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

SEC FILE NUMBER
8-27779

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 01/0/20 AND ENDING 12/31/20
MM/DD/YY MM/DD/YY

SEC Mail Processing
MAR 01 2021

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Capital Management Securities, Inc.

Washington, DC

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

OFFICIAL USE ONLY
FIRM I.D. NO.

7900 Xerxes Ave S Suite 500

(No. and Street)

Minneapolis

MN

55431

(City)

(State)

(Zip Code)

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

Melissa Glennie 952-746-1110

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Boyer & Company

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

14500 Burnhaven Drive Suite 135 Burnsville

MN

55306

(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)

OATH OR AFFIRMATION

I, Gregory A. Stroh, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Capital Management Securities, Inc., as of December 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:



Notary Public

[Handwritten signature]

Signature

CEO

Title

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).

CAPITAL MANAGEMENT SECURITIES, INC.

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BOYER & COMPANY

A Professional Association

Certified Public Accountants

14500 Burnhaven Drive-Suite 135
Burnsville, MN 55306
(952) 435-3437

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Capital Management Securities, Inc.
Minneapolis, MN

Opinion on the Financial Statements

We have audited the accompanying statements of financial condition of Capital Management Securities, Inc. (a Minnesota corporation), as of December 31, 2020 and 2019, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes and schedules. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Management Securities, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of Capital Management Securities, Inc.'s management. Our responsibility is to express an opinion on these 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 Capital Management Securities, Inc. 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 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 fraud or error. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to fraud or error, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting 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 financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Auditors' Report on Supplemental Information

The Schedule I, Computation of Net Capital Under Rule 15c3-1, Schedule II, Computation for Determination of Reserve Requirements Under Rule 15c3-3 (exemption), Schedule III, Information Relating to Possession or Control Requirements Under Rule 15c3-3 (exemption), and Schedule IV, Reconciliation of FOCUS Report (IIA) as of December 31, 2020 to Audited Financial Statements as of December 31, 2020 have been subjected to audit procedures performed in conjunction with the audit of Capital Management Securities, Inc.'s financial statements. The supplemental information is the responsibility of Capital Management Securities, Inc.'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. Section 240.17a-5. In our opinion, the supplemental information listed above is fairly stated, in all material respects, in relation to the financial statements as a whole.

Boyer & Company

We have served as Capital Management Securities, Inc.'s auditor since 2005.

Burnsville, MN

February 19, 2021

CAPITAL MANAGEMENT SECURITIES, INC.

STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2020

2020

ASSETS

CURRENT ASSETS

Cash	\$	172,223
Accounts Receivable		15,348
Prepaid Expenses		12,681
Commission Advances - Related Parties		-
Total Current Assets		<u>200,252</u>

PROPERTY AND EQUIPMENT

Furniture and Equipment		66,536
Leasehold Improvements		11,763
Software		8,465
Operating Lease Right of Use Asset		<u>336,742</u>
Total Property and Equipment		423,506
Less: Accumulated Depreciation and Amortization		<u>(86,215)</u>
Net Property and Equipment		<u>337,291</u>

TOTAL ASSETS \$ 537,543

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable		3,093
Operating Lease - Current		80,667
401(k) Payable		11,499
Accrued Income Taxes		14,300
Commissions Payable		<u>(4,741)</u>
Total Current Liabilities		<u>104,818</u>

DEFERRED INCOME TAXES 3,500

LONG TERM OPERATING LEASE 256,075

STOCKHOLDER'S EQUITY

Common Stock, \$.01 Per Share, 50,000 Shares Authorized, 9,105 Shares Issued and Outstanding		92
Additional Paid in Capital		(156,699)
Retained Earnings		<u>329,757</u>
Total Stockholder's Equity		<u>173,150</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY \$ 537,543

See notes to financial statements.

CAPITAL MANAGEMENT SECURITIES, INC.

STATEMENTS OF OPERATIONS
DECEMBER 31, 2020

2020

REVENUE

Commissions	\$	428,262
Office Rent		39,824
Management Fee		27,000
Interest		-
Other		60,312
Total Revenue		<u>555,397</u>

OPERATING EXPENSES

Commissions	365,345
Salaries and Wages	55,481
Payroll Taxes	3,002
Employee Benefits	8,527
Advertising	-
Depreciation and Amortization	5,450
Dues and Subscriptions	92
Equipment Supplies and Rental	150
Insurance	5,834
Miscellaneous	1,090
Office Supplies and Printing	2,325
Postage	1,104
Professional Services	10,179
Regulatory Expense	4,255
Rent	35,783
Repairs and Maintenance	5,664
Sales and Use Tax	137
Telephone	2,470
Travel and Entertainment	2,779
Total Operating Expenses	<u>509,666</u>

Income Before Income Taxes 45,731

Income Tax Expense (2,163)

NET INCOME \$ 47,894

See notes to financial statements.

CAPITAL MANAGEMENT SECURITIES, INC.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Common Stock</u>		<u>Paid In</u>	<u>Retained</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Earnings</u>	<u>Total</u>
BALANCE, December 31, 2018	9,105	\$ 91	\$ (47,898)	\$ 272,597	\$ 224,790
Redemptions			\$ (108,801)		\$ (108,801)
Dividends Paid	-	-		(22)	(22)
Net Income	-	-	-	39,288	39,288
BALANCE, December 31, 2019	<u>9,105</u>	<u>91</u>	<u>(156,699)</u>	<u>311,863</u>	<u>155,255</u>
Dividends Paid				\$ (30,000)	(30,000)
Net Income	-	-	-	47,894	47,894
BALANCE, December 31, 2020	<u>9,105</u>	<u>\$ 91</u>	<u>\$ (156,699)</u>	<u>\$ 329,757</u>	<u>\$ 173,149</u>

See notes to financial statements.

CAPITAL MANAGEMENT SECURITIES, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020

	<u>2020</u>
Cash Flows from Operating Activities:	
Net Income	\$ 47,894
Adjustments to Reconcile Net Income to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	5,450
(Increase) Decrease in Assets:	-
Accounts Receivable	619
Prepaid Expenses	4,139
Prepaid Income Taxes	
Increase (Decrease) in Liabilities:	
Accounts Payable	(5,882)
Commissions Payable	36,222
401(k) Payable	(1,068)
Accrued Payroll Taxes	-
Accrued Income Taxes	6,500
Deferred Income Taxes	(9,900)
Net Cash Provided by Operating Activities	<u>83,974</u>
Cash Flows from Investing Activities:	
Purchase of Property and Equipment	
Net Cash Provided (Used) by Investing Activities	
Cash Flows from Financing Activities:	
Dividends Paid	<u>(30,000)</u>
Net Cash Provided (Used) by Financing Activities	<u>(30,000)</u>
Net Increase (Decrease) in Cash	53,974
Cash, Beginning of Year	<u>118,249</u>
Cash, End of Year	<u>\$ 172,223</u>
Supplemental Disclosures of Cash Flow Information:	
Cash Paid During the Year for:	
Income Taxes	<u>0.00</u>

See notes to financial statements.

CAPITAL MANAGEMENT SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Organization – The Company was organized in April 1975 as a Corporation under the laws of Minnesota.
- B. Nature of Operations – Capital Management Securities, Inc. (the Company) is a licensed broker-dealer under the jurisdiction of the Financial Industry Regulatory Authority (FINRA). The Company buys and sells listed and unlisted securities; municipal, corporate and government bonds; mutual fund shares; and provides other financial services. The Company, as an introducing broker-dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker-dealer and promptly transmits all customer funds and securities to the clearing broker-dealer which carries all the accounts of such customers.
- C. 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.
- D. Cash Equivalents – The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.
- E. Clearing Agreement – The Company uses a clearing agent in their business transactions. The agent requires the maintenance of a clearing account deposit. The amount of restricted cash in the clearing deposit account at December 31, 2020 was \$15,285.
- F. Accounts Receivable and Allowance for Doubtful Accounts – An allowance for doubtful accounts has not been established as of December 31, 2020. Based upon management's analysis of outstanding accounts receivable as of December 31, 2020 and the Company's past collection experience, an allowance is not considered necessary by management.
- G. Property and Equipment – Property and equipment is carried at cost. Depreciation of property and equipment is computed by the straight-line method based on useful lives of three to ten years.

Depreciation and amortization expense was \$5,451 for the year ended December 31, 2020.

Maintenance and repairs of property and equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

The Company reviews its property and equipment for impairment whenever events indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recorded when the sum of the future cash flows is less than the carrying amount of the asset. The amount of the loss is determined by comparing the fair market values of the asset to the carrying amount of the asset.

- H. Recognition of Revenue – The Company buys and sells securities on behalf of its 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 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 of the securities have been transferred to/from the customer.
- I. Income Taxes – Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income

CAPITAL MANAGEMENT SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020

in the years which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in operations in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities, which consist of book depreciation versus tax depreciation differences, and differences associated with cash basis reporting versus accrual basis reporting are individually classified as current and noncurrent based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The management is of the view that there are no significant tax positions that may be challenged.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods. The Company believes it is no longer subject to income tax examinations for the years prior to 2017.

- J. Concentrations of Risk – The Company maintains its cash in accounts with federally insured banks. At times, the balances in these accounts may be in excess of the federally insured limit of \$250,000. The Company believes that there is no significant risk with respect to these deposits.

The Company is engaged in various 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 Company feels the risk at this time is minimal and they review the credit standing of their counterparties on a regular basis.

- K. Date of Management – Management has evaluated subsequent events through February 19, 2021 which the financial statements were available to be issued.
- L. Advertising – The Company expenses advertising costs as they are incurred. Advertising and promotion expense for the year ended December 31, 2020 was \$0.00.

NOTE 2 – COMMITMENTS AND CONTINGENCIES

The Company has a lease agreement for office space expiring December 31, 2024. Monthly base rent ranges from \$0 to \$7,313 over the term of the lease. Terms of the lease also require the Company to pay its share of taxes and operating expenses. Facility rent expense for the years ended December 31, 2020 was \$35,517.

The Company has also entered into various operating leases for equipment that expire through 2020. Equipment rent expense for the years ended December 31, 2020 \$(50.93). The equipment lease commitment includes a lease that is reimbursed by sales representatives.

Minimum future lease payments as of December 31, 2020 under non-cancelable operating leases are:

<u>Years Ending December 31,</u>	<u>Office Facility</u>	<u>Equipment</u>	<u>Total</u>
2021	80,667	3,637	84,304
2022	82,979	3,637	86,616
2023	85,341	3,637	88,978
2024	87,755	3,637	91,392
	<u>\$336,742</u>	<u>\$14,548</u>	<u>\$351,290</u>

CAPITAL MANAGEMENT SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company shares its facilities and expenses with a sister company. Expenses are allocated between the two entities based on gross revenues. During 2020 approximately \$503,858 or 20% of common expenses were allocated to the Company's sister company, respectively. The majority of the expenses are paid by the Company, and the sister company reimburses the Company for its share of the expenses monthly. Amounts due from related parties totaled \$0 as of December 31, 2020.

NOTE 4 – INCOME TAXES

The Company files a consolidated income tax return as part of a controlled group with common ownership. Deferred income taxes and income tax expense are computed using the Company's proportionate share.

The Company's net deferred tax asset (liability) at December 31, 2020 consisted of:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
December 31, 2019	\$(2,000)	\$(1,500)	\$(3,500)
December 31, 2019	\$(8,900)	\$(1,000)	\$(9,900)

The components for the provision for income taxes for the year ended December 31, 2020 are as follows:

Year Ended December 31, 2020:	<u>Federal</u>	<u>State</u>	<u>Total</u>
Deferred Income Tax	\$8,900	\$1,000	\$9,900
Current Income Tax	\$(8,700)	\$(5,600)	\$(14,300)
Income Tax Expense	<u>\$200</u>	<u>\$(4,600)</u>	<u>\$(4,400)</u>

The amount of federal income tax expense attributable to continuing operations differs from the amount of expense that would result from applying domestic federal statutory rates to pretax income from continuing operations primarily due to permanent differences of nondeductible expenses and the effect of state minimum fees.

CAPITAL MANAGEMENT SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020

NOTE 6 -- NET CAPITAL REQUIREMENTS

The company is subject to the SEC 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 the net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2020 the company had net capital of \$155,089 which was \$130,089 excess of its required net capital of \$25,000. The Company's net capital ratio was .21 to 1.

SUPPLEMENTARY INFORMATION

CAPITAL MANAGEMENT SECURITIES, INC.

SCHEDULE I, COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1

DECEMBER 31, 2020

	<u>2020</u>
STOCKHOLDER'S EQUITY at End of Year	\$ 173,150
ADDITIONS	<u>-</u>
TOTAL CAPITAL AND ALLOWABLE SUBORDINATED LIABILITIES	<u>173,150</u>
DEDUCTIONS:	
Unallowable Assets:	
Property and Equipment - Net	550
Prepaid Expenses	12,681
Commission Advance	4,830
Nonliquid Receivables	<u>-</u>
Total	<u>18,061</u>
NET CAPITAL BEFORE HAIRCUTS ON SECURITIES POSITIONS	155,089
HAIRCUTS ON SECURITIES	<u>-</u>
NET CAPITAL at End of Year	<u>\$ 155,089</u>
REQUIRED CAPITAL	
Basic Capital Requirement:	
Liabilities	32,484
Required Percent	6.67%
Basic Capital Requirement	<u>2,167</u>
Minimum Capital Required	<u>25,000</u>
EXCESS CAPITAL	<u>\$ 130,089</u>
COMPUTATION OF AGGREGATE INDEBTEDNESS	
Indebtedness	\$ 32,484
Net Capital	<u>155,089</u>
Percent of Debt to Net Capital	<u>20.9%</u>

See independent auditors' report

CAPITAL MANAGEMENT SECURITIES, INC.

**SCHEDULE II, COMPUTATION FOR DETERMINATION OF
RESERVE REQUIREMENTS UNDER RULE 15c3-3 (EXEMPTION)**

DECEMBER 31, 2020

The Company is exempt from Rule 15c3-3 under Subparagraph k(2)(ii) and does not possess, control or otherwise hold client or customer funds or securities.

See independent auditors' report.

CAPITAL MANAGEMENT SECURITIES, INC.
SCHEDULE III, INFORMATION FOR POSSESSION OR
CONTROL REQUIREMENTS UNDER RULE 15c3-3 (EXEMPTION)

DECEMBER 31, 2020

The Company is exempt from Rule 15c3-3 under Subparagraph k(2)(ii) and does not possess, control or otherwise hold client or customer funds or securities.

See independent auditors' report.

CAPITAL MANAGEMENT SECURITIES, INC.

SCHEDULE IV, RECONCILIATION OF FOCUS REPORT (IIA) AS OF DECEMBER 31, 2020
TO AUDITED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

	Balance Per Focus Report on <u>December 31, 2020</u>	Adjustments <u>Debit</u> <u>Credit</u>	Balance Per Audited Financial Statements At <u>December 31, 2020</u>
Total Assets	\$ 724,046	(a) 186,503	537,543
Less: Total Liabilities	<u>554,298</u>	(a) 189,905	<u>364,393</u>
Net Worth	169,748		173,150
Less: Non-Allowable Assets	<u>18,061</u>		<u>18,061</u>
Tentative Net Capital	151,687		155,089
Less: Securities Haircuts	<u>-</u>		<u>-</u>
Net Capital	<u>\$ 151,687</u>		<u>\$ 155,089</u>

(a) ASC 842 Lease Accounting

See independent auditors' report.

CAPITAL MANAGEMENT SECURITIES, INC.

FINRA BROKER/DEALER. MEMBER SIPC

500 WELLS FARGO PLAZA • 7900 XERXES AVENUE SOUTH • MINNEAPOLIS, MINNESOTA 55431-1107 • 952.893.1200 • FAX 952.893.0133

Management Statement Regarding Compliance with

Certain Provisions of SEC Rule 17a-5

February 16, 2021

Pursuant to certain provisions of SEC Rule 17a-5 as amended on July 30, 2013 and effective June 1, 2014, Capital Management Associates, Inc. (the "Company") is exempt from provisions of SEC Rule 15c3-3 under provisions of paragraph (k)(2)(ii).

The Company has met the exemption provisions of paragraph 15c3-3 (k)(2)(ii) throughout the period January 1, 2020 through December 31, 2020 without exception.

Capital Management Securities, Inc.



Gregory A. Stroh
President

BOYER & COMPANY

A Professional Association

Certified Public Accountants

14500 Burnhaven Drive-Suite 135
Burnsville, MN 55306
(952) 435-3437

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Capital Management Securities, Inc.
Minneapolis, MN

We have reviewed management's statements included in the Management Statement Regarding Compliance with Certain Provisions of SEC Rule 17A-5, in which (1) Capital Management Securities, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Capital Management Securities, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (2)(ii) (the "exemption provisions") and (2) Capital Management Securities, Inc. stated that Capital Management Securities, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Capital Management Securities, 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 Capital Management Securities, 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.

Boyer & Company

Burnsville, MN

February 19, 2021

BOYER & COMPANY

A Professional Association

Certified Public Accountants

14500 Burnhaven Drive-Suite 135
Burnsville, MN 55306
(952) 435-3437

INDEPENDENT ACCOUNTANTS' AGREED-UPON PROCEDURES REPORT ON SCHEDULE OF ASSESSMENT AND PAYMENTS (FORM SIPC-7)

Board of Directors
Capital Management Securities, Inc.
Minneapolis, MN

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2020, which were agreed to by Capital Management Securities, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Capital Management Securities, Inc.'s compliance with the applicable instructions of Form SIPC-7. Capital Management Securities, Inc.'s management is responsible for Capital Management Securities, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2020, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2020, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Boyer & Company

Burnsville, MN

February 19, 2021