 12/31/2017

(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

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

212\*\*\*\*500\*\*\*\*\*ALL FOR AADC 100  
41389 FINRA DEC  
BEECH HILL SECURITIES INC  
ATTN: MATTHEW MURPHY  
880 3RD AVE FL 16  
NEW YORK, NY 10022-4730

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

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

2. A. General Assessment (item 2e from page 2)	\$ 115079
B. Less payment made with SIPC-6 filed (exclude interest)	( 7170 )
Date Paid	
C. Less prior overpayment applied	( — )
D. Assessment balance due or (overpayment)	7909
E. Interest computed on late payment (see instruction E) for ___ days at 20% per annum	—
F. Total assessment balance and interest due (or overpayment carried forward)	\$ 7909
G. PAID WITH THIS FORM: Check enclosed, payable to SIPC Total (must be same as F above)	\$ 7909
H. Overpayment carried forward	\$( — )

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

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

Beech Hill Securities, Inc  
(Name of Corporation, Partnership or other organization)

[Signature]  
(Authorized Signature)

Dated the 26 day of February, 20 17.

CFO  
(Title)

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

**SIPC REVIEWER**

Dates:                                            
          Postmarked    Received    Reviewed  
Calculations                               Documentation                               Forward Copy             
Exceptions:  
Disposition of exceptions:

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

Amounts for the fiscal period  
beginning 1/1/2017  
and ending 12/31/2017

Item No.

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

Eliminate cents  
\$ 12,907,515

2b. Additions:

(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.

2238

(2) Net loss from principal transactions in securities in trading accounts.

(3) Net loss from principal transactions in commodities in trading accounts.

(4) Interest and dividend expense deducted in determining item 2a.

12,495

(5) Net loss from management of or participation in the underwriting or distribution of securities.

(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.

(7) Net loss from securities in investment accounts.

29,619

Total additions

2c. Deductions:

(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.

(2) Revenues from commodity transactions.

(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.

641,765

(4) Reimbursements for postage in connection with proxy solicitation.

(5) Net gain from securities in investment accounts.

(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.

(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).

(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):

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

224,500

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ 12,495

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

\$ 0

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

12,495

Total deductions

878,760

2d. SIPC Net Operating Revenues

\$ 10,028,774

2e. General Assessment @ .0015

\$ 15,079

(to page 1, line 2.A.)