



DM

SI 18007526  
WASHINGTON, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: August 31, 2020  
Estimated average burden  
hours per response... 12.00

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

Mail Processing  
Section  
APR 27 2018

SEC FILE NUMBER  
8-48915

**FACING PAGE  
Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 3/1/2017 AND ENDING 2/28/2018  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Commonwealth Capital Securities Corp.

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
17755 US Highway 19 N., Suite 400

(No. and Street) (City) (State) (Zip Code)  
Clearwater FL 33764

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Henry J. Abbott (877) 654-1500  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

BDO USA, LLP

(Name - if individual, state last, first, middle name)  
Ten Penn Ctr., 1801 Market St., Suite 1700 Philadelphia PA 19103  
(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)

OATH OR AFFIRMATION

I, Henry J. Abbott, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Commonwealth Capital Securities Corp. of February 28, 2018, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



[Signature]
Signature
Chief Executive Officer
Title

Denise Klaips 4-25-18
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.
(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).

SEC  
Mail Processing  
Section

APR 27 2018

Washington DC  
406

**Commonwealth Capital Securities  
Corp.**

**Financial Statements**  
For the Year Ended February 28, 2018

The report accompanying these financial statements was issued by  
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of  
BDO International Limited, a UK company limited by guarantee.

**BDO.**

# Commonwealth Capital Securities Corp.

## Contents

---

<b>Report of Independent Registered Public Accounting Firm</b>	2-3
<b>Financial Statements</b>	
Statement of Financial Condition	4
Statement of Operations	5
Statement of Changes in Stockholder's Equity	6
Statement of Cash Flows	7
<b>Notes to Financial Statements</b>	8-17
<b>Supplementary Information</b>	
Computation of Net Capital Under Rule 15c3-1 and Statement Pursuant to Rule 17a-5(d)(2)(iii)	18
<b>Other Matters</b>	
Report of Independent Registered Public Accounting Firm on Management's Exemption Report Required by SEC Rule 17a-5	19
Management's Exemption Report	20



Tel: 215-564-1900  
Fax: 215-564-3940  
www.bdo.com

Ten Penn Center  
1801 Market Street, Suite 1700  
Philadelphia, PA 19103

## **Report of Independent Registered Public Accounting Firm**

Board of Directors and Stockholder  
Commonwealth Capital Securities Corp.  
Clearwater, Florida

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

We have audited the accompanying statement of financial condition of Commonwealth Capital Securities Corp. (the "Broker-Dealer") as of February 28, 2018, the related statements of operations, changes in stockholder's equity and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Broker-Dealer at February 28, 2018, 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 the Broker-Dealer's management. Our responsibility is to express an opinion on the Broker-Dealer'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 the Broker-Dealer 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 and Statement Pursuant to Rule 17a-5(d)(2)(iii) (the "supplemental information") has been subjected to audit procedures performed in conjunction with the audit of the Broker-Dealer's financial statements. The supplemental information is the responsibility of the Broker-Dealer'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

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



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 Securities Exchange Act of 1934 Rule 17a-5. In our opinion, the Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission and Statement Pursuant to Rule 17a-5(d)(2)(iii) is fairly stated, in all material respects, in relation to the financial statements as a whole.

*BDO USA, LLP*

We have served as the Broker-Dealer's auditor since 2013.

Philadelphia, Pennsylvania  
April 25, 2018

# Commonwealth Capital Securities Corp.

## Statement of Financial Condition

<i>February 28,</i>	<b>2018</b>
<b>Assets</b>	
Cash	\$ 26,748
Prepaid Expenses	16,275
<b>Total Assets</b>	<b>\$ 43,023</b>
<b>Liabilities &amp; Stockholder's Equity</b>	
<b>Liabilities</b>	
Accounts payable - Commonwealth Capital Corp.	\$ 3,119
<b>Total Liabilities</b>	<b>3,119</b>
<b>Stockholder's Equity</b>	
<b>Common stock \$1 par value</b>	
Authorized 1,000 shares	
Issued and outstanding 50 shares	50
Additional paid-in capital	578,527
Accumulated Deficit	(538,673)
<b>Total Stockholder's equity</b>	<b>39,904</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 43,023</b>

*See accompanying notes to financial statements.*

# Commonwealth Capital Securities Corp.

## Statement of Operations

<i>Year ended February 28,</i>	<b>2018</b>
<b>Revenues</b>	
Interest and other income	\$ 24
<b>Total Revenues</b>	<b>24</b>
<b>Expenses</b>	
Regulatory fees	17,178
Operating expenses	50,926
<b>Total Expenses</b>	<b>68,104</b>
<b>Loss before benefit for income taxes</b>	<b>(68,080)</b>
<b>Benefit for income taxes, net</b>	<b>-</b>
<b>Net Loss</b>	<b>\$ (68,080)</b>

*See accompanying notes to financial statements.*

# Commonwealth Capital Securities Corp.

## Statement of Changes in Stockholder's Equity

	Common Stock		Paid-In Capital	Accumulated (Deficit)	Total
	Number of Shares	Amount			
Balance, March 1, 2017	50	\$ 50	\$ 498,267	\$ (470,593)	\$ 27,724
Capital contributions	—	—	53,260	—	53,260
Forgiveness of Payables - Commonwealth Capital Corp	—	—	27,000	—	27,000
Net Loss	—	—	—	(68,080)	(68,080)
<b>Balance, February 28, 2018</b>	<b>50</b>	<b>\$ 50</b>	<b>\$ 578,527</b>	<b>\$ (538,673)</b>	<b>\$ 39,904</b>

*See accompanying notes to financial statements.*

# Commonwealth Capital Securities Corp.

## Statement of Cash Flows

<i>Year ended February 28,</i>	<b>2018</b>
<b>Cash flows used in operating activities</b>	
Net loss	\$ (68,080)
Adjustments to reconcile net loss to net cash used in operating activities	
Rent expense – capital contribution	43,260
Changes in operating assets and liabilities:	
Prepaid expenses	(2,056)
Accounts payable - Commonwealth Capital Corp.	5,088
<b>Net cash used in operating activities</b>	<b>(21,788)</b>
Cash flows from financing activities	
Cash contributions	10,000
<b>Net cash provided by financing activities</b>	<b>10,000</b>
Net decrease in cash and cash equivalents	(11,788)
<b>Cash and cash equivalents at beginning of year</b>	<b>38,536</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 26,748</b>
<b>Supplemental Disclosure of Non-Cash Financing Activities:</b>	
Forgiveness of related party payables - Commonwealth Capital Corp	<u>\$ 27,000</u>
Capital contribution – Forgiveness of rent	<u>\$ 43,260</u>

*See accompanying notes to financial statements.*

# Commonwealth Capital Securities Corp.

## Notes to Financial Statements

### 1. **Organization and Significant Accounting Policies**

#### **Organization**

Commonwealth Capital Securities Corp. (the "Company") is a wholly owned subsidiary of Commonwealth of Delaware, Inc. ("CDI"). Commonwealth Capital Corp. ("CCC") is a related party to the Company.

The Company has registered with the Securities and Exchange Commission as a broker-dealer pursuant to Section 17 of the Securities Exchange Act of 1934, and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company operates under the exemptive provisions of SEC Rule 15c3-3. The Company sells units of its affiliated partnerships or companies through broker/dealer firms to their customers throughout the United States.

The Company does not hold funds or securities for, or owe any money or securities to, customers and does not carry amounts of, or for customers. Accordingly, the Company operates under the exemptive provisions of Securities and Exchange Commission ("SEC") Rule 15c3-3(k)(2)(i).

#### **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 amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

#### **Cash and cash equivalents**

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents, at February 28, 2018, were held in the custody of one financial institution. Bank accounts are federally insured up to

# Commonwealth Capital Securities Corp.

## Notes to Financial Statements

---

\$250,000. At times, the balances may have exceeded federally insured limits. At February 28, 2018, the total cash balance did not exceed FDIC insured limits. The Company mitigates risk by depositing funds with a major financial institution. The Company has not experienced any losses in such accounts, and believes that it is not exposed to any significant credit risk.

### **Commission Revenue and Brokerage Fee Expense**

The Company recognizes commission revenue and brokerage fee expense on an accrual basis based on the closing date of the underlying customer transactions.

The Company earns commission revenue of up to 10% on sales of limited partnership or limited liability company units of Commonwealth Income & Growth Funds ("Funds").

### **Commission Expense**

Selling commissions are generally 7% of the partners' contributed capital to the Funds and dealer manager fees are 2% of the partners' contributed capital to the Funds. Up to 1% of partners' contributed capital can be paid to broker-dealers as a marketing allowance.

### **Income Taxes**

The Company accounts for income taxes under the provisions of Accounting Standards Codification ("ASC") 740.

The Company is a member of a consolidated group for federal income tax purposes and files as a separate entity for state income tax purposes. Income taxes have been provided as though the Company were a taxpaying entity separate from the consolidated group of which it is a member.

The Company accounts for income taxes using the liability method. The liability method requires the determination of

# Commonwealth Capital Securities Corp.

## Notes to Financial Statements

---

deferred tax assets and liabilities based on the differences between the financial statement and income tax basis of assets and liabilities, using enacted tax rates. Additionally, net deferred tax assets are adjusted by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the net deferred tax assets will not be realized. The Company currently has significant deferred tax assets. The Company is required to establish a valuation allowance when it is more likely than not that all or a portion of deferred tax assets will not be realized. Furthermore, it is difficult to conclude that a valuation allowance is not needed when there is negative evidence such as cumulative losses in recent years. Therefore, cumulative losses weigh heavily in the overall assessment. Accordingly, the Company has recorded a full valuation allowance against its net deferred tax assets as it was determined that it is more likely than not that future tax benefits will not be realized. (See Note 4).

### **Disclosure of Fair Value of Financial Instruments**

The carrying value of financial instruments reported in the accompanying statement of financial condition for cash and cash equivalents and accounts payable are carried at amounts which reasonably approximate their fair values as of February 28, 2018 due to the immediate or short-term nature of these financial instruments.

### **Recently Adopted Accounting Pronouncements**

In November 2015, the FASB issued Accounting Standards Update No. 2015-17, "Balance Sheet Classification of Deferred Taxes" To simplify the presentation of deferred income taxes, the FASB issued ASU 2015-17 to require that all deferred tax liabilities and asset of the same tax jurisdiction or a tax filing group, as well as any related valuation allowance, be offset and presented as a single noncurrent amount in a classified balance sheet. For public business entities, the amendments in this Update are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within

# Commonwealth Capital Securities Corp.

## Notes to Financial Statements

---

those annual periods. We adopted ASU 2015-17 on March 1, 2017; however, adoption of this ASU had no impact on the Company's financial statements during the year ended February 28, 2018.

### **Recent Accounting Pronouncements Not Yet Adopted**

In May 2014, the FASB issued revised guidance "Revenue from contracts with customers", the accounting guidance related to revenue recognition, which was subsequently amended, clarified, and deferred until January 1, 2018. This guidance is applicable to all entities replacing significant portions of various existing revenue recognition rules with a more principles-based recognition model. The amended accounting guidance allows for either a full retrospective adoption or modified retrospective adoption. We determined that our revenues from placement fees are within the scope of the amended guidance. We assessed the impact of the new guidance by identifying our contracts, evaluating our performance obligations, determining the transaction price, and determining when the performance obligations were satisfied to allow us to recognize revenue. As a result of this analysis, we determined our recognition, measurement and presentation of revenue from placement fees will not change. We will adopt this guidance in the first quarter of 2018 using the modified retrospective method of adoption, and this adoption is not expected to have a material impact on our financial statements.

In January 2016, the FASB issued Accounting Standards Update No. 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities- the amendments in this Update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The amendments address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The Company is currently evaluating the effect that this ASU will have on its financial statements.

# Commonwealth Capital Securities Corp.

## Notes to Financial Statements

---

In August 2016, the FASB issued Accounting Standards Update 2016-15—*Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The amendments in this Update apply to all entities, including both business entities and not-for-profit entities that are required to present a statement of cash flows under Topic 230. The amendments are an improvement to GAAP and provide guidance on eight cash flow classification issues. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the effect that this ASU will have on its financial statements.

In February 2018, the FASB issued Accounting Standards Update No. 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The amendments in this Update are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years beginning after June 15, 2018. Public business entities with fiscal years beginning between December 15, 2017, and June 15, 2018, are not required to adopt these amendments until the interim period beginning after June 15, 2018. For all other entities, the effective date is the same as the effective date in Update 2016-01. All entities may early adopt these amendments for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, as long as they have adopted Update 2016-01. Our evaluation of this guidance is ongoing and the impact that this new guidance will have on our financial statements has not yet been determined.

### 2. Transactions with Related Parties

#### Commission Revenue

For the year ended February 28, 2018, no limited partnership or liability company units were sold to outside customers. As a result, there was no commission revenue.

# Commonwealth Capital Securities Corp.

## Notes to Financial Statements

### Expenses

As of February 28, 2018, all operating expenses paid by the Company are included in the accompanying financial statements and reports as filed with FINRA and have been properly reflected in the net capital computation. The Company has an expense sharing agreement with CCC and CDI in which CCC or CDI may not seek reimbursement for certain expenses related to the operation of the Company. In accordance with SEC Rule 17a-4, a separate schedule of these unreimbursed costs is maintained by the Company, which is available for review by the Company's designated examining authority (FINRA). The operating results or financial condition of the Company may have been significantly different had the companies been autonomous.

### Receivables/Payables

As of February 28, 2018, the Company owed \$3,119 to CCC. This related party payable is short term, unsecured, and non-interest bearing.

### Capital Contributions

During the year ended February 28, 2018, CDI made cash capital contributions to the Company of approximately \$10,000 and non-cash capital contributions to the Company of approximately \$43,000 and \$27,000 in the form of forgiveness of rent and payables, respectively. CDI has committed to continue to provide support through April 30, 2019 to the extent the Company needs additional capital to meet operating needs or regulatory net capital requirements.

### 3. Regulatory Net Capital Requirements

The Company is subject to the net capital rules of the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum regulatory net capital and requires that the ratio of aggregate indebtedness to regulatory net capital, both as defined, shall not exceed 15-to-1. At February 28, 2018, the Company's regulatory net capital,

# Commonwealth Capital Securities Corp.

## Notes to Financial Statements

required regulatory net capital, and ratio of aggregate indebtedness to regulatory net capital were as follows:

Regulatory net capital	\$	23,629
Required regulatory net capital	\$	5,000
Ratio of aggregate indebtedness to regulatory net capital		0.13-to-1

The Company is exempt from the calculation of the reserve requirement under Rule 15c3-3k(2)(i) due to the fact that it carries no margin account, promptly transmits all customer funds and delivers all securities received in connection with its activities as a broker-dealer, does not otherwise hold funds or securities for, or owe money or securities to, customers and effectuates all financial transactions between the broker-dealer and its customers through a special account for the exclusive benefit of its customers.

#### 4. Income Taxes

Due to the net operating loss of the Company, there is no provision for income taxes for the year ended February 28, 2018. The Company has Federal and Pennsylvania net operating loss carry forwards of approximately \$329,000 and \$583,000, respectively at February 28, 2018, which will expire in 2037. The Company has recorded a full valuation allowance of \$115,000 against the deferred tax asset resulting from the net operating loss carry forwards.

The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax positions. The Company recorded no interest and penalties during the year ended February 28, 2018 and had no accrued interest and penalties as of February 28, 2018.

In addition, the Company does not have any entity level uncertain tax positions. For the year ended February 28, 2018, the Company did not identify any uncertain tax positions taken or expected to be

# Commonwealth Capital Securities Corp.

## Notes to Financial Statements

---

taken in an income tax return which would require adjustment to or disclosure in its financial statements. The Company is subject to Pennsylvania state tax examinations for the years subsequent to February 28, 2014. The consolidated group is subject to Federal tax examinations for the years subsequent to February 28, 2014. The Company has no open Federal or state tax examinations.

On December 22, 2017 the U.S. Government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("The Act"). The Act makes broad changes to the U.S. tax code, including, but not limited to, (i) reducing the U.S. federal corporate tax rate from 35% to 21%; (ii) eliminating the corporate alternative minimum tax; (iii) creating a new limitation on deductible interest expense; (iv) creating the base erosion and anti-abuse tax, a new minimum tax; (v) limitation on the deductibility of certain executive compensation; (vi) enhancing the option to claim accelerated depreciation deductions on qualified property, and (vii) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017.

The Act reduces the corporate tax rate to 21%, effective January 1, 2018. The accounting for this portion of The Act has caused a reduction to the Company's net deferred tax assets before valuation allowance of \$32,000 for the year ended February 28, 2018. However, the Company maintains a full valuation allowance against its deferred tax assets. As a result, the \$32,000 reduction to the Company's deferred tax assets is offset by a corresponding \$32,000 reduction in the Company's valuation allowance, resulting in no net impact to the Company's tax provision.

The Company has not completed its determination of the accounting implications of The Act on its tax accruals. However, the Company has reasonably estimated the effects of The Act as described above as of February 28, 2018, primarily comprised of the re-measurement of federal net deferred tax assets resulting from the permanent reduction in the U.S. statutory corporate tax rate to 21% from 34%. As the Company completes its analysis of

# Commonwealth Capital Securities Corp.

## Notes to Financial Statements

---

The Act, collects and prepares necessary data, and interprets any additional guidance issued by the U.S. Treasury Department, the IRS, and other standard-setting bodies, the Company may make adjustments to the provisional amounts recorded as of February 28, 2018. However, those adjustments are not anticipated to have a material impact on the Company's tax provision.

### 5. Commitments, Contingencies, and Guarantees

#### FINRA

On May 3, 2013, the FINRA Department of Enforcement filed a complaint naming Commonwealth Capital Securities Corp. ("CCSC") and the owner of the firm, Kimberly Springsteen-Abbott, as respondents; however on October 22, 2013, FINRA filed an amended complaint that dropped the allegations against CCSC and reduced the scope of the allegations against Ms. Springsteen-Abbott. The sole remaining charge was that Ms. Springsteen-Abbott had approved the misallocation of some expenses to certain Funds.

Management believes that the expenses at issue include amounts that were proper and that were properly allocated to Funds, and also identified a smaller number of expenses that had been allocated in error, but were adjusted and repaid to the affected Funds when they were identified in 2012. During the period in question, Commonwealth Capital Corp. ("CCC") and Ms. Springsteen-Abbott provided important financial support to the Funds, voluntarily absorbed expenses and voluntarily waived fees in amounts aggregating in excess of any questioned allocations. A Hearing Panel ruled on March 30, 2015, that Ms. Springsteen-Abbott should be barred from the securities industry because the Panel concluded that she allegedly misallocated approximately \$208,000 of expenses involving certain Funds over the course of three years. As such, management has allocated approximately \$87,000 of the \$208,000 in allegedly misallocated expenses back to the affected funds as a contingency accrual in CCC's financial statements and a good faith payment for the benefit of those Income Funds.

# Commonwealth Capital Securities Corp.

## Notes to Financial Statements

---

The decision of the Hearing Panel was stayed when it was appealed to FINRA's National Adjudicatory Council (the "NAC") pursuant to FINRA Rule 9311. The NAC issued a decision that upheld the lower panel's ruling and the bar took effect on August 23, 2016. Ms. Springsteen-Abbott appealed the NAC's decision to the U.S. Securities and Exchange Commission (the "SEC"). On March 31, 2017, the SEC criticized that decision as so flawed that the SEC could not even review it, and remanded the matter back to FINRA for further consideration consistent with the SEC's remand, but did not suggest any view as to a particular outcome.

On July 21, 2017, FINRA reduced the list of 1,840 items totaling \$208,000 to a remaining list of 84 items totaling \$36,226 (which includes approximately \$30,000 of continuing education expenses for personnel providing services to the Funds), and reduced the proposed fine from \$100,000 to \$50,000, but reaffirmed its position on the bar from the securities industry. Respondents promptly appealed FINRA's revised ruling to the SEC. That appeal is pending as of April 25, 2018. All requested or allowed briefs have been filed with the SEC. Management believes that whatever the final resolution of this may be, it will not result in any material adverse financial impact on the Company; although a final assurance cannot be provided until the legal matter is resolved.

# Commonwealth Capital Securities Corp.

## Computation of Net Capital under Rule 15c3-1

<i>February 28,</i>	<i>2018</i>
<b>Net capital</b>	
Total stockholder's equity from statement of financial condition	\$ 39,904
<b>Deductions and/or charges</b>	
Non-allowable assets	
Prepaid expenses	16,275
<b>Total non-allowable assets</b>	<b>16,275</b>
<b>Net capital</b>	<b>\$ 23,629</b>
<b>Computation of Basic Regulatory Net Capital Requirement</b>	
Minimum net capital required per rule 15c3-1 (greater of \$5,000 or 6.67% of aggregate indebtedness of \$3,119)	\$ 5,000
<b>Excess net capital</b>	<b>\$ 18,629</b>
<b>Computation of aggregate indebtedness</b>	
Accounts payable - Commonwealth Capital Corp.	\$ 3,119
<b>Aggregate indebtedness</b>	<b>\$ 3,119</b>
<b>Ratio of aggregate indebtedness to regulatory net capital</b>	<b>0.13-to-1</b>

### Statement Pursuant to Rule 17a-5(d)(2)(iii)

A reconciliation with the Company's computation of net capital as reported in the unaudited Part II of Form X-17-A-5 as of February 28, 2018 was not prepared as there are no material differences to report.



Tel: 215-564-1900  
Fax: 215-564-3940  
www.bdo.com

Ten Penn Center  
1801 Market Street, Suite 1700  
Philadelphia, PA 19103

## Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholder  
Commonwealth Capital Securities Corp.  
Clearwater, Florida

We have reviewed management's statements, included in the accompanying Management's Exemption Report of Commonwealth Capital Securities Corp., in which (1) Commonwealth Capital Securities Corp. identified the following provisions of the Securities Exchange Act of 1934 ("SEA") Rule 15c3-3(k) under which Commonwealth Capital Securities Corp. claimed an exemption from Rule 15c3-3 (k)(2)(i) (the "exemption provision") and (2) Commonwealth Capital Securities Corp. stated that Commonwealth Capital Securities Corp. met the identified exemption provisions throughout the most recent fiscal year without exception. Commonwealth Capital Securities Corp.'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 Commonwealth Capital Securities Corp.'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.

*BDO USA, LLP*

Philadelphia, Pennsylvania  
April 25, 2018

# Commonwealth Capital Securities Corp.

---

## Management's Exemption Report

Commonwealth Capital Securities Corp. (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:

The Company claimed an exemption from 17 C.F.R. § 240 15c3-3 under the following provision of 17 C.F.R. 240. 15c3-3(k)(2)(i).

The Company met the identified exemption provisions in 17 C.F.R. § 240. 15c3-3(k) throughout the most recent fiscal year without exception.

I, Henry Abbott, affirm that, to my best knowledge and belief, this Exemption Report is true and correct.

By:



Title: Chief Executive Officer of Commonwealth Capital Securities Corp.  
April 25, 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 February 28, 2018  
(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.

8-48915 FINRA FEB 03/31/1997  
COMMONWEALTH CAPITAL  
SECURITIES CORP  
17755 US HIGHWAY 19 N STE 400  
CLEARWATER, FL 33764

SEC  
Mail Processing  
Section

APR 27 2018

Washington DC  
406

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) \$ 201
- B. Less payment made with SIPC-6 filed (exclude interest) September 29, 2017  
Date Paid ( 185 )
- C. Less prior overpayment applied ( \_\_\_\_\_ )
- D. Assessment balance due or (overpayment) 16
- 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) \$ 16
- G. PAYMENT:  the box  
Check mailed to P.O. Box  Funds Wired   
Total (must be same as F above) \$ 16
- 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.

Commonwealth Capital Securities Corp.  
(Name of Corporation, Partnership or other organization)

Theodore Cavalieri  
(Authorized Signature)

VP / FINOP / Accounting Mgr.  
(Title)

Dated the 19<sup>th</sup> day of April, 20 18

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 March 1, 2017  
and ending February 28, 2018

Eliminate cents

Item No.

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

\$           -0-

2b. Additions:

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

\_\_\_\_\_

(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.

23

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

68,081

(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.

166,906

(7) Net loss from securities in investment accounts.

135,010

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.

\_\_\_\_\_

(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).

1,198

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

\_\_\_\_\_

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

(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.

\$ \_\_\_\_\_

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

\$ \_\_\_\_\_

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

\_\_\_\_\_

Total deductions

1,198

2d. SIPC Net Operating Revenues

\$ 133,812

2e. General Assessment @ .0015

\$ 201

(to page 1, line 2.A.)