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PART III FEB 28 2018

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FACING PAGE Washington DC

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: Fortune Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

388 E. Valley Blvd., Suite 208

(No. and Street)

Alhambra,

CA

91801-5069

(City)

(State)

(Zip Code)

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

Yin Yi Chen

626-281-6001

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Elizabeth Tractenberg, CPA

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

2367 Clubhouse Drive

Rocklin

CA

95765

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

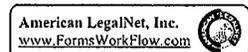
FOR OFFICIAL USE ONLY

**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)*

EB

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.



OATH OR AFFIRMATION

I, Yin Yi Chen, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Fortune 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:

None

[Handwritten Signature]
Signature
President
Title

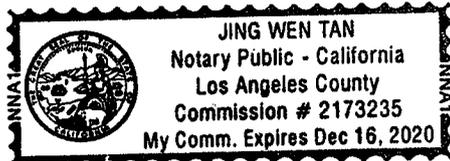
Jing wen tan
Notary Public

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. Cash Flows.
(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).

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.
STATE OF CALIFORNIA COUNTY OF LOS ANGELES
Subscribed and sworn to (or affirmed) before me on this 26 day of Feb
20 18 by YIN YI TOMMY CHEN
proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.
Jing Wen Tan
(Signature of Notary)



Fortune Securities, Inc.
Report Pursuant to Rule 17a-5 (d)
Financial Statements
For the Year Ended December 31, 2017

Elizabeth Tractenberg, CPA
2367 Clubhouse Drive
ROCKLIN, CALIFORNIA 95765
916/259-1666 – Fax 323/517-2625
elizabeth@tractenberg.net
PCAOB # 3621

Report of Independent Registered Public Accounting Firm

To the Board of Directors
Fortune Securities, Inc.
Alhambra, CA 91801

Opinion on the Financial Statements

I have audited the accompanying statement of financial condition of Fortune Securities, Inc., as of December 31, 2017 and the related statements of income (loss), changes in stockholders' 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 Fortune 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 Fortune Securities, Inc.'s management. My responsibility is to express an opinion on Fortune 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 I am required to be independent with respect to Fortune Securities, Inc. in accordance with 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 well as evaluating the overall presentation of the financial statements. I believe that my audit provides a reasonable basis for my opinion.



Elizabeth Tractenberg, CPA
I have served as Fortune Securities, Inc.'s auditor since 2009.
Rocklin, CA
February 20, 2018

Fortune Securities, Inc.
Statement of Financial Condition
December 31, 2017

Assets

Cash	\$	2,017
Clearing broker deposit		27,465
Commissions receivable		4,332
Furniture and equipment, at cost, net of accumulated depreciation of \$87,067		-
Leasehold improvements, net of accumulated Amortization of \$75,243		-
Deposits		<u>4,599</u>
Total Assets	\$	<u><u>38,413</u></u>

Liabilities and Stockholders' Equity

Liability		
Accounts payable and accrued expenses	\$	1,690
Commissions payable		5,086
Other liabilities		<u>765</u>
Total Liabilities		7,541
Stockholders' Equity		
Common stock, \$.00 par value, 10,000,000 shares		
Authorized; 6,605,274 shares issued and outstanding	\$	-
Paid-in capital		589,500
Retained earnings (deficit)		<u>(558,628)</u>
Total Liabilities and Stockholders' Equity	\$	<u><u>38,413</u></u>

See accompanying notes to financial statements

Fortune Securities, Inc.
Statement of Income (Loss)
For the Year Ended December 31, 2017

Revenues	
Commissions	\$ 609,790
12b1 fees	12,652
Interest	<u>22</u>
Total Revenues	<u>622,464</u>
Direct Costs	
Commission expense	388,752
Ticket clearance charges	52,420
Quotes & research	<u>10,059</u>
Total Direct Costs	<u>451,231</u>
Gross Profit	171,233
Operating Expenses	
Advertising	-
Exchange fees	1,632
Insurance	5,962
Interest expense	-
Office expenses	5,539
Postage and delivery	1,580
Professional fees	15,116
Rent	58,127
Salaries and wages and related expenses	28,821
Telephone	7,142
Temporary help	22,927
Travel and entertainment	43,915
Utilities	2,093
All other expenses	<u>(10,178)</u>
Total Operating Expenses	<u>182,676</u>
Income (Loss) Before Tax Provision	(11,443)
Income Tax Provision	<u>800</u>
Net Income (Loss)	<u>\$ (12,243)</u>

See accompanying notes to financial statements

Fortune Securities, Inc.
Statement of Changes in Stockholders' Equity
For the Year Ended December 31, 2017

	Common Stock Shares	Common Stock	Paid-In Capital	Retained Earnings (Deficit)	Total
Balance, December 31, 2016	6,605,274	\$ 0	\$ 589,500	\$(546,385)	\$43,115
Capital contributed					
Net Income (Loss)				(12,243)	(12,243)
Balance, December 31, 2017	<u>6,605,274</u>	<u>\$ 0</u>	<u>\$ 589,500</u>	<u>\$(558,628)</u>	<u>\$30,872</u>

See accompanying notes to financial statements

Fortune Securities, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2017

Cash Flows from Operating Activities:	
Net loss	\$ (12,243)
Changes in operating assets and liabilities:	
Clearing deposit	528
Commissions receivable	7,048
Accounts payable and accrued expenses	(74)
Commissions payable	517
Other liabilities	<u>(611)</u>
Net Cash Used in Operating Activities	<u>(4,835)</u>
Cash Flow from Investing Activities:	<u>-</u>
Cash Flows from Financing Activities:	
Paid in capital	<u>-</u>
Total Cash Flows from Financing Activities	<u>-</u>
Net Decrease in Cash	(4,835)
Cash at Beginning of Year	<u>6,852</u>
Cash at End of Year	<u>\$ 2,017</u>
Supplemental Cash Flow Information	
Cash paid for interest	<u>\$ -</u>
Cash paid for income tax	<u>\$ 800</u>

See accompanying notes to financial statements

Fortune Securities, Inc.
Notes to Financial Statements
December 31, 2017

Note 1 – Organization and Nature of Business

Fortune Securities, Inc. (the “Company”) was incorporated in the State of California on November 20, 1995. The Company is a registered broker-dealer with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (“FINRA”), the Municipal Securities Rulemaking Board (“MSRB”), and the Securities Investor Protection Corporation (“SIPC”).

Note 2 – Significant Accounting Policies

Basis of Presentation – The Company conducts the following types of business as a securities broker-dealer, which comprises several classes of services, including:

- Broker or dealer retailing corporate equity securities over-the-counter
- Broker or dealer selling corporate debt securities
- Underwriter or selling group participant (corporate securities other than mutual funds)
- Mutual fund retailer
- U.S. government securities broker
- Municipal securities broker
- Broker or dealer selling variable life insurance or annuities
- Put and call broker or dealer or option writer
- Broker or dealer selling tax shelters or limited partnerships in primary distributions
- Private placements of securities

Under its membership agreement with FINRA and pursuant to Rule 15c3 (k) (2) (ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

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 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.

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

Fortune Securities, Inc.
Notes to Financial Statements
December 31, 2017

Note 2 – Significant Accounting Policies (continued)

Income Taxes - The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. 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 period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

The accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Company in its Federal and State organization tax returns are more likely than not to be sustained upon examinations. The Company is subject to examinations by U.S. Federal and State tax authorities from 2014 to the present, generally for three years after they are filed.

Depreciation - Depreciation is provided on a straight-line basis using estimated useful lives of five to ten years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

Note 3 - Fair Value

Unless otherwise indicated, the fair values of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

Note 4 – Receivable From and Payable to Broker-Dealers and Clearing Organizations

Amounts receivable from and payable to broker-dealers and clearing organizations at December 31, 2017, consist of the following:

	Receivable	Payable
Fees and commissions receivable/payable	\$2,329	\$0

The Company clears certain of its proprietary and customer transactions through another broker-dealer on a fully disclosed basis.

Fortune Securities, Inc.
Notes to Financial Statements
December 31, 2017

Note 5 – Related Party

The Company is under common control with another firm, Castle Group Investment Counsel, Inc. (“Castle Group”). However, there are no transactions between the Company and Castle Group during the year ending December 31, 2017.

Note 6 - Concentration of Credit Risk

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

Note 7 – Net Capital Requirements

The Company is subject to the SEC 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 dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2017, the Company had net capital of \$23,808 which was \$18,808 in excess of its required net capital of \$5,000. The Company’s net capital ratio was 0.32 to 1.

Note 8 - Income Taxes

The Company files its corporate income tax returns on the accrual basis. For federal income tax purposes, there are net operation losses (NOLs) of approximately \$511,000 expiring in the years 2022 to 2035. The provision for income taxes for the year consists of the following:

Federal	\$ 0
State	<u>800</u>
	<u>\$ 800</u>

Note 9 – Clearing Broker Deposit

The Company has an agreement with a clearing broker which requires a minimum deposit of \$25,000, current balance is \$27,465.

Fortune Securities, Inc.
Notes to Financial Statements
December 31, 2017

Note 10 – Operating Lease Commitments

The Company leases office space under a noncancellable operating lease expiring July 31, 2019. The lease requires a deposit of \$4,599. At December 31, 2017, future minimum lease payments under this agreement were as follows:

2018	\$ 45,177
2019	<u>26,809</u>
	<u>\$ 71,986</u>

The Company also leases a separate storage space on a month-to-month basis. The total rental expenses were \$58,127 for the year ended December 31, 2017.

Note 11 – Litigation

A claim had been filed against the Company which was in FINRA dispute resolution arbitration. The Claimants irrevocably dismissed all claims with prejudice against the Company on February 14, 2017.

Note 12 – Subsequent Events

Management has reviewed the results of operations for the period of time from its year end December 31, 2017 through February 20, 2018, the date the financial statements were available to be issued, and has 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.

Fortune Securities, Inc.
Computation of Net Capital Requirements Pursuant
To Rule 15c3-1
For the Year Ended December 31, 2017

Computation of Net Capital	
Total ownership equity from statement of financial condition	\$ 30,872
Clearing broker deposit nonallowable portion	(2,465)
Deposits	<u>(4,599)</u>
Net Capital	<u>\$ 23,808</u>
Computation of Net Capital Requirements	
Minimum net aggregate indebtedness – 6.67% of net aggregate indebtedness	<u>\$ 503</u>
Minimum dollar net capital required	<u>\$ 5,000</u>
Net capital required (greater of above amounts)	<u>\$ 5,000</u>
Excess capital	<u>\$ 18,808</u>
Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	<u>\$ 23,054</u>
Computation of Aggregate Indebtedness	
Total liabilities	<u>\$ 7,541</u>
Aggregate indebtedness to net capital	0.32
The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):	
Net capital per Company's computation	\$ 23,808
Variance	<u>-</u>
Net capital per audit	<u><u>\$ 23,808</u></u>

See accompanying notes to financial statements

Fortune Securities, Inc.
Schedule II – Computation for Determination of Reserve
Requirements Pursuant to Rule 15c3-3
As of December 31, 2017

A computation of reserve requirement is not applicable to Fortune Securities, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (ii).

Fortune Securities, Inc.
Schedule III – Information Relating to Possession or Control
Requirements under Rule 15c3-3
As of December 31, 2017

Information relating to possession or control requirements is not applicable to Fortune Securities, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (ii).

Elizabeth Tractenberg, CPA
2367 Clubhouse Drive
ROCKLIN, CALIFORNIA 95765
916/259-1666 – Fax 323/517-2625
elizabeth@tractenberg.net
PCAOB # 3621

Report of Independent Registered Public Accounting Firm – Exemption Report

To the Board of Directors
Fortune Securities, Inc.
Alhambra, CA 91801

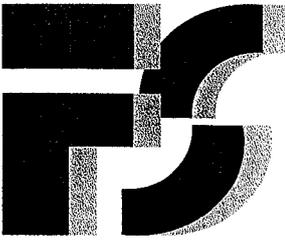
I have reviewed management's statements, included in the accompanying Fortune Securities, Inc. (the "Company") Exemption Report in which (1) Fortune Securities, Inc. identified the following provisions of 17C.F.R. §15c3-3(k) under which the Fortune Securities, Inc. claimed an exemption from 17 C.F.R.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



Elizabeth Tractenberg, CPA
Rocklin, CA
February 20, 2018



FORTUNE SECURITIES, INC.
Member of NASD/MSRB/SIPC

February 12, 2018

Elizabeth Tractenberg, CPA
2367 Clubhouse Drive
Rocklin, CA 95765

Re: SEA Rule 17a-5(d) (4) Exemption Report

Dear Ms. Tractenberg:

Pursuant to the referenced rule, the following information is provided.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3 (k) (2) (ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers.

Fortune Securities, Inc. met the Section 204, 15c3-3 (k) (2) (ii) exemption for the period January 1, 2017 to December 31, 2017.

Sincerely,

Yin Yi Chen
President

Elizabeth Tractenberg, CPA

2367 Clubhouse Drive
ROCKLIN, CALIFORNIA 95765
Office 916/259-1666 -- Fax 323/517-2625
elizabeth@tractenberg.net
PCAOB # 3621

To the Board of Directors
Fortune Securities, Inc.
Alhambra, CA 91801

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

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, I have performed the procedures enumerated below, which were agreed to by Fortune Securities, Inc. and the Securities Investor Protection Corporation (SIPC) with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of Fortune Securities, Inc. for the year ended December 31, 2017, solely to assist you and SIPC in evaluating Fortune Securities, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Fortune Securities, Inc.'s management is responsible for Fortune 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, I 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 I 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 adjustments;
- 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.

To the Board of Directors
Fortune Securities, Inc.
Page 2

I was 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, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my 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.

A handwritten signature in cursive script that reads "Elizabeth Tractenberg".

Elizabeth Tractenberg, CPA
Rocklin, California
February 20, 2018