

SEC



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SEC 18 2020 FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

SEC FILE NUMBER
8-

REPORT FOR THE PERIOD BEGINNING Washington, DC 11/01/19

AND ENDING 10/31/20

MM/DD/YYYY

MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: NORTHERN CAPITAL SECURITIES CORPORATION

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPLE PLACE OF BUSINESS: (Do not use P.O. Box No.)
50 HIGH STREET, 4TH FLOOR

(No. and Street)

NORTH ANDOVER

MA

01845

(City)

(State)

(Zip Code)

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

DAVID OLDAKER

978-475-8525

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

LARRY D. LIBERFARB, P.C.

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

11 VANDERBILT AVENUE SUITE 220

NORWOOD

MA

02062

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

FOR OFFICAL USE ONLY

*Claims for exemption from the requirements 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 240.17-a-8(e)(2)

SEC 1410 (05-01) Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

OATH OR AFFIRMATION

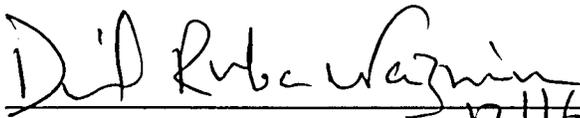
I, DAVID OLDAKER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of NORTHERN CAPITAL SECURITIES CORPORATION, as of OCTOBER 31, 20 20, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principle officer or director has any proprietary interest in any account classified solely as that of A customer, except as follows:

 12/16/2020

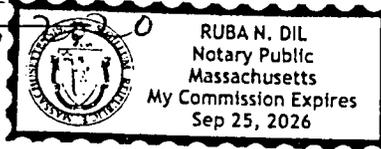
Signature

CHIEF EXECUTIVE OFFICER

Title



Notary Public 12/16/2020



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 Proprietor's 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 15c2-3.
- (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).

NORTHERN CAPITAL SECURITIES CORPORATION

FINANCIAL STATEMENTS

OCTOBER 31, 2020

LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062
Tel. (781) 255-8800 Fax (781) 255-9217
E-Mail: Info@Liberfarb.com

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder
of Northern Capital Securities Corporation

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Northern Capital Securities Corporation as of October 31, 2020, the related statements of operations, changes in shareholder '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 Northern Capital Securities Corporation as of October 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 Northern Capital Securities Corporation's management. Our responsibility is to express an opinion on Northern Capital Securities Corporation'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 Northern Capital Securities Corporation 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.

Auditor's Report on Supplemental Information

The computation of aggregate indebtedness and net capital pursuant to SEC Rule 15c3-1, and computation for and information related to possession or control determination of reserve requirements for broker/dealers under SEC Rule 15c3-3 have been subjected to audit procedures performed in conjunction with the audit of Northern Capital Securities Corporation's financial statements. The supplemental information is the responsibility of Northern Capital 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 computation of aggregate indebtedness and net capital under SEC Rule 15c3-1, and computation for and information related to possession or control determination of reserve requirements for broker/dealers under SEC Rule 15c3-3 are fairly stated, in all material respects, in relation to the financial statements as a whole.


Larry D. Liberfarb, P.C.

We have served as Northern Capital Securities Corporation's auditor since 1996.

Norwood, Massachusetts

December 10, 2020

NORTHERN CAPITAL SECURITIES CORPORATION

STATEMENT OF FINANCIAL CONDITION

October 31, 2020

ASSETS

Cash	\$ 961,944
Deposit with clearing organization	100,000
Receivable from broker-dealers and clearing organizations	305,960
Right-of-use asset	156,597
Furniture and fixtures	9,257
Other assets	18,400
	<u>\$ 1,552,158</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	
Operating lease liability	\$ 156,597
Accounts payable, accrued expenses, and other liabilities	<u>561,137</u>
	<u>717,734</u>
Stockholder's equity:	
Common stock, authorized 1,000 shares, issued 100 shares	63,552
Additional paid-in capital	25,000
Retained earnings	791,131
Less 12.5 shares of common stock in treasury, at cost	<u>(45,259)</u>
Total stockholder's equity	<u>834,424</u>
	<u>\$ 1,552,158</u>

The accompanying notes are an integral part of these financial statements.

NORTHERN CAPITAL SECURITIES CORPORATION

STATEMENT OF OPERATIONS

For the Year Ended October 31, 2020

Revenues:	
Commissions	\$ 3,389,194
12b-1 fees	2,934
Other income	822
	<u>3,392,950</u>
Expenses:	
Clearing expenses	240,110
Employee compensation and benefits	2,263,370
Owner compensation and benefits	233,404
Other related party compensation and benefits	47,636
Communications and data processing	331,112
Occupancy	90,969
Other expenses	187,081
	<u>3,393,682</u>
Loss before income taxes	(732)
Income taxes	<u>2,705</u>
Net Loss	<u>\$ (3,437)</u>

The accompanying notes are an integral part of these financial statements.

NORTHERN CAPITAL SECURITIES CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
For the Year Ended October 31, 2020

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Total
Balance at November 1, 2019	\$ 63,552	\$ 25,000	\$ (45,259)	\$ 834,197	\$ 877,490
Net Loss	-	-	-	(3,437)	(3,437)
Shareholder distributions	-	-	-	(39,629)	(39,629)
Balance at October 31, 2020	<u>\$ 63,552</u>	<u>\$ 25,000</u>	<u>\$ (45,259)</u>	<u>\$ 791,131</u>	<u>\$ 834,424</u>

The accompanying notes are an integral part of these financial statements.

NORTHERN CAPITAL SECURITIES CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended October 31, 2020

Cash flows from operating activities:	
Net Loss	\$ (3,437)
Adjustments to reconcile net income to net cash used for operating activities:	
Depreciation	2,593
(Increase) decrease in operating assets:	
Increase in receivable from broker-dealers and clearing organizations	(76,079)
Decrease in other assets	7,439
(Decrease) increase in operating liabilities:	
Increase in accounts payable and accrued expenses	<u>297,873</u>
Net cash provided by operating activities	228,389
Cash flows from investing activities	
Purchase of furniture and fixtures	(11,850)
Cash flows from financing activities	
Distributions	<u>(39,629)</u>
Increase in cash	176,910
Cash at beginning of the year	<u>785,034</u>
Cash at end of the year	<u>\$ 961,944</u>
Supplemental cash flow disclosures:	
Income tax payments	\$ 2,705
Interest expense	\$ 0

The accompanying notes are an integral part of these financial statements.

NORTHERN CAPITAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2020

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). The Company is a registered investment advisor with the Massachusetts Securities Division.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Brokerage Commissions

The Company buys and sells securities on behalf of customers. 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 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.

The Company clears all securities transactions through RBC Capital Markets LLC on a fully disclosed basis.

Advertising

The Company expenses the cost of advertising as incurred. Advertising expense was \$2,000 for the fiscal year ending October 31, 2020.

NORTHERN CAPITAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS, CONTINUED

OCTOBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Furniture and Fixtures

Property and equipment are recorded at cost. The cost of maintenance and repairs is charged to operations as incurred. Major improvements to property and equipment are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Income Taxes

The Company operates as an S Corporation. As such, the Company's income or loss and credits are passed through to the sole stockholder, and reported on his individual income tax returns.

Statement of Cash Flows

For purposes of the statement of cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days that are not held for sale in the ordinary course of business.

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 reported period. Actual results could differ from these estimates.

NORTHERN CAPITAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS, CONTINUED

OCTOBER 31, 2020

NOTE 3 – FURNITURE AND FIXTURES

Cost	\$ 196,060
Less: Accumulated depreciation	<u>186,803</u>
	<u>\$ 9,257</u>

Depreciation expense for the year ended October 31, 2020 was \$2,593.

NOTE 4 – RECEIVABLE FROM BROKER-DEALERS AND CLEARING ORGANIZATIONS

Amounts receivable from broker-dealers and clearing organizations at October 31, 2020, consist of the following:

Cash in an account held at clearing broker	\$ 271,035
Unsettled trades	<u>34,925</u>
	<u>\$ 305,960</u>

NOTE 5 - NET CAPITAL

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c-3-1), 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. The Company had net capital of \$806,767 which was \$706,767 in excess of its required net capital of \$100,000. The Company's net capital ratio was .70 to 1.

NORTHERN CAPITAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS, CONTINUED

OCTOBER 31, 2020

NOTE 6 – EMPLOYEE BENEFITS

The Company has a 401(k) savings plan for all employees. The Company at its discretion may match employee contributions to the plan. For the fiscal year ending October 31, 2020 the Company contributed \$0 for employees to the plan.

NOTE 7 -LONG TERM LEASES

The Company leases its operating facility under an operating lease expiring July 31, 2022. Rent expense for fiscal year 2020 was \$ 90,969.

Minimum future lease payments for non-cancelable operating leases are approximately:

Year ended October 31

2021	\$ 92,953
2022	<u>63,644</u>
	<u>\$ 156,597</u>

The Company adopted FASB ASC 842, Leases effective November 1, 2018. As such, the Company recognizes and measures its leases in accordance with FASB ASC 842, Leases. The Company is a lessee in the lease described herein. 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 of otherwise the Company uses its incremental borrowing rate.

Amounts reported in the statement of financial condition as of October 31, 2020, were as follows.

Operating leases:

Operating lease ROU assets	\$ 156,597
Operating lease liabilities	156,597

NORTHERN CAPITAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS, CONTINUED

OCTOBER 31, 2020

NOTE 8 - OFF BALANCE-SHEET RISK AND CONCENTRATIONS OF CREDIT RISK

The Company is engaged in various trading and brokerage activities whose counterparties include banks, other financial institutions, and the general public. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the credit worthiness of the counterparty or issuer of the instrument. The Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers.

The Company maintains cash in bank accounts in excess of the established limit insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 10, 2020, the date on which the financial statements were available to be issued. There were no subsequent events that require adjustment or disclosure in the financial statements.

NORTHERN CAPITAL SECURITIES CORPORATION

SUPPLEMENTARY SCHEDULES

OCTOBER 31, 2020

SCHEDULE I
NORTHERN CAPITAL SECURITIES CORPORATION
COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL
PURSUANT TO RULE 15c3-1

OCTOBER 31, 2020

AGGREGATE INDEBTEDNESS:	
Accounts payable and accrued expenses	\$561,137
NET CAPITAL:	
Common stock	\$ 63,552
Additional paid-in capital	25,000
Retained earnings	791,131
Treasury stock	<u>(45,259)</u>
	\$ 834,424
ADJUSTMENTS TO NET CAPITAL:	
Other assets	<u>(27,657)</u>
Net Capital, as defined	<u>\$ 806,767</u>
NET CAPITAL REQUIREMENT	\$ 100,000
NET CAPITAL IN EXCESS OF REQUIREMENT	\$ 706,767
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	.70 to 1
Reconciliation with Company's computation of net capital:	
Net capital as reported in Company's Part IIA (unaudited)	
FOCUS Report	\$ 816,898
Net audit adjustments	(10,131)
Decrease in non-allowables and haircuts	-
Net capital per above	<u>\$ 806,767</u>

See Independent Auditor's Report.

SCHEDULE II

NORTHERN CAPITAL SECURITIES CORPORATION

**COMPUTATION FOR AND INFORMATION RELATED TO POSSESSION
OR CONTROL DETERMINATION OF RESERVE REQUIREMENTS
FOR BROKER/DEALERS UNDER RULE 15c3-3 OF THE SECURITIES
EXCHANGEACT OF 1934**

OCTOBER 31, 2020

The Company is exempt from the reserve requirements of Rule 15c3-3 as its transactions are limited, such that they do not handle customer funds or securities, accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirement pursuant to Rule 15c3-3 are not applicable.

LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062
Tel. (781) 255-8800 Fax (781) 255-9217
E-Mail: Info@Liberfarb.com

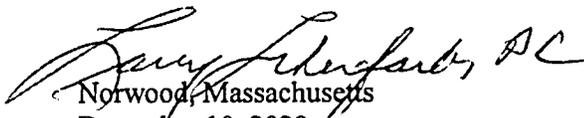
Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder
of Northern Capital Securities Corporation

We have reviewed management's statements, included in the accompanying Exemption Report, of Northern Capital Securities Corporation in which (1) Northern Capital Securities Corporation identified the following provisions of 17 C.F.R. 15c3-3(k) under which Northern Capital Securities Corporation claimed an exemption from 17 C.F.R. 240.15c3-3(k)(2)(ii) and the Non-Covered Firm Provision, and (2) Northern Capital Securities Corporation stated that Northern Capital Securities Corporation met the identified exemption provision throughout the most recent fiscal year ended October 31, 2020, without exception. Northern Capital 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 Northern Capital 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)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934 and the Non-Covered Firm Provision.


Norwood, Massachusetts
December 10, 2020

NORTHERN CAPITAL SECURITIES CORPORATION
EXEMPTION REPORT
REQUIREMENT FOR BROKER/DEALERS UNDER
RULE 17a-5 OF THE SECURITIES EXCHANGE ACT OF 1934
OCTOBER 31, 2020

Northern Capital Securities Corporation is exempt from paragraph (k) of Rule 15c3-3 of the Securities Exchange Act of 1934.

The firm is engaged almost exclusively in the sale of securities. During the fiscal year ending October 31, 2020 the firm (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, other than money or other consideration received and promptly transmitted in compliance with paragraph (a) or (b)(2) of the Rule 15c2-4; (2) did not carry accounts of or for customers, and (3) did not carry PAB accounts (as defined in Rule 15c3-3).



David G. Oldaker, Chief Executive Officer