

OATH OR AFFIRMATION

I, Douglas Schmidt, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Chessicap Securities, Inc., as of 12/31, 2022, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

STEPHANIE L GARTHE
NOTARY PUBLIC
BALTIMORE COUNTY
MARYLAND

My Commission Expires August 22, 2026

Signature:

Title:

CEO & Executive Representative


Notary Public

This filing** contains (check all applicable boxes):

- (a) Statement of financial condition.
- (b) Notes to consolidated 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 cash flows.
- (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- (f) Statement of changes in liabilities subordinated to claims of creditors.
- (g) Notes to consolidated financial statements.
- (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (t) Independent public accountant's report based on an examination of the statement of financial condition.
- (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- (z) Other: _____

**To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

CHESSIECAP SECURITIES, INC.
Financial Statements
For the Year Ended December 31, 2022
With
Report of Independent Registered
Public Accounting Firm

RUBIO CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS

3500 Lenox Road NE
Suite 1500
Atlanta, GA 30326
Office: 770 690-8995
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder of
Chessiecap Securities, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Chessiecap Securities, Inc. (the “Company”) as of December 31, 2022, the related statements of operations, 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 December 31, 2022, 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement to 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 information contained in Schedules I, II and III 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 information in Schedules I, II and III 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 accompanying schedules. In forming our opinion on the accompanying schedules, 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 aforementioned supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Company's auditor since 2003.

February 24, 2023
Atlanta, Georgia


Rubio CPA, PC

CHESSIECAP SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION
As of December 31, 2022

ASSETS

| | |
|-------------------------------------|----------------------|
| Cash | \$ 17,651 |
| Accounts Receivable | 5,000 |
| Due from Registered Representatives | 4,543 |
| Prepaid expenses and deposits | 7,121 |
| Due from Stockholder | <u>17,272</u> |
| Total Assets | <u>\$ 51,587</u> |

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

| | |
|-----------------------|----------------|
| Accounts payable | <u>\$ 200</u> |
| Total Liabilities | <u>200</u> |

STOCKHOLDER'S EQUITY

| | |
|--|------------------|
| | <u>51,387</u> |
| Total Liabilities and Stockholder's Equity | <u>\$ 51,587</u> |

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

CHESSIECAP SECURITIES, INC.
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2022

REVENUES

| | |
|--------------------|--------------|
| Investment banking | \$ 138,250 |
| Other | <u>4,694</u> |
| Total revenues | 142,944 |

EXPENSES

| | |
|--|----------------|
| Commissions, compensation and benefits | 108,628 |
| Technology and communications | 5,927 |
| Other | <u>31,006</u> |
| Total expenses | <u>145,561</u> |

NET LOSS

\$ (2,617)

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

CHESSIECAP SECURITIES, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

| | |
|--|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Net loss | \$ (2,617) |
| Adjustments to reconcile net loss to net cash used by operations: | |
| Decrease in prepaid expenses and deposits | 564 |
| Decrease in due from stockholder | 2,070 |
| Decrease in due from registered representatives | 1,002 |
| Increase in accounts receivable | (5,000) |
| Decrease in accounts payable | (3,536) |
| Decrease in accrued payroll | <u>(19,207)</u> |
| NET CASH USED BY OPERATING ACTIVITIES | (26,724) |
| NET CASH FROM FINANCING ACTIVITIES: | |
| Contributions | <u>7,672</u> |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 7,672 |
| NET DECREASE IN CASH | (19,052) |
| CASH BALANCE: | |
| Beginning of year | <u>36,703</u> |
| End of year | <u>\$ 17,651</u> |
| Supplementary Information: | |
| <u>Non-cash Financing Activities</u> | |
| Contributions of expenses paid by Stockholder on behalf of Company | \$ 7,672 |

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

CHESSIECAP SECURITIES, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
For the Year Ended December 31, 2022

| | |
|----------------------------|------------------|
| Balance, December 31, 2021 | \$ 46,332 |
| Contributions | 7,672 |
| Net loss | <u>(2,617)</u> |
| Balance, December 31, 2022 | <u>\$ 51,387</u> |

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

CHESSIECAP SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE A — DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of Business: Chessiecap Securities, Inc. (the “Company”), a Maryland corporation, is a securities broker-dealer registered with the Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority.

The Company was organized in April 2004 and is a wholly-owned subsidiary of Chessiecap, Inc. (“Stockholder”).

The Company’s customers are located primarily in the United States.

Accounting Policies: The Company follows Generally Accepted Accounting Principles (GAAP), as established by the Financial Accounting Standards Board (the FASB), to ensure consistent reporting of financial condition, results of operation, and cash flows.

Cash: The Company maintains its bank accounts in a high credit quality financial institution. Balances at times may exceed federally insured limits.

Revenue from Contracts with Customers: Revenue from contracts with customers includes placement and advisory services related to capital raising activities and mergers and acquisitions transactions. The recognition and measurement of revenue is based on the assessment of individual contract terms. The agreements often contain nonrefundable retainer fees and/or success fees, which may be fixed or represent a percentage of the value that the customer receives, if and when the transaction is completed (“success fees”). The Company has evaluated its nonrefundable retainer fees, to ensure they related to the transfer of a good or service, as a distinct performance obligation, in exchange for the retainer.

Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on appropriate measure of the Company’s progress under the contract; whether revenue should be presented gross or net of certain costs; and whether constraints on variable consideration should be applied due to uncertain future events. In some circumstances, significant judgment is needed to determine the timing and measure of progress appropriate for revenue recognition under a specific contract. If a promised good or service is not distinct, the Company combines that good or service with other promised goods or services until it identifies a bundle of goods or services that is distinct. In some cases that would result in the Company accounting for all the services promised in a contract as a single performance obligation and, if unfulfilled, that retainer revenue would be reflected as deferred revenues on the Statement of Financial Condition.

CHESSIECAP SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE A — DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contracts with Customers (continued):

The Company recognizes certain retainer revenue from contracts with customers at the point in time in which specified deliverables are transferred to the Company's customer. There were no retainer fees recognized during 2022 upon the fulfillment of the aforementioned performance obligation without the completion of a transaction or formal termination of the engagement.

Success fee revenue for advisory arrangements is generally recognized at the point in time that performance under the agreement is completed (the closing date of the transaction).

Accounts Receivable: Accounts receivable are non-interest bearing, uncollateralized obligations receivable in accordance with the terms agreed upon with each customer. The Company regularly reviews its accounts receivable for any uncollectible amounts. The review for uncollectible amounts is based on an analysis of the Company's collection experience, customer creditworthiness, and current economic trends. Based on management's review of accounts receivable, no allowance for credit losses is considered necessary.

Income Taxes: The Company is included in the consolidated S corporation federal income tax return filed by its Stockholder, pursuant to an election to be a Qualified S corporation subsidiary. Therefore, the income or losses of the Company flow through to the Stockholder and no income taxes are recorded in the accompanying financial statements.

Under the provisions of FASB Accounting Standards Codification 740-10 ("ASC 740-10"), Accounting for Uncertainty in Income Taxes, the Company is required to evaluate each of its tax positions to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. A tax position includes an entity's status, including its status as an S corporation, and the decision not to file a tax return. The Company has evaluated each of its tax positions and has determined that it has no uncertain tax positions for which a provision or liability for income taxes is necessary.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Date of Management's Review: Subsequent events were evaluated through the date the financial statements were issued.

CHESSIECAP SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE B — NET CAPITAL

The Company, as a registered broker dealer, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital equal to the greater of \$5,000 or 6 2/3% of aggregate indebtedness and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2022, the Company had net capital of \$17,451, which was \$12,451 in excess of its required net capital of \$5,000, and its ratio of aggregate indebtedness to net capital was 0.01 to 1.00.

NOTE C – CONCENTRATIONS

All investment banking revenues were earned from one customer during 2022.

NOTE D – CONTINGENCIES

The Company is subject to litigation in the normal course of business. The Company has no litigation in progress at December 31, 2022.

NOTE E – RELATED PARTY TRANSACTIONS

The Company has an expense sharing agreement with its Stockholder whereby certain expenses are allocated between the two entities based upon relative time spent. During the period from January 1, 2022, to June 30, 2022, the Stockholder paid the Company for allocated personnel services and health benefits as the Company served as the paymaster for such expenses during this period. The amount allocated to the Stockholder by the Company in 2022 under this agreement was approximately equal to \$121,080. During the period from July 1, 2022, to December 31, 2022, the Company paid the Stockholder for allocated personnel services and health benefits as the Stockholder served as the paymaster for such expenses during this period. The amount of personnel services and health benefits allocated to the Company by the Stockholder in 2022 under this agreement was approximately equal to \$93,743.

Under the expense sharing agreement with the Stockholder, the Company is allocated certain other operating expenses paid by the Stockholder. The amount of such expenses recorded by the Company during 2022 pursuant to this agreement was approximately \$9,424.

CHESSIECAP SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE E – RELATED PARTY TRANSACTIONS (CONTINUED)

Separately, the Company at times pays operating expenses on behalf of its Stockholder for which the Company subsequently seeks reimbursement. At December 31, 2022, no amounts are due from the Company's payment of such expenses.

The due from stockholder at December 31, 2022 represents advances to the stockholder by the Company. The advances are non-interest bearing and due on demand.

The Company operates from office space provided by its President at no cost to the Company.

Financial position and results of operation could differ from the amounts in the accompanying financial statements if these related party transactions did not exist.

NOTE F – NET LOSS

The Company has incurred a loss for 2022. The Company's stockholder has represented that it intends to make capital contributions as needed to ensure the Company's survival through at least one year from the date of the independent auditor's report.

Management expects the Company to continue as a going concern and the accompanying financial statements have been prepared on a going-concern basis without adjustments for realization in the event that the Company ceases to continue as a going concern.

SUPPLEMENTAL INFORMATION

CHESSIECAP SECURITIES, INC.

SCHEDULE I

**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2022**

NET CAPITAL:

| | |
|--|---------------------|
| Total stockholder's equity | <u>\$ 51,387</u> |
| Less non-allowable assets: | |
| Due from Registered Representatives | 4,543 |
| Accounts receivable | 5,000 |
| Prepaid expenses and deposits | 7,121 |
| Due from Stockholder | <u>17,272</u> |
| | <u>(33,936)</u> |
| Net capital | 17,451 |
| Minimum net capital required (greater of \$5,000 or 6 2/3% of aggregate indebtedness) | <u>5,000</u> |
| Excess net capital | <u>\$ 12,451</u> |
| Aggregate indebtedness | <u>\$ 200</u> |
| Minimum net capital required on aggregate indebtedness | <u>\$ 13</u> |
| Ratio of aggregate indebtedness to net capital | <u>0.01 to 1.00</u> |

RECONCILIATION WITH COMPANY'S COMPUTATION OF NET CAPITAL INCLUDED
IN PART IIA OF FORM X-17A-5 AS OF DECEMBER 31, 2022

There is no significant difference between net capital as reported in Part IIA of the Form X-17A-5, as amended, and net capital as reported above.

CHESSIECAP SECURITIES, INC.

**SCHEDULE II
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2022**

The Company does not claim exemption from SEA Rule 15c3-3 in reliance upon Footnote 74 of the 2013 Release. The Company does not hold customer funds or securities.

**SCHEDULE III
INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2022**

The Company does not claim exemption from SEA Rule 15c3-3 in reliance upon Footnote 74 of the 2013 Release. The Company does not hold customer funds or securities.

RUBIO CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS

3500 Lenox Road NE
Suite 1500
Atlanta, GA 30326
Office: 770 690-8995
Fax: 770 838-7123

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder of
Chessiecap Securities, Inc.

We have reviewed management's statements included in the accompanying Broker Dealers Annual Exemption Report in which (1) Chessiecap Securities, Inc. did not claim an exemption from Rule 15c3-3 in reliance upon Footnote 74 of the 2013 Release, and (2) Chessiecap Securities, Inc. stated that Chessiecap Securities, Inc. met the identified conditions for such reliance throughout the most recent fiscal year without exception. Chessiecap 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 Chessiecap 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 Footnote 74 of the 2013 Release.

February 24, 2023
Atlanta, GA


Rubio CPA, PC



Chessiecap Securities, Inc.
7911 Sherwood Avenue
Towson, MD 21204

CHESSIECAP SECURITIES, INC.'S EXEMPTION REPORT

We, as members of management of Chessiecap Securities, Inc. (the “Company”) are responsible for complying with Rule 17a-5, “Reports to be made by certain brokers and dealers”. We have performed an evaluation of the Company’s compliance with the requirements of Rule 17a-5 and the exemption provisions in Rule 15c3-3(k) (the “exemption provisions”) and of the 2013 Release adopting amendments to Rule 17a-5, including Footnote 74 of the 2013 Release.

We have determined that the Company does not meet any of the exemption conditions of paragraph (k) of Rule 15c3-3 (i.e., paragraph (k)(1), (k)(2)(i) or (k)(2)(ii)) but also (1) does 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 Exchange Act Rule 15c2-4 (“Rule 15c2-4”); (2) does not carry accounts of or for customers; and (3) does not carry PAB accounts (as defined in Rule 15c3-3) and therefore is covered by Footnote 74 of the 2013 Release.

Accordingly, based on our evaluation we make the following statements to the best knowledge and belief of the Company:

1. We reviewed the provisions of Rule §15c3-3 and related guidance stated in the SEC Staff’s FAQ and confirmed that the Company relied on Footnote 74 of the 2013 Release.
2. The Company conducted business activities involving placement and advisory services to customers consisting of capital raising activity throughout the year ended December 31, 2022 without exception.
3. The Company met the identified conditions for such reliance throughout the period January 1, 2022 to December 31, 2022 without exception.

Douglas M. Schmidt
CEO and Executive Representative
January 26, 2023