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

SEC FILE NUMBER
8- 46981

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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 01/01/2018 AND ENDING 12/31/2018
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: HEALTHCARE COMMUNITY SECURITIES CORP

OFFICIAL USE ONLY
FIRM I.D. NO.

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

ONE EMPIRE DRIVE

(No. and Street)

RENSSELAER

NEW YORK

12144

(City)

(State)

(Zip Code)

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

Daniel J. Del Pozzo

(518) 431-7787

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

UHY LLP

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

4 Tower Place, Executive Park, 7th Flr ALBANY

NEW YORK

12203

(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)

RAS

OATH OR AFFIRMATION

I, Daniel J. Del Pozzo, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Healthcare Community Securities Corp, as of December 31, 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:

Daniel J. Del Pozzo
Signature
VP, Chief Financial Officer
Title

Mary Kay Hayes
Notary Public

MARY KAY HAYES
NOTARY PUBLIC-STATE OF NEW YORK
NO. 01HA6105889
QUALIFIED IN RENSSELAER COUNTY
MY COMMISSION EXPIRES 02-23-2020

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- Exemption Report

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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Washington, DC

**HEALTHCARE COMMUNITY
SECURITIES CORPORATION**

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

Years ended December 31, 2018 and 2017



**HEALTHCARE COMMUNITY
SECURITIES CORPORATION**

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION

Years ended December 31, 2018 and 2017

HEALTHCARE COMMUNITY SECURITIES CORPORATION

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Condition	2
Statements of Income and Comprehensive Income	3
Statements of Changes in Stockholder's Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplemental Information	
Schedule I - Computation of Net Capital Pursuant to SEC Rule 15c3-1	14
Other Reports	
Independent Auditor's Report on Exemption Report	15
Healthcare Community Securities Corporation Exemption Report	16

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder
of Healthcare Community Securities Corporation

Opinion on the Financial Statements

We have audited the accompanying statements of financial condition of Healthcare Community Securities Corporation (a wholly-owned subsidiary of Group Insurance Agency, Inc.) as of December 31, 2018 and 2017, the related statements of income and comprehensive income, changes in stockholder's equity, and cash flows for the years 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 Healthcare Community Securities Corporation as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years 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 Healthcare Community Securities Corporation's management. Our responsibility is to express an opinion on Healthcare Community Securities Corporation's financial statements based on our audits. 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 Healthcare Community Securities Corporation's 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 audits 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 audits 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 audits 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 audits provide a reasonable basis for our opinion.

Auditor's Report on Supplemental Information

The supplemental information contained in Schedule I – Computation of Net Capital Pursuant to Rule 15c3-1 has been subjected to audit procedures performed in conjunction with the audit of Healthcare Community Securities Corporation's financial statements. The supplemental information is the responsibility of Healthcare Community Securities Corporation's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information contained in Schedule I – Computation of Net Capital Pursuant to Rule 15c3-1 is fairly stated, in all material respects, in relation to the financial statements as a whole.

UHY LLP

We have served as Healthcare Community Securities Corporation's auditor since 1999.

Albany, New York
February 22, 2019

HEALTHCARE COMMUNITY SECURITIES CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF GROUP INSURANCE AGENCY, INC.)
STATEMENTS OF FINANCIAL CONDITION

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,597,056	\$ 3,003,833
Commissions receivable	676,760	746,912
Prepaid expenses and other assets	<u>175,856</u>	<u>259,063</u>
Total current assets	4,449,672	4,009,808
ASSETS LIMITED AS TO USE	114,239	102,523
DEFERRED TAX ASSET	<u>120,484</u>	<u>136,300</u>
Total assets	<u>\$ 4,684,395</u>	<u>\$ 4,248,631</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accrued expenses	\$ 329,077	\$ 391,701
Current portion of accrued postretirement benefit obligation	1,417	1,286
Due to affiliate	<u>283,868</u>	<u>2,414,350</u>
Total current liabilities	614,362	2,807,337
LONG-TERM LIABILITIES		
Other liabilities	114,239	102,523
Accrued postretirement benefit obligation, net of current portion	<u>94,849</u>	<u>100,756</u>
Total liabilities	<u>823,450</u>	<u>3,010,616</u>
STOCKHOLDER'S EQUITY		
Common stock, no par value; 100 shares authorized, issued and outstanding	100	100
Additional paid-in capital	99,900	99,900
Retained earnings	3,742,460	1,130,190
Accumulated other comprehensive income	<u>18,485</u>	<u>7,825</u>
Total stockholder's equity	<u>3,860,945</u>	<u>1,238,015</u>
Total liabilities and stockholder's equity	<u>\$ 4,684,395</u>	<u>\$ 4,248,631</u>

See notes to financial statements.

HEALTHCARE COMMUNITY SECURITIES CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF GROUP INSURANCE AGENCY, INC.)
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	<u>Years Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
STATEMENT OF INCOME		
Revenues:		
Gross commissions	\$ 8,538,131	\$ 8,075,272
Less commissions paid to other broker/dealers	-	6,497
Net commissions	8,538,131	8,068,775
Consulting fees and other income	298,859	536,753
	<u>8,836,990</u>	<u>8,605,528</u>
Expenses:		
Corporate	2,241,984	1,991,128
Employee compensation and benefits	2,221,009	2,316,142
Other operating expenses	287,891	347,469
Professional fees	328,023	255,591
Occupancy	97,417	125,110
Insurance	105,567	102,668
Consulting	45,000	45,000
	<u>5,326,891</u>	<u>5,183,108</u>
Operating income before taxes	3,510,099	3,422,420
Realized and unrealized (losses)/gains on investments, net	(6,784)	14,801
Income before taxes	<u>3,503,315</u>	<u>3,437,221</u>
Income tax expense	891,045	1,361,273
Net income	<u>\$ 2,612,270</u>	<u>\$ 2,075,948</u>
STATEMENT OF COMPREHENSIVE INCOME		
Net income	\$ 2,612,270	\$ 2,075,948
Other comprehensive income:		
Post retirement benefits	10,660	5,022
Comprehensive income	<u>\$ 2,622,930</u>	<u>\$ 2,080,970</u>

See notes to financial statements.

HEALTHCARE COMMUNITY SECURITIES CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF GROUP INSURANCE AGENCY, INC.)
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
Years Ended December 31, 2018 and 2017

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total</u>
Balance, January 1, 2017	\$ 100	\$ 99,900	\$ 1,130,190	\$ 2,803	\$ 1,232,993
Net income	-	-	2,075,948	-	2,075,948
Dividends declared	-	-	(2,075,948)	-	(2,075,948)
Post employment benefits	-	-	-	5,022	5,022
Balance, December 31, 2017	100	99,900	1,130,190	7,825	1,238,015
Net income	-	-	2,612,270	-	2,612,270
Post employment benefits	-	-	-	10,660	10,660
Balance, December 31, 2018	<u>\$ 100</u>	<u>\$ 99,900</u>	<u>\$ 3,742,460</u>	<u>\$ 18,485</u>	<u>\$ 3,860,945</u>

See notes to financial statements.

HEALTHCARE COMMUNITY SECURITIES CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF GROUP INSURANCE AGENCY, INC.)
STATEMENTS OF CASH FLOWS

	<u>Years Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,612,270	\$ 2,075,948
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred taxes	15,816	36,400
Realized and unrealized losses (gains) on assets limited as to use	6,784	(14,801)
Changes in:		
Commissions receivable	70,153	(22,455)
Prepaid expenses and other assets	83,207	(23,333)
Accrued expenses	(62,624)	68,228
Other liabilities	(6,784)	14,801
Accrued postretirement benefit obligation	4,883	6,181
	<u>2,723,705</u>	<u>2,140,969</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in due to affiliates other than dividends	(54,534)	694,680
Dividends paid	<u>(2,075,948)</u>	<u>(1,770,596)</u>
	<u>(2,130,482)</u>	<u>(1,075,916)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	593,223	1,065,053
CASH, Beginning of year	<u>3,003,833</u>	<u>1,938,780</u>
CASH, End of year	<u><u>\$ 3,597,056</u></u>	<u><u>\$ 3,003,833</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for income taxes	<u><u>\$ 876,874</u></u>	<u><u>\$ 1,323,229</u></u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH INFORMATION		
Contributions to assets limited as to use through other liabilities	<u><u>\$ 18,500</u></u>	<u><u>\$ 18,000</u></u>

See notes to financial statements.

HEALTHCARE COMMUNITY SECURITIES CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF GROUP INSURANCE AGENCY, INC.)
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 — DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Organization

Healthcare Community Securities Corporation (the Corporation) is a wholly-owned subsidiary of Group Insurance Agency, Inc. (GIA). GIA is a wholly-owned subsidiary of HANYS Services, Inc. (Parent). Parent is a wholly-owned subsidiary of Healthcare Association of New York State, Inc. (HANYS). The Corporation was formed for the purpose of providing investment products and services to HANYS' members and their employees. The Corporation is a broker-dealer registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority (FINRA).

Group Insurance Agency, Inc. (d/b/a HANYS Benefit Services) provides employee benefit programs and group and individual insurance products principally to HANYS' members and their employees.

HANYS Services, Inc. (d/b/a HANYS Solutions (HSI)) is the parent of GIA and other for-profit subsidiaries which provide software products, data analytics, and consulting services primarily to HANYS' members and the national hospital and healthcare market.

HANYS is a membership organization which provides various dues-supported services and programs to non-profit healthcare providers within New York State.

(b) Revenue Recognition/Commission and Other Receivable

Commission revenue on mutual fund and variable annuity transactions is recorded based on the settlement date, which does not differ materially from trade date accounting for such transactions. Consulting Revenue is generated from consulting and advisory services which are recognized as earned.

Commissions and other receivable represent revenues earned on these transactions, but not collected by the Corporation. An allowance for doubtful accounts, if any, is based on a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on individual credit evaluations and specific circumstances of customers. At December 31, 2018 and 2017, an allowance for doubtful accounts was not considered necessary.

In May 2014, the FASB issued ASU No. 2014-09 - Revenue from Contracts with Customers (Topic 606). ASU 2014-09 is a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under GAAP and is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods and services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. Beginning January 1, 2018, the Company adopted ASU 2014-09. The adoption of the guidance had no material effect on the recognition of revenue for the Company.

HEALTHCARE COMMUNITY SECURITIES CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF GROUP INSURANCE AGENCY, INC.)
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 — DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Income Taxes

The Corporation is a for-profit corporation under the provisions of the Internal Revenue Code and is included in a consolidated federal income tax return and a combined state return with its Parent. The Parent charges each related entity, including the Corporation, for its share of federal and state income tax expense, as if it filed a separate return. Income tax expense has been provided on income as reported in the statement of income.

The Parent and subsidiaries account for income taxes under the asset and liability method of accounting for income taxes. Under this method, a deferred tax liability is recognized for taxable temporary differences and a deferred tax asset is recognized for deductible temporary differences, tax credit carryforwards and operating loss carry forwards. A valuation allowance is established to reduce deferred tax assets if it is more than likely that all, or some portion, of such deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized in the period that includes the enactment date.

The Corporation follows the guidance issued by the Financial Accounting Standards Board ("FASB") regarding accounting for uncertainty in income taxes. This guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

The Corporation believes that there are no tax positions taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within 12 months of the reporting date.

(d) Securities and Exchange Commission Rule 15c3-3 Exemption

The Corporation is a "non-carrying" broker dealer and as such, it does not maintain custody of customer securities and/or cash. The Corporation is not required to maintain a reserve account for the benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission.

(e) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

HEALTHCARE COMMUNITY SECURITIES CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF GROUP INSURANCE AGENCY, INC.)
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 — DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Cash

For purposes of the statement of cash flows, the Corporation considers cash to be cash on hand and cash in banks.

The Corporation's cash is deposited with institutions of high credit quality. At times, these amounts may exceed Federal Deposit Insurance Corporation insurance limits.

(g) Assets Limited as to Use

Assets limited as to use include cash and investments held to fulfill deferred compensation obligations. Investments are reported at fair value with realized and unrealized gains and losses recognized in the statement of income. Fair value is 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.

The Corporation follows generally accepted accounting principles for Fair Value Measurements for financial assets, which establishes a hierarchy for inputs used in measuring fair value. Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets. The investments are mutual funds valued at Level 1 inputs.

(h) Other Post-Retirement Costs

Employers' accounting for defined benefit pension and other postretirement plans requires the recognition of a postretirement benefit plan's funded status as either an asset or liability on the balance sheet. The gain or loss and prior service cost or credits that arise during the period, but are not recognized as components of net periodic benefit costs, are recognized as a component of other comprehensive income. Amounts recognized in accumulated other comprehensive income are adjusted as they are subsequently recognized as components of net periodic benefit cost.

(i) Advertising Costs

The Corporation expenses all advertising costs as incurred. Advertising costs amounted to \$30,259 and \$38,127 for the years ended December 31, 2018 and 2017, respectively.

(j) Subsequent Events

For purposes of preparing the financial statements, the Corporation considered events through February 22, 2019.

HEALTHCARE COMMUNITY SECURITIES CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF GROUP INSURANCE AGENCY, INC.)
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 2 — RELATED PARTY TRANSACTIONS

Pursuant to an expense sharing agreement, HANYS, HSI, and GIA allocate certain administrative and operating expenses (“corporate expenses”) and occupancy expenses to the Corporation and are reimbursed by the Corporation on a monthly basis. Corporate expenses allocated from HANYS, HSI, and GIA to the Corporation approximated \$2,242,000 and \$1,991,100 in 2018 and 2017, respectively. Amounts due to affiliate at December 31, 2018 and 2017 represent the net liability due to HANYS, HSI and GIA for allocated expenses, declared dividends, and the Corporation’s share of federal and state income tax expense and is payable in the normal course of business without interest. For the years ended December 31, 2018 and 2017, dividends in the amounts of \$0 and \$2,075,948, respectively, were declared.

NOTE 3 — OTHER OPERATING EXPENSES

Other operating expenses for the years ended December 31, 2018 and 2017 consisted of the following:

	2018	2017
Travel	\$ 113,285	\$ 117,463
Maintenance and repairs	44,103	72,622
Office supplies and other	35,429	51,855
Telephone	35,954	42,338
Advertising and promotion	30,259	38,127
Licensing fees	26,386	23,850
Direct administrative fees	2,475	1,214
	<u>\$ 287,891</u>	<u>\$ 347,469</u>

NOTE 4 — EMPLOYEE BENEFIT PLANS

Defined Contribution Retirement Plan

The Corporation participates in HANYS’ defined contribution retirement plan. The Corporation’s contributions to the plan are discretionary but may not exceed 10% of participants’ compensation. Participants may make voluntary contributions to the plan based upon limitations as established by the Internal Revenue Code. Retirement plan costs charged to operations for the years ended December 31, 2018 and 2017 were approximately \$159,000 and \$183,000, respectively.

Deferred Compensation Plans

The Corporation has a voluntary deferred compensation plan for the benefit of the Corporation’s highly compensated employees. This plan provides for a benefit to the employee at the age of retirement (65 years old).

Annual deferrals are based on a percentage of the participant’s salary, and are subject to limits under the Internal Revenue Code.

HEALTHCARE COMMUNITY SECURITIES CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF GROUP INSURANCE AGENCY, INC.)
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 4 — EMPLOYEE BENEFIT PLANS (Continued)

Deferred Compensation Plans (Continued)

There were two participants in the plan as of December 31, 2018 and 2017. The assets held on behalf of the participants for the plan are reported in the statement of financial position as assets limited as to use and the unfunded obligation is reported as other liabilities. These assets are considered general assets of the Corporation.

Other Post Retirement Benefits

HANYS provides postretirement health and life insurance benefits to all of its subsidiary and related corporations through the Healthcare Association of New York State, Inc. Postretirement Welfare Plan (the "postretirement plan") for certain full-time employees with over five years of service who meet minimum age and service requirements at the time of termination and elect to receive benefits upon retirement. The maximum amount of benefits available to retirees is limited by HANYS' policy.

A summary of the Corporation's share of the funded status of the postretirement plan and other plan information is as follows:

	2018	2017
Benefit obligation	\$ (96,266)	\$ (102,042)
Fair value of plan assets	-	-
Funded status - (unfunded)	<u>\$ (96,266)</u>	<u>\$ (102,042)</u>
Accrued other postretirement benefit obligation recorded in the statements of financial position - other liabilities	<u>\$ (96,266)</u>	<u>\$ (102,042)</u>
Items not yet recognized as a component of net periodic pension cost:		
Net gain	<u>\$ (18,485)</u>	<u>\$ (7,825)</u>
Accumulated other comprehensive (income) loss net of deferred tax benefit/expense	<u>\$ (18,485)</u>	<u>\$ (7,825)</u>
Weighted-average assumptions for net benefit obligation and net benefit cost		
Discount rate	4.20%	3.57%
Rate of compensation increase	0.00%	0.00%

The discount rate used in determining the accumulated postretirement benefit obligation (APBO) was 4.20% and 3.57% as of December 31, 2018 and 2017, respectively. For measurement purposes, an annual rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) was assumed to be 4.5% for Medicare Choice, 9.0% grading to 4% over 6 years for other Medical, and 3% for Dental and Vision.

HEALTHCARE COMMUNITY SECURITIES CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF GROUP INSURANCE AGENCY, INC.)
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 4 — EMPLOYEE BENEFIT PLANS (Continued)

Other Post Retirement Benefits (Continued)

Healthcare cost trend rates have a significant effect on the future costs and related amounts reported for health care plans. Increasing the assumed healthcare cost trend rate by 1% would increase the APBO by approximately \$11,000 and increase the 2018 net periodic postretirement benefit cost by approximately \$4,500. Decreasing the assumed healthcare cost trend rate by 1% would decrease the APBO by approximately \$9,000 and decrease the 2018 net periodic postretirement benefit cost by approximately \$3,500.

Components of projected net periodic pension cost for the years ended December 31 are:

	<u>2018</u>	<u>2017</u>
Service cost for benefits earned	\$ 2,193	\$ 2,117
Interest cost on benefit obligation	3,620	4,176
Gain Amortization	<u>(909)</u>	<u>(91)</u>
Periodic benefit cost	<u>\$ 4,904</u>	<u>\$ 6,202</u>
Employer contribution made	<u>\$ 20</u>	<u>\$ 20</u>
Benefits paid	<u>\$ 20</u>	<u>\$ 20</u>

Other changes in plan benefit obligations, which is the only item recognized in other comprehensive income, were as follows:

	<u>2018</u>	<u>2017</u>
Current year actuarial gain	\$ (11,569)	\$ (5,113)
Amortization of actuarial gain	<u>909</u>	<u>91</u>
Total recognized in other comprehensive income	<u>\$ (10,660)</u>	<u>\$ (5,022)</u>

The estimated amounts that will be amortized from accumulated other comprehensive income into net periodic benefit cost in 2019 are as follows:

Actuarial gain	<u>\$ (2,503)</u>
Total	<u>\$ (2,503)</u>

HEALTHCARE COMMUNITY SECURITIES CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF GROUP INSURANCE AGENCY, INC.)
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 4 — EMPLOYEE BENEFIT PLANS (Continued)

Other Post Retirement Benefits (Continued)

Expected benefit payments for the next five years and the five years thereafter, using a December 31 measurement date, are as follows:

2019	\$ 1,417
2020	1,513
2021	1,584
2022	1,628
2023	1,679
2024-2028	9,081

NOTE 5 — NET CAPITAL REQUIREMENTS

The Corporation is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital of 6 2/3% of aggregate indebtedness, but not less than \$25,000, and that the ratio of aggregate indebtedness to net capital as defined, shall not exceed 15 to 1. The Rule also restricts the payment of dividends in certain cases. At December 31, 2018, the Corporation had net capital of approximately \$3,394,200, which was approximately \$3,339,300 in excess of its minimum required net capital of approximately \$54,900 at December 31, 2018. The Corporation's ratio of aggregate indebtedness to net capital was approximately .2 to 1 for December 31, 2018.

NOTE 6 — PROVISION FOR INCOME TAXES

Federal and state income tax expense attributable to the Corporation for the years ended December 31, 2018 and 2017 were as follows:

	2018	2017
Federal tax expense	\$ 680,886	\$ 1,133,693
State tax expense	194,343	191,180
Deferred tax expense	15,816	36,400
Total income taxes	\$ 891,045	\$ 1,361,273

HEALTHCARE COMMUNITY SECURITIES CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF GROUP INSURANCE AGENCY, INC.)
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 6 — PROVISION FOR INCOME TAXES (Continued)

The tax effects of temporary differences that give rise to significant portions of deferred tax assets at December 31, 2018 and 2017 are presented below:

	<u>2018</u>	<u>2017</u>
Deferred tax assets		
Accrued incentive compensation	\$ 53,184	\$ 70,853
Accrued compensated absences	35,743	35,233
Accrued post retirement liability	31,557	30,214
	<u> </u>	<u> </u>
Net deferred tax assets	<u>\$ 120,484</u>	<u>\$ 136,300</u>

NOTE 7 — CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist of cash accounts which, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000. However, the Corporation minimizes the risk of loss by depositing its cash and temporary cash investments with high credit quality financial institutions.



SUPPLEMENTAL INFORMATION

SCHEDULE I**HEALTHCARE COMMUNITY SECURITIES CORPORATION
(A WHOLLY-OWNED SUBSIDIARY OF GROUP INSURANCE AGENCY, INC.)
COMPUTATION OF NET CAPITAL PURSUANT TO SEC RULE 15c3-1
As of December 31, 2018****Net Capital**

Total stockholder's equity qualified for net capital	\$ 3,860,945
Deductions and/or charges:	
Non-allowable assets:	
Deferred tax asset	(120,484)
Commissions receivable over 30 days	(56,181)
Prepaid expenses and other assets	(175,856)
Assets limited as to use	<u>(114,239)</u>
Net capital	<u>\$ 3,394,185</u>

Aggregate Indebtedness

Items included in the statement of financial condition:

Accrued expenses	\$ 329,077
Due to affiliates	283,868
Other liabilities	114,239
Accrued postretirement benefit	<u>96,266</u>
Total aggregate indebtedness	<u>\$ 823,450</u>

Computation of Basic Net Capital Requirement

Aggregate Indebtedness divided by 15 (A)	\$ 54,897
Minimum net capital requirement (B)	25,000
Net capital requirement (greater of A or B)	<u>\$ 54,897</u>
Excess net capital over net capital requirement	<u>\$ 3,339,288</u>
Net capital less greater of 10% of aggregate indebtedness or 120% of minimum net capital requirement	<u>\$ 3,311,840</u>

Note: There were no material differences between the Corporation's computation of net capital as filed in Part II A, Quarterly 17a-5(a) revised FOCUS report filed on February 20, 2019, and the above schedule as of December 31, 2018.



OTHER REPORTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder
of Healthcare Community Securities Corporation

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

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Healthcare Community Securities Corporation's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

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

UHY LLP

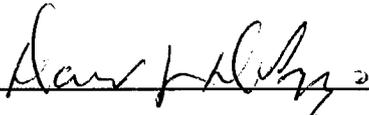
Albany, New York
February 22, 2019

Healthcare Community Securities Corporation Exemption Report

Healthcare Community Securities Corporation (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

(1) The Company claims an exemption from 17 C.F.R. § 240.15c3-3(k)(2)(i) (the "exemption provision") and (2) the Company met the exemption provision throughout the most recent fiscal year 2018 from January 1, 2018 to December 31, 2018 without exception.

Healthcare Community Securities Corporation

By: 
Title: CFO
Date: 2/22/19

By: 
Title: President
Date: 2/22/19