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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- 52955

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 04/01/2019 AND ENDING 03/31/2020  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **KCOE CAPITAL, LLC**  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**2725 NW 24TH AVENUE**

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street) (City) (State) (Zip Code)  
**CAMAS WA 98607**

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
**STEVE CALLAHAN 785-309-2534**  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

**BAKER TILLY VIRCHOW KRAUSE, LLP**

(Name - if individual, state last, first, middle name) (Address) (City) (State) (Zip Code)  
**SEC MINNEAPOLIS MN 55402**  
Main Processing Section  
JUN 02 2020  
Washington DC 415

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, STEVE CALLAHAN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of KCOE CAPITAL, LLC of KCOE CAPITAL, LLC, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Steve Callahan  
Signature  
\_\_\_\_\_  
TREASURER  
\_\_\_\_\_  
Title

Lori Sma  
Notary Public

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

- (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).

**KCOE CAPITAL, LLC**

(formerly known as KCOE Capital Advisors, LLC)  
Camas, Washington

**FINANCIAL STATEMENTS**

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

**As of and for the Year Ended March 31, 2020**

# KCOE CAPITAL, LLC

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Member of KCOE Capital, LLC

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of KCOE Capital, LLC (formerly known as KCOE Capital Advisors, LLC) (the "Company") as of March 31, 2020, the related statements of operations, member'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 March 31, 2020, 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. 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 supplemental information 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 17 C.F.R. § 240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

We have served as the Company's auditor since 2002.  
Minneapolis, Minnesota  
May 19, 2020

# KCOE CAPITAL, LLC

## STATEMENT OF FINANCIAL CONDITION As of March 31, 2020

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### **ASSETS**

<b>CASH</b>	<b>\$ 136,830</b>
<b>COMMISSIONS AND FEES RECEIVABLE</b>	<b>5,379</b>
<b>RELATED PARTY RECEIVABLE</b>	<b>1,782</b>
<b>DEPOSIT</b>	<b><u>556</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 144,547</u></b>

### **LIABILITIES AND MEMBER'S EQUITY**

<b>ACCOUNTS PAYABLE AND ACCRUED EXPENSES</b>	<b><u>\$ 9,597</u></b>
<b>TOTAL LIABILITIES</b>	<b>9,597</b>
<b>MEMBER'S EQUITY</b>	<b><u>134,950</u></b>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b><u>\$ 144,547</u></b>

See accompanying notes to financial statements.

# KCOE CAPITAL, LLC

## STATEMENT OF OPERATIONS For the Year Ended March 31, 2020

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<b>REVENUES</b>	
Commissions	\$ 301,812
<b>OPERATING EXPENSES</b>	<u>83,674</u>
Operating Income	218,138
<b>OTHER INCOME</b>	<u>237</u>
<b>NET INCOME</b>	<u>\$ 218,375</u>

See accompanying notes to financial statements.

# KCOE CAPITAL, LLC

## STATEMENT OF MEMBER'S EQUITY For the Year Ended March 31, 2020

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<b>BALANCE, March 31, 2019</b>	\$ 151,575
Distributions to member	(235,000)
Net income	<u>218,375</u>
<b>BALANCE, March 31, 2020</b>	<u>\$ 134,950</u>

See accompanying notes to financial statements.

# KCOE CAPITAL, LLC

## STATEMENT OF CASH FLOWS For the Year Ended March 31, 2020

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### CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 218,375
Adjustments to reconcile net income to net cash flows from operating activities:	
Changes in operating assets and liabilities:	
Commissions and fees receivable	10,821
Related party receivable	(208)
Deposit	96
Accounts payable and accrued expenses	<u>(149)</u>
Net Cash Flows from Operating Activities	<u>228,935</u>

### CASH FLOWS FROM FINANCING ACTIVITIES

Distributions to member	<u>(235,000)</u>
Net Cash Flows from Financing Activities	<u>(235,000)</u>

**Net Change in Cash** (6,065)

CASH - Beginning of Year 142,895

**CASH - END OF YEAR** \$ 136,830

# KCOE CAPITAL, LLC

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended March 31, 2020

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### **NOTE 1 - Summary of Significant Accounting Policies**

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#### *Nature of Business*

KCoe Capital, LLC (the Company) was organized as a limited liability company in Kansas on March 28, 2000. The Company became a registered broker dealer under the Securities Exchange Act of 1934 on March 20, 2001 and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). On March 31, 2020, the Company formally changed its name from KCOE Capital Advisors, LLC to KCoe Capital, LLC.

The Company is a wholly-owned subsidiary of KCoe Wealth Management, LLC (KCoE Wealth).

#### *Cash*

The Company maintains its cash in financial institutions. Balances, at times, may exceed federally insured limits.

#### *Commissions and Fees Receivable*

Commissions and fees receivable are unsecured and no allowance for doubtful accounts is considered necessary by management as of March 31, 2020.

#### *Revenue Recognition*

*Commissions.* The Company buys and sells securities, annuities and insurance products on behalf of its customers as an agent. Each time a customer enters into a buy or sell transaction, the Company charges a commission. Commissions and related clearing expenses are recorded on the trade date (the date that the Company fills the trade order by finding and contracting with a counterparty and confirms the trade with the customer). The Company believes that the performance obligation is satisfied on the trade date at a point in time because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer.

#### *Income Taxes*

The Company is a single member limited liability company classified as a "disregarded entity" for income tax purposes. Accordingly, these financial statements do not include any provision or liability for income taxes since the income and expenses are reported on the income tax returns of the sole member and the applicable income taxes, if any, are paid by the member.

The Company is not currently under examination by any taxing jurisdiction. In the event of any future tax assessments paid by the Company, such amounts and any related penalties and interest shall be reported as a distribution from the Company to the member for financial statement purposes.

#### *Management's Use of Estimates*

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

## KCOE CAPITAL, LLC

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended March 31, 2020

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#### **NOTE 2 - Related Party Transactions**

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The Company has an affiliate agreement with KCoe Isom, LLP, majority owner of KCoe Wealth, to pay \$3,200 per month to lease office space, furnishings and equipment and to pay an hourly rate for the use of KCoe Isom, LLP employees for accounting and marketing services.

Shared expenses were \$48,075 for the year ended March 31, 2020. The balance due to KCoe Isom, LLP is \$597 as of March 31, 2020, and is included in accounts payable and accrued expenses on the statement of financial condition. The Company will pay the following expenses directly: audit and legal fees, bank charges, and federal and state registration fees. The balance due from KCoe Wealth was \$1,782 as of March 31, 2020, and is due on demand and non-interest bearing.

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#### **NOTE 3 - Net Capital Requirements**

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The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Net capital and the related net capital ratio fluctuate on a daily basis. As of March 31, 2020, the Company had net capital of \$132,612 which was \$127,612 in excess of its required net capital of \$5,000. The Company's net capital ratio was .07 to 1 as of March 31, 2020.

No material differences exist between the net capital calculated above and the net capital computed and reported in the Company's March 31, 2020 FOCUS filing. Per Rule 15c3-3 of the Securities and Exchange Commission Uniform Net Capital Rule, the Company is exempt under the (k)(2)(i) exemption.

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#### **NOTE 4 - Subsequent Events**

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The Company has evaluated subsequent events occurring through May 19, 2020, which is the date that the financial statements were available to be issued, for events requiring recording or disclosure in the Company's financial statements.

**SUPPLEMENTAL INFORMATION**

## KCOE CAPITAL, LLC

### COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS UNDER RULE 15C3-1 OF THE SECURITIES AND EXCHANGE COMMISSION As of March 31, 2020

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#### COMPUTATION OF NET CAPITAL

Total member's equity	\$ 134,950
Non-allowable assets:	
Related party receivable	1,782
Deposit	<u>556</u>
Total non-allowable assets	<u>2,338</u>
Net capital before haircuts on securities positions	132,612
Haircuts on securities positions	<u>-</u>
Net capital	<u>\$ 132,612</u>

#### COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities from statement of financial condition	<u>\$ 9,597</u>
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#### COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital requirement	<u>\$ 5,000</u>
Excess net capital	<u>\$ 127,612</u>
Net capital less 120% of minimum requirement	<u>\$ 126,612</u>
Ratio: Aggregate indebtedness to net capital	<u>.07 to 1</u>

**KCOE CAPITAL, LLC**  
**(formerly known as KCOE Capital Advisors, LLC)**  
Camas, Washington

EXEMPTION REPORT

Including Report of Independent Registered Public Accounting Firm

For the Year Ended March 31, 2020

**KCOE CAPITAL, LLC**  
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Member of KCOE Capital, LLC:

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) KCOE Capital, LLC (formerly known as KCOE Capital Advisors, LLC) identified the following provision of 17 C.F.R. § 15c3-3(k) under which KCOE Capital, LLC claimed an exemption from 17 C.F.R. § 240.15c3-3: (2)(i) (the "exemption provisions") and (2) KCOE Capital, LLC stated that KCOE Capital, LLC met the identified exemption provisions throughout the fiscal year ended March 31, 2020, without exception. KCOE Capital, LLC 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 KCOE Capital, LLC'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 conditions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Baker Tilly Virchow Krause, LLP*

Minneapolis, Minnesota  
May 19, 2020



K·C O E  
C A P I T A L

May 7, 2020

Securities and Exchange Commission  
100F Street NE  
Washington, DC 20549

To Whom It May Concern:

KCoe Capital, LLC claims exemption from SEA Rule 15c-3 under paragraph (k)(2)(i) for the period from April 1, 2019, through March 31, 2020 because we do not hold customer funds or safe keep securities. Paragraph (k)(2)(i) states: "The provisions of this section shall not be applicable to a broker or dealer: (i) Who carries no margin accounts, promptly transmits all customer funds and delivers all securities received in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to, customers and effectuates all financial transactions between the broker or dealer and its customers through one or more bank accounts, each to be designated as "Special Account for the Exclusive Benefit of Customers". KCOE Capital, LLC has met the identified exemption provisions above throughout this period without exception.

I, Steve Callahan, swear that, to the best of my knowledge and belief, this Exemption Report is true and correct.

Regards,

Steve Callahan  
Treasurer