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

SEC FILE NUMBER
8-50043

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 BEGINING JANUARY 1, 2017 AND ENDING DECEMBER 31, 2017
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER: CAROLINA SECURITIES, INC.

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

8400 HARBISON WAY

(No. and Street)

RALEIGH

(City)

NC

(State)

27615

(Zip Code)

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

ANDREW BURCH

919-349-8332

(Area Code - Telephone No.)

B. ACCOUNTANT DESIGNATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

OHAB AND COMPANY, PA

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

100 E. SYBELIA AVENUE, SUITE 130, MAITLAND

(Address and City)

FLORIDA

(State)

32751

(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 audit be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, ANDREW BURCH, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm or CAROLINA 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:

Andrew G. Burch

Signature

PRESIDENT

Title

[Handwritten Signature]

Public Notary



March 7, 2018
Wake, NC

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 Proprietor's 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 15c3-1.
- (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).

Carolina Securities, Inc.

FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2017
AND INDEPENDENT AUDITORS' REPORT

Carolina Securities, Inc.

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hab and Company, P.A.

100 E. Sybelia Ave. Suite 130
Maitland, FL 32751

Certified Public Accountants
Email: pam@ohabco.com

Telephone 407-740-7311
Fax 407-740-6441

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of Carolina Securities, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Carolina Securities, Inc. as of December 31, 2017, the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of Carolina 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 Carolina Securities, Inc.'s management. Our responsibility is to express an opinion on Carolina 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 Carolina 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 Schedule I has been subjected to audit procedures performed in conjunction with the audit of Carolina Securities, Inc.'s financial statements. The supplemental information is the responsibility of Carolina 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 Schedule I is fairly stated, in all material respects, in relation to the financial statements as a whole.

O'hab and Company, P.A.

We have served as Carolina Securities, Inc.'s auditor since 2015.

Maitland, Florida

March 6, 2018

Carolina Securities, Inc.

STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2017

ASSETS

CURRENT ASSETS:	
Cash	\$ 10,178
Shareholder loan	332
Prepaid expenses	720
Deposits	136
Total current assets	11,366
TOTAL	\$ 11,366

LIABILITIES AND STOCKHOLDER'S EQUITY

Accounts payable and accrued expenses	\$ 146
Total current liabilities	146
STOCKHOLDER'S EQUITY	
Common stock, \$0.01 par value; 100,000 shares authorized, 200 shares issued and outstanding	2
Additional paid-in capital	114,052
Accumulated deficit	(102,834)
Total stockholder's equity	11,220
TOTAL	\$ 11,366

See Independent Auditors' Report and
Notes to Financial Statements.

Carolina Securities, Inc.

STATEMENT OF OPERATIONS DECEMBER 31, 2017

REVENUE:	
Investment banking fees	\$ 23,250
Reimbursed expenses	660
Total revenue	23,910
OPERATING EXPENSES:	
Advertising & Marketing	133
Telecommunications	1,506
Office Expense	202
Postage and Delivery	149
Computers & Related	1,325
Regulatory Fees	2,125
Taxes	571
Dues and Subscriptions	1,219
Office Supplies	431
Professional Fees	7,629
Rent	2,310
Travel & Entertainment	3,250
Other Expenses	319
Total expenses	21,169
Net income	\$ 2,741

See Independent Auditors' Report and
Notes to Financial Statements.

Carolina Securities, Inc.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017

	Common Stock					Retained earnings (Accumulated deficit)	Total
	No. Shares	Amount					
Balance, DECEMBER 31, 2016	200	\$ 2	\$	114,052	\$	(92,475)	\$ 21,579
Net Income						2,741	2,741
Stockholder Distributions						(13,100)	(13,100)
Balance, DECEMBER 31, 2017	200	\$ 2	\$	114,052	\$	(102,834)	\$ 11,220

See Independent Auditors' Report and
Notes to Financial Statements.

Carolina Securities, Inc.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

OPERATING ACTIVITIES:	
Net income	\$ 2,741
Adjustments to reconcile net income to net cash provided by operating activities	
Decrease in shareholder loan	7,654
Decrease in deposits	1,800
Decrease in prepaid expenses	189
Decrease in accounts payable and accrued expenses	(160)
Net cash provided by operating activities	12,224
Adjustments to reconcile net income to net cash used by financing activities	
Stockholder Distributions	(13,100)
Net cash used by financing activities	(13,100)
NET DECREASE IN CASH	(876)
CASH AT BEGINNING OF YEAR	11,054
CASH AT END OF YEAR	\$ 10,178

See Independent Auditors' Report and
Notes to Financial Statements.

Carolina Securities, Inc.

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2017

1. ORGANIZATION AND NATURE OF BUSINESS

Carolina Securities, Inc. (the "Company") is a registered broker-dealer in securities with the Securities and Exchange Commission (the "SEC") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Company received its approval for membership on **June 11, 1997**. The Company is an independent, private equity placement and advisory firm focused on fund formation and marketing for highly differentiated, alternative institutional investment managers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company maintains its books and records on the accrual basis of accounting for financial reporting purposes, which is in accordance with U.S. generally accepted accounting principles and is required by the SEC and FINRA.

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.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Company defines cash equivalents as highly liquid investments with original maturity dates of less than ninety days that are not held for sale in the ordinary course of business.

Revenue Recognition

Revenues from services are recognized from transactions when the equity placement or other services closes. Non-refundable retainers are recognized as revenue in accordance with the terms of the contract and are applied against transaction fees upon closing, if applicable.

Carolina Securities, Inc.

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation for both federal and state income tax purposes. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the company's taxable income. Therefore no provision or liability for federal or state income taxes has been included in the financial statements.

The Company has adopted the provisions of FASB Accounting Standards Codification 740-10, Accounting for Uncertainty in Income Taxes. Under ASC 740-10, the Company is required to evaluate each of its tax positions to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. A tax position includes an entity's status including its status as a pass-through entity, and the decision not to file a tax return. The Company has evaluated each of its tax positions and has determined that no provision for liability for income taxes is necessary. The shareholder and the Company are generally not subject to U.S. federal, state or local income tax examinations related to the Company's activities for the tax years before 2014.

New Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (US GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2017. The Company has not yet selected a transition method and is currently evaluating the effect the standard will have on the financial statements.

3. NET CAPITAL REQUIREMENTS

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 (and the rule of the "applicable" exchange 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 \$10,032 which was \$5,032 in excess of its required net capital of \$5,000. The Company's percentage of aggregate indebtedness to net capital was 1.46%.

4. COMMITMENTS AND CONTINGENCIES

The Company has no commitments or contingencies.

Carolina Securities, Inc.

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2017

5. CONCENTRATION

There was a 34% concentration of revenue earned from one customer.

6. RELATED PARTY TRANSACTIONS

As of December 31, 2017, there was a shareholder loan on the balance sheet totaling \$332.

7. COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION

The Company is exempt from the provisions of Rule 15c3-3 under the Security Exchange Act of 1934 pursuant to paragraph (k)(2)(i) of the rule.

8. INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION

The Company is exempt from the provisions of Rule 15c3-3 under the Security Exchange Act of 1934 pursuant to paragraph (k)(2)(i) of the rule. The Company did not maintain possession or control of any customer funds or securities.

9. SUBSEQUENT EVENTS

The Company evaluated subsequent events through March 06, 2018, the date its financial statements were issued. The Company did not identify any material subsequent events requiring adjustment to or disclosure in its financial statements.

Carolina Securities, Inc.

**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2017**

SCHEDULE 1	
TOTAL STOCKHOLDER'S EQUITY QUALIFIED FOR NET CAPITAL	\$ 11,220
DEDUCTIONS AND/OR CHARGES:	
Non-allowable assets:	
Shareholder loan	(332)
Prepaid expenses and deposits	(856)
NET CAPITAL	\$ 10,032
AGGREGATE INDEBTEDNESS -	
Accounts payable and accrued expenses	146
Total aggregate indebtedness	\$ 146
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT -	
Minimum net capital required	\$ 5,000
Excess net capital	5,032
Percentage of aggregate indebtedness to net capital	1.46%
<p>There are no material differences between the preceding calculation and the Company's corresponding unaudited Part IIA of Form X-17A-5 as of December 31, 2017.</p>	

See Independent Auditors' Report



Ohab and Company, P.A.

100 E. Sybelia Ave. Suite 130
Maitland, FL 32751

Certified Public Accountants
Email: pam@ohabco.com

Telephone 407-740-7311
Fax 407-740-6441

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of Carolina Securities, Inc.

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

Ohab and Company, P.A.

Maitland, Florida

March 6, 2018

Carolina Securities, Inc.
(MEMBER FINRA)

BROKER DEALERS ANNUAL EXEMPTION REPORT

Carolina Securities, Inc. claims an exemption from the provisions of Rule 15c3-3 under the Securities and Exchange Act of 1934, pursuant to paragraph (k)(2)(i) of the Rule.

Carolina Securities, Inc. met the aforementioned exemption provisions throughout the most recent year ended December 31, 2017 without exception.



Andrew Burch
February 16, 2018