



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER
8-68918

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 2/1/2019 AND ENDING 1/31/2020  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: CohnReznick Capital Markets Securities, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

420 Lexington Avenue, Suite 2533  
(No. and Street)  
New York NY 10170  
(City) (State) (Zip Code)

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

Leonard Korn 973-364-6688  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Citrin Cooperman and Company LLP  
(Name - if individual, state last, first, middle name)  
290 West Mount Pleasant Avenue Suite 3310 Livingston 07039  
(Address) (City) (State) (Zip Code)

SEC  
Mail Processing  
New Jersey  
MAR 31 2020  
Washington DC  
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CHECK ONE:

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

<b>FOR OFFICIAL USE ONLY</b>

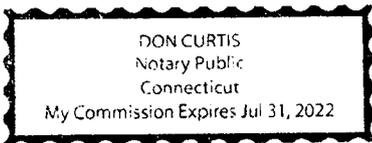
\* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See 240.17a-5(e)(2).

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

OATH OR AFFIRMATION

I, Nicholas Knapp, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statements and supporting schedules pertaining to the firm of CohnReznick Capital Markets Securities, LLC, as of January 31, 2020, 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  
Senior Managing Director  
Title

[Signature]  
Notary Public 3/28/20

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of General Creditors.
- (g) Computation of net capital for brokers and dealers pursuant to Rule 15c3-1.
- (h) Computation for determination of reserve requirements pursuant to Rule 15c3-3.
- (i) Information relating to the possession or control requirements for brokers and dealers 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 Securities Investor Protection Corporation (SIPC) supplemental report.
- (n) Exemption Report

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



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Accountants and Advisors

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Members

CohnReznick Capital Markets Securities, LLC

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of CohnReznick Capital Markets Securities, LLC as of January 31, 2020, and the related notes (collectively referred to as the "financial statement"). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of CohnReznick Capital Markets Securities, LLC as of January 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

### *Change in Accounting Principle*

As discussed in Note 4 to the financial statement, CohnReznick Capital Markets Securities, LLC has changed its method of accounting for leases for its fiscal year ending January 31, 2020 due to the adoption of Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*.

### *Subsequent Events*

As discussed in Note 10 to the financial statement, subsequent to year end, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

### **Basis for Opinion**

This financial statement is the responsibility of CohnReznick Capital Markets Securities, LLC's management. Our responsibility is to express an opinion on CohnReznick Capital Markets Securities, LLC's financial statement 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 CohnReznick Capital Markets Securities, LLC in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

**CITRIN COOPERMAN & COMPANY, LLP**

290 W. MT. PLEASANT AVENUE LIVINGSTON, NJ 07039 | TEL 973.218.0500 | FAX 973.218.7160 CITRINCOOPERMAN.COM

AN INDEPENDENT FIRM ASSOCIATED WITH MOORE STEPHENS



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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 statement is 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 statement, 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 statement. 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 statement. We believe that our audit provides a reasonable basis for our opinion.

*Citricooperman & Company, LLP*

We have served as CohnReznick Capital Markets Securities, LLC's auditor since 2018.  
Livingston, New Jersey  
March 27, 2020

COHNREZNICK CAPITAL MARKETS SECURITIES, LLC

STATEMENT OF FINANCIAL CONDITION

January 31, 2020

ASSETS

Cash	\$ 12,251,591
Accounts receivable	1,886,693
Furniture and equipment, net of accumulated depreciation of \$287,904	234,634
Due from members	49,603
Right of use assets	1,767,912
Prepaid expenses and other assets	404,040
<b>TOTAL ASSETS</b>	<b>\$ 16,594,473</b>

LIABILITIES AND MEMBERS' EQUITY

Accrued expenses	\$ 8,312,855
Note payable to a former member	925,000
Due to affiliate	29,849
Lease liabilities	1,767,912
Accounts payable and other liabilities	94,012
<b>TOTAL LIABILITIES</b>	<b>11,129,628</b>
<b>MEMBERS' EQUITY</b>	<b>5,464,845</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 16,594,473</b>

See notes to financial statement

# COHNREZNICK CAPITAL MARKETS SECURITIES, LLC

## NOTES TO FINANCIAL STATEMENT

Year Ended January 31, 2020

### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

CohnReznick Capital Markets Securities, LLC (the Company) is a majority-owned subsidiary of CohnReznick LLP (CohnReznick) formed under the laws of the State of Maryland on January 1, 2012, for the purposes of operating, managing and maintaining a broker-dealer in securities, registered with the Securities and Exchange Commission (SEC) and as a member organization of the Financial Industry Regulatory Authority (FINRA). The Company is headquartered in New York, NY. The Company's primary focuses for its clientele are to identify capital sources, conduct due diligence, facilitate transactions and address regulatory and compliance matters. The Company is a Capital Acquisition Broker which does not hold any funds or securities for the account of securities customers and is therefore exempt from SEC Rule 15c3-3.

### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Accounts Receivable

Current payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or if unspecified, the payment is applied to the oldest unpaid invoice. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts that reflect management's best estimate of the amounts that will not be collected. Each customer's balance is individually reviewed where all or a portion of the balance exceeds 180 days from the invoice date or when facts and circumstances indicate collection might be in doubt. Based on management's assessment of the customer's current creditworthiness, the estimated portion of the balance that will not be collected is recorded as an allowance for doubtful accounts. The Company writes off receivables when, in management's estimation, it is probable that the receivable is worthless. There is no allowance for doubtful accounts as of January 31, 2020.

#### Income Taxes

The Company is a limited liability company and as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its members on their respective tax return. Accordingly, the Company is not required to take any tax positions and these financial statements do not reflect a provision for income taxes. The Company has no other tax positions which must be considered for disclosure.

COHNREZNICK CAPITAL MARKETS SECURITIES, LLC

NOTES TO FINANCIAL STATEMENT

Year Ended January 31, 2020

The Company's policy for penalties and interest assessed by income taxing authorities is to include them in Other expenses in the Statement of Operations.

For the year ended January 31, 2020, the Company did not incur any interest and penalties from taxing authorities. Income tax returns filed by the Company/members are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2017 remain open.

Furniture, Equipment, and Software

Furniture, equipment, and software are carried at cost. Depreciation for both financial statement and tax purposes is computed using the straight-line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred. Depreciation is determined using the following estimated useful lives:

	<u>Years</u>
Furniture and fixtures	7
Computer equipment	5
Software	3

NOTE 3 - FURNITURE, EQUIPMENT, AND SOFTWARE

Furniture, equipment, and software consist of the following as of January 31, 2020:

Furniture, equipment and software	\$522,538
Accumulated depreciation and amortization	<u>(287,904)</u>
	<u>\$234,634</u>

Depreciation and amortization for the year ended January 31, 2020 was \$66,552.

COHNREZNICK CAPITAL MARKETS SECURITIES, LLC

NOTES TO FINANCIAL STATEMENT

Year Ended January 31, 2020

NOTE 4 - COMMITMENTS

The FASB issued ASU 2016-02 Leases (Topic 842). This ASU is the result of a joint project of FASB and IASB to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments require a lessee to recognize a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term initially measured at the present value of the lease payments. Companies will be permitted to make an accounting policy election to not recognize leases with a term of 12 months or less. This guidance was effective for the Company beginning February 1, 2019. The Company adopted the policy ASU 2016-02 beginning February 1, 2019

The Company recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Company is a lessee in two noncancelable operating leases for two office spaces. The Company recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the implicit rate if it is readily determinable, otherwise the Company uses its incremental borrowing rate. The implicit rates of our leases are not readily determinable and accordingly, we use our incremental borrowing rate based on the information available at the commencement date for all leases. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Company has non-cancelable leases for office space in New York and California through March 30, 2022 and April 30, 2023, respectively. Total rent expense was \$777,387 for the year ended January 31, 2020; of that \$772,337 was cash paid for leases during the year. Remaining minimum lease payments are as follows for the fiscal years ending January 31:

Year ending January 31,	Amount
2021	\$756,214
2022	\$779,877
2023	\$318,870

COHNREZNICK CAPITAL MARKETS SECURITIES, LLC

NOTES TO FINANCIAL STATEMENT

Year Ended January 31, 2020

2024	\$58,387
Total undiscounted lease payments	\$1,913,348
Less: Imputed interest	145,436
Total lease liabilities	\$1,767,912
Weighted average lease term	29 months
Weighted average discount rate	3.32%

**NOTE 5 - CONCENTRATION OF CREDIT RISK**

The Company holds substantially all of its cash at one bank. Cash in the bank account is insured by the Federal Deposit Insurance Corporation (FDIC). At times, balances in the bank account may exceed the FDIC insured limits. The Company has not experienced any losses with respect to its cash held in the bank account in excess of the insured limits.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

The Company entered into expense sharing and management agreements with CohnReznick. Under the agreement, CohnReznick provides office space, office supplies, computer and other office equipment, and general managerial and administrative support and services to the Company. Shared expenses incurred by the Company for the year ended January 31, 2020 were \$441,262.

For the year ended January 31, 2020, the amount due to CohnReznick from the Company was \$29,849 and is included in Due to Affiliate on the statement of financial condition. Advances were reduced by expense sharing amounts described above. There is no fixed repayment terms associated with these informal arrangements. Advisory fees of \$155,843 were paid to CohnReznick for services in an agency capacity during the year ended January 31, 2020.

**NOTE 7 - NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 1500%. At January 31, 2020, the Company had net capital of \$2,889,875 which was \$2,265,760 in excess of its required net capital of \$624,115. The Company's aggregate indebtedness ratio was 323.95%.

COHNREZNICK CAPITAL MARKETS SECURITIES, LLC

NOTES TO FINANCIAL STATEMENT

Year Ended January 31, 2020

The Company's business activities are limited to those of a Capital Acquisition Broker and therefore, the Company does not handle customer cash or securities. Accordingly, it had no obligations under SEC Rule 15c3-3.

**NOTE 8 - EMPLOYEE BENEFIT PLAN**

The Company's employees participate in the CohnReznick LLP 401(k) Profit Sharing Plan. Employees may elect to defer a portion of their salaries under the plan. Employer matching is fully discretionary. For the year ended January 31, 2020, employer contribution expense related to the 401(k) plan was \$50,853.

**NOTE 9 - NOTE PAYABLE TO FORMER MEMBER**

During the year ended January 31, 2019 a non-interest-bearing note was issued to a former member for redemption of capital. Payments made against principal during the year were \$925,000. The remaining balance due is \$925,000 and will be paid in March 2020.

**NOTE 10 - SUBSEQUENT EVENTS**

Events that occur after the statement of financial condition date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial condition date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial condition date require disclosure in the accompanying notes. Management evaluated the activity of the Company through March 27, 2020 (the date the financial statements were available to be issued) and the impact COVID-19 will have on the Company. The Company's mandates are still closing, and fees are being paid; mandates at mid-engagement are still moving forward. The primary impact of COVID-19 is projected delays due to equipment supply and construction workforce issues; this will result in a few deals being delayed into next year.