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

SEC FILE NUMBER
<del>8-096985</del>

FACING PAGE

8-09698

**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 June 1, 2018 AND ENDING May 31, 2019  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Intercoastal Capital Markets, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

5500 Glades Rd Suite 308

(No. and Street)

Boca Raton

Florida

33431

(City)

(State)

(Zip Code)

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

John Rogers

716-332-6129

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Salberg & Company, P.A.

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

2295 NW Corporate Blvd

Ste 240 Boca Raton

SFC  
Florida  
Mail Processing  
Section  
(State)

33431

(Address)

(City)

(Zip Code)

CHECK ONE:

  
  


Certified Public Accountant

Public Accountant

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

JUL 31 2019

Washington DC  
416

**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)

SEC 1410 (11-05)

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RMS

OATH OR AFFIRMATION

I, John Rogers, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of \_\_\_\_\_, as of May 31, \_\_\_\_\_, 2019, 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:



Karen Z. Fischer
COMMISSION # GG271650
EXPIRES: November 22, 2022
Bonded Thru Aaron Notary

Handwritten signature and title 'CCO' with 'Signature' and 'Title' labels.

Handwritten signature and 'Notary Public' text.

This report \*\* contains (check all applicable boxes):

- Checkboxes for (a) Facing Page, (b) Statement of Financial Condition, (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X), (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).

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# SALBERG & COMPANY, P.A.

Certified Public Accountants and Consultants

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

To the Board of Directors and Stockholder of:  
Intercoastal Capital Markets, Inc.

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

We have audited the accompanying statement of financial condition of Intercoastal Capital Markets, Inc. (the "Company") as of May 31, 2019, the related statements of income, 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 Company as of May 31, 2019 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 Company's management. Our responsibility is to express an opinion on the Company'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 Company 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 and in accordance with auditing standards generally accepted in the United States of America. 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.

2295 NW Corporate Blvd., Suite 240 • Boca Raton, FL 33431  
Phone: (561) 995-8270 • Toll Free: (866) CPA-8500 • Fax: (561) 995-1920  
[www.salbergco.com](http://www.salbergco.com) • [info@salbergco.com](mailto:info@salbergco.com)

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Member CPAConnect with Affiliated Offices Worldwide • Member Center for Public Company Audit Firms*

### **Supplemental Information**

The information contained in Schedule I and Supplementary Note has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company'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 Rule 17a-5 of the Securities Exchange Act of 1934. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.



SALBERG & COMPANY, P.A.

We have served as the Company's auditor since 2015

Boca Raton, Florida

July 29, 2019

INTERCOASTAL CAPITAL MARKETS, INC.  
STATEMENT OF FINANCIAL CONDITION  
MAY 31, 2019

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ASSETS

Assets:		
Cash and cash equivalents	\$	548,733
Securities owned, at fair value		48,133,658
Due from clearing brokers, net		2,767,454
Clearing broker deposits		201,086
Prepaid expenses		321,080
Employee loans receivable		7,970
Security deposits		8,157
Fixed assets, net		<u>20,008</u>
Total assets	\$	<u>52,008,146</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:		
Compensation payable	\$	149,094
Due to clearing broker, net		30,244,791
Accounts payable and accrued expenses		52,206
Payroll taxes payable		62,913
Securities sold, not yet purchased, at fair value		<u>8,626,160</u>
Total liabilities		39,135,164

Commitments & Contingencies (See Note 7)

Stockholder's equity:		
Common stock, \$1 par value, 500,000 shares authorized, issued and outstanding		<u>500,000</u>
Additional Paid-in-capital		<u>3,801,063</u>
Retained earnings		<u>8,571,919</u>
Total Stockholder's equity		<u>12,872,982</u>
Total liabilities and stockholder's equity		<u>52,008,146</u>

See accompanying notes to financial statements.

**INTERCOASTAL CAPITAL MARKETS, INC.**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED MAY 31, 2019**

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Revenues:	
Proprietary Gains- Sales Representatives	\$ 407,158
Proprietary trade gains	13,722,017
Interest and dividend income	4,202,348
Net unrealized loss on trading securities	(1,245,338)
Other	<u>1,030</u>
Total revenues	<u>17,087,214</u>
Expenses:	
Compensation and related expenses	6,857,466
Depreciation expense	9,920
Professional fees	77,446
Clearing charges	451,014
Bond Insurance Costs	84,419
Fidelity Bond Insurance Costs	3,986
Office occupancy	165,632
Communications and data processing	991,995
Regulatory fees	48,683
Travel and Entertainment	87,156
Interest Expense	2,424,723
Tax Expenses	568
Other expenses	<u>65,565</u>
Total expenses	<u>11,268,573</u>
Net income	<u>\$ 5,818,641</u>

See accompanying notes to financial statements.

**INTERCOASTAL CAPITAL MARKETS, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED MAY 31, 2019**

	<u>Common Stock Shares</u>	<u>Common Stock</u>	<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
Balance as of May 31, 2018	500,000	\$ 500,000	\$ 3,801,063	\$ 6,368,277	\$ 10,669,340
Net income	-	-	-	5,818,642	5,818,642
Stockholder distributions	-	-	-	(3,615,000)	(3,615,000)
Balance as of May 31, 2019	<u>500,000</u>	<u>\$ 500,000</u>	<u>\$ 3,801,063</u>	<u>\$ 8,571,919</u>	<u>\$ 12,872,982</u>

See accompanying notes to financial statements.

**INTERCOASTAL CAPITAL MARKETS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MAY 31, 2019**

	<u>2019</u>
Cash flows from operating activities:	
Net income	\$ 5,818,642
Adjustments to reconcile net income to net cash provided by operating activities	
Unrealized loss on trading securities	1,245,338
Depreciation	9,920
Asset write-off	249
Changes in operating assets and liabilities:	
Due from clearing brokers	(1,919,728)
Securities owned, at fair value	(9,769,890)
Prepaid expenses	(233,435)
Clearing broker deposit	(870)
Security Deposits	10,671
Compensation payable	(262,743)
Due to clearing brokers	4,593,619
Securities sold, not yet purchased, at fair value	2,875,595
Accounts payable and accrued expenses	<u>13,886</u>
Net cash provided by operating activities	<u>2,381,254</u>
 Cash flows from investing activities	
Purchases of property and equipment	<u>(5,107)</u>
Net cash used in investing activities	<u>(5,107)</u>
 Cash flows from financing activities:	
Stockholder distributions	<u>(3,615,000)</u>
Net cash used in financing activities	<u>(3,615,000)</u>
 Net decrease in cash	(1,238,853)
 Cash and cash equivalents, beginning of year	<u>1,787,586</u>
 Cash and cash equivalents, end of year	<u>\$ 548,733</u>
 Supplemental Disclosure of Cash Flow Information:	
 Cash paid during year for interest	<u>\$ 2,424,723</u>

See accompanying notes to financial statements.

**INTERCOASTAL CAPITAL MARKETS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2019**

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**NOTE 1 – DESCRIPTION OF ORGANIZATION**

Intercoastal Capital Markets, Inc. (the “Company”) was incorporated in the District of Columbia on July 26, 1960 under the name Bellamah, Neuhauser & Barrett, Inc. The Company is a broker-dealer, registered with the Financial Industry Regulatory Authority (“FINRA”). In September 2012, the Company registered in Florida as a foreign corporation after a corporate reorganization, and changed its name to Intercoastal Capital Markets, Inc. The Company is wholly owned by Trifecta Holdings, LLC. The Company’s present operations include the proprietary trading of fixed income securities including but not limited to securitized products, certificates of deposits and municipal securities. All securities transactions are cleared through non-affiliated clearing firms on a fully disclosed basis.

**NOTE 2 – BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared pursuant to Rule 17a-5 of the Securities and Exchange Commission Act of 1934. The classification and reporting of items appearing on the financial statements are consistent with that rule. The Company claims exemption from the requirements of Rule 15c3-3 under Section (K)(2)(ii) of the rule, and consequently does not carry securities accounts for customers nor does it perform custodial functions related to their securities.

**Use of Estimates**

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

**Cash and Cash Equivalents**

The Company considers all amounts on deposit that are subject to withdrawal on demand as cash or cash equivalents. At May 31, 2019, all cash was on deposit in banks and at the clearing houses. Periodically, the amount on deposit exceeds the FDIC insurance limits.

**Securities Transactions**

The Company is engaged in the proprietary trading of fixed income securities including but not limited to securitized products, certificates of deposits and municipal securities through securities clearing firms. Proprietary securities transactions are recorded on the trade date as if they had settled on that date.

The Company does not render investment advice, nor does it hold itself out as a broker-dealer to the public through advertising or otherwise. The Company has a minimal amount of retail customers and does not hold the securities of others or extend or arrange for the extension of credit in connection with the sale of securities.

**Fixed Assets**

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 7 years.

**INTERCOASTAL CAPITAL MARKETS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2019**

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**NOTE 2- CONTINUED**

*Income Taxes*

The Company has elected to be treated as an "S" Corporation under the Provisions of the Internal Revenue Code (the "Code"), for federal income tax purposes and therefore is not subject to federal income tax. Generally, an "S" Corporation is not subject to income taxes but rather, items of income, loss, deduction and credit pass through to stockholders in determining their individual income tax liability.

In the unlikely event an uncertain tax position existed in which the Company could incur corporate income taxes, management would evaluate whether there is a probability that the uncertain tax position taken would be sustained upon examination by a taxing authority. Reserves for uncertain tax positions would then be recorded if management determined it is probable either a position would not be sustained upon examination or if a payment would have to be made to a taxing authority and the amount was reasonably estimable. As of May 31, 2019, the Company does not believe it has any uncertain tax positions which would result in the Company having a liability to a taxing authority. As of May 31, 2019 the tax years since 2016 remain open for audit.

*Defined Contribution Plan*

The company provides a contributory 401K plan for its employees. For the fiscal year ended May 31, 2019 the company's contribution to the plan was allocated to 3% on the first \$100,000 dollars for each person's payroll and then 1.5% for the balance of the payroll. The Company contributed approximately \$44,211 to the plan for the year ended May 31, 2019.

**NOTE 3 – NET CAPITAL REQUIREMENT**

The Company, as a registered broker-dealer and as a member of FINRA, must comply with the Net Capital rule of the Securities and Exchange Commission. The Company has a capital requirement which is calculated as the greater of \$100,000 or 6 2/3% of aggregate indebtedness. The Company had net capital as computed under Rule 15c3-1 of \$9,307,300, which is above the \$2,033,934 net capital amount required to be maintained at May 31, 2019. The Company's ratio of aggregate indebtedness to net capital computed in accordance with Rule 15c3-1 was 3.278 to 1.

**NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Company measures the financial assets in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – Valuations for assets and liabilities traded in active exchange markets, or interest in open-end mutual funds that allow a company to sell its ownership interest back at net asset value ("NAV") on a daily basis. Valuations are obtained from readily available pricing sources for market transactions involving identical assets, liabilities or funds.
- Level 2 – Valuations for assets and liabilities traded in less active dealer, or broker markets, such as quoted prices for similar assets or liabilities or quoted prices in markets that are not active. Level 2 includes U.S. Treasury, U.S. government and agency debt securities, and mortgage-backed securities. Valuations are usually obtained from third party pricing services for identical or comparable assets or liabilities.
- Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, such as option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

**INTERCOASTAL CAPITAL MARKETS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2019**

**Note 4 – continued**

The availability of observable inputs can vary from instrument to instrument and in certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement of an instrument requires judgment and consideration of factors specific to the instrument.

The following table shows the Company's financial instruments adjusted cost, gross unrealized gains (loss) and fair value by significant investment category as of May 31, 2019:

	<u>Adjusted Cost</u>	<u>Unrealized Gains (Loss)</u>	<u>Fair Value Level 2</u>
<b>Assets</b>			
<b><u>Securities owned</u></b>			
Mortgage backed securities	\$ 21,381,543	\$(1,503,708)	\$ 19,877,835
Corporate Bonds	14,898,596	75,289	14,973,885
Municipal Bonds	<u>13,140,975</u>	<u>140,963</u>	<u>13,281,938</u>
Totals	<u>\$ 49,421,114</u>	<u>\$ (1,287,456)</u>	<u>\$ 48,133,658</u>
<b>Liabilities</b>			
<b><u>Securities sold, not yet purchased</u></b>			
U.S Treasury Securities	\$ 8,381,667	\$ 147,306	\$ 8,528,973
Other Securities	<u>96,316</u>	<u>871</u>	<u>97,187</u>
Totals	<u>\$ 8,477,983</u>	<u>\$ 148,177</u>	<u>\$ 8,626,160</u>

**NOTE 5 – FIXED ASSETS**

Fixed assets consist of computer equipment and furniture and fixtures with the following balances at May 31, 2019:

Computer equipment	\$ 29,308
Furniture and Fixtures	61,176
Less: Accumulated depreciation	<u>( 70,476)</u>
Fixed Assets, net	<u>\$ 20,008</u>

Depreciation expense for the year ended May 31, 2019 was \$9,920.

**NOTE 6- DUE/FROM TO CLEARING BROKERS, NET**

Amounts due to clearing broker, net at May 31, 2019 consist of the following:

Payable to clearing broker	\$ 40,916,264
Less: deposits for securities borrowed/loaned	<u>10,671,473</u>
Due to clearing broker, net	<u>\$ 30,244,791</u>

**INTERCOASTAL CAPITAL MARKETS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2019**

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**NOTE 6- (continued)**

The interest rate charged is as below:

- Int'l FCStone – Cost of funds + 75 BP, 4.0%
- Hilltop Securities – Broker call + 150 BP, 3.75%

Amounts due from clearing brokers, net at May 31, 2019 consist of the following:

Receivable for trading profits	\$ 1,363,126
Deposits for securities borrowed/loaned , net	<u>1,404,328</u>
Due from clearing broker, net	\$ <u>2,767,454</u>

**NOTE 7 – Commitments and Contingencies**

**Clearing agreements**

The Company maintains a Fully Disclosed Clearing Agreement (the "Agreement") with Int'l FCStone. Our agreement was signed on November 7, 2016, and renews on a yearly basis at the same terms.

The Company maintains a Fully Disclosed Clearing Agreement (the "Agreement") with Hilltop Securities, Inc. The Agreement was signed October 12, 2018 and is effective through October 12, 2021.

**Office Lease Obligations**

The company has five lease commitments, a Boca Raton, Florida office and a Summit, New Jersey office, a Buffalo, NY office, a Carlote, North Carolina office and a Walnut Creek, California office.

In October 2018, the Company entered into a lease for an executive office in Walnut Creek, California. This lease expires September 2019 and calls for monthly rent of \$650. There is no security deposit.

In June 2013, the Company entered into a three year lease in Boca Raton, Florida for approximately 2,961 square feet. A \$ 3,000 deposit was paid at that time. The lease was extended beginning January 1, 2017, (retroactive to January 2016) until December 31, 2018 and is now a month to month lease. The agreed upon monthly rent is \$10,240 but may vary slightly each month. Utilities and common area maintenance (CAM) services, as calculated by the landlord, shall be the firm's responsibility.

In January 2018, the Company entered into a lease in Buffalo, New York for an executive suite with a fixed monthly rent of \$700. The lease also includes furnishings, telephone, telephone lines, and internet access. There was an installation, administration and set-up fee. A parking space is also included in the rent. This lease term is one year, commencing February 1, 2018. The lease was extended until January 31, 2020 at a rent of \$780 a month. A security deposit of \$ 700 was required. Future minimum lease payments in Fiscal Year 2019 are \$5,680.

In February 2019, the Company entered into a lease in Charlotte, North Carolina for a fully furnished, staffed, and equipped executive suite with a fixed monthly rent of \$919 and a security deposit of \$1,838. Future minimum lease payments in Fiscal Year 2019 are \$6,433.

In August 2018, the Company entered into an "as is basis" one year sublease, with the option to extend for one more year, in Summit, New Jersey. The current rent is \$900 a month and if extended, the rent will be \$925 a month. The company paid a security deposit of \$1,800. Future minimum lease payments in Fiscal Year 2019 are \$6,300.

**INTERCOASTAL CAPITAL MARKETS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2019**

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Rent expense, including CAM and other miscellaneous charges under all leases, for the year ended May 31, 2019 was \$165,632.

**Legal Matters**

In November 2018 the firm received a "third party complaint" from an individual regarding an SEC litigation he is involved in and demanding a settlement payment of \$3,000,000 from the company. The company, through counsel, responded and as of to date, has had no response. The company, through the company's counsel, informed the complainant that his case is without merit and the company did not engage in any wrong doing. The company does not anticipate any litigation or damages from this complaint.

In May 2019, the Company initiated an arbitration suit against a former trader to recover net losses in his trading account, as per that traders employment contract. This would not have any detrimental effect on the financial condition if the company does not prevail.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

Distributions paid to the Parent Company are based on the profits for each month.

**NOTE 9 – CONCENTRATION OF CREDIT RISK**

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

The Company's marketable securities are held in accounts at two clearing brokerage firms. Each brokerage firm account is covered for only custody protection by SIPC for up to \$500,000 per clearing firm.

At May 31, 2019, cash in banks and clearing firms exceeded the federally insured limits by \$11,608,446.

At May 31, 2019, \$ 1,363,126 of trading income was due from one clearing broker.

**NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 29, 2019, the date on which the financial statements were available to be issued. No events have occurred since the balance sheet date that would have material impact on the financial statements.

## **SUPPLEMENTARY INFORMATION**

**INTERCOASTAL CAPITAL MARKETS, INC.**  
**SCHEDULE I – COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**MAY 31, 2019**

Net capital:		
Total stockholder's equity	\$	12,872,982
Non-allowable assets:		
Receivable from Clearing (over 30 days)	\$	-
Furnishings & equipment		20,006
Prepaid Expenses		321,080
Employee loans Receivable		7,970
Deposits		8,157
Total non-allowable assets		<u>(357,213)</u>
Haircuts on securities		<u>(3,208,469)</u>
Total net capital		<u>9,307,301</u>
Minimum net capital required - 6 2/3% of aggregate indebtedness or \$100,000 whichever is greater		<u>2,033,934</u>
Excess net capital		<u>7,273,368</u>
Aggregate indebtedness		<u>30,509,004</u>
Ratio of aggregate indebtedness to net capital		<u>327.8%</u>
Reconciliation		
Net Capital, per unaudited May 31, 2019 Focus report, as filed	\$	9,298,917
Net audit adjustments affecting net capital		8,234
Change in undue concentrations included in haircuts, due to audit adjustments		149
Net capital, per May 31, 2019 audited report, as filed	\$	<u>9,307,300</u>

**INTERCOASTAL CAPITAL MARKETS, INC.**  
**SUPPLEMENTAL NOTE - SUPPLEMENTARY INFORMATION PURSUANT TO**  
**RULE 17A-5 OF THE SECURITIES EXCHANGE ACT OF 1934**  
**MAY 31, 2019**

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Intercoastal Capital Markets, Inc. is claiming exemption under the provisions of SEC Rule 15c3-3(k)(2)(ii). Therefore, the following reports are not presented:

- A) Computation for Determination of Reserve Requirement under Rule 15c3-3
- B) Information Relating to the Possession or Control Requirements under Rule 15c3-3



# SALBERG & COMPANY, P.A.

Certified Public Accountants and Consultants

## Report of Independent Registered Public Accounting Firm on Rule 15c3-3 Exemption Report

To the Board of Directors and Stockholder of:  
Intercoastal Capital Markets, Inc.

We have reviewed management's statements, included in the accompanying *Exemption Report*, in which (1) Intercoastal Capital Markets, Inc. identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Intercoastal Capital Markets, Inc. claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(ii) (the "exemption provisions") and (2) Intercoastal Capital Markets, Inc. stated that Intercoastal Capital Markets, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Intercoastal Capital Markets, 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 Intercoastal Capital Markets, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

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

SALBERG & COMPANY, P.A.  
Boca Raton, Florida  
July 29, 2019

2295 NW Corporate Blvd., Suite 240 • Boca Raton, FL 33431-7328  
Phone: (561) 995-8270 • Toll Free: (866) CPA-8500 • Fax: (561) 995-1920

[www.salbergco.com](http://www.salbergco.com) • [info@salbergco.com](mailto:info@salbergco.com)

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July 23, 2019

Exemption Report

RE: Intercoastal Capital Markets, Inc. – Fiscal Year End May 31, 2019 Certified Audit

Intercoastal Capital Markets, Inc. is operating under the (k)(2)(ii) exemption of SEC Rule 15c3-3, "Customer Protection-Reserves and Custody of Securities". The broker dealer does not hold customer securities or take in any customer funds; therefore to best of my knowledge and belief the company has met the identified exemption provisions in 240.15c3-3(k) throughout the most recent fiscal year, without exception, and qualify for the exemption under the rule.

X

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John Rogers  
CCO