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

| SEC FILE NUMBER |
|---|
| 8-39446 |

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 01/01/16 (MM/DD/YY) AND ENDING 12/31/16 (MM/DD/YY)

## A. REGISTRANT IDENTIFICATION

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

OFFICIAL USE ONLY

FIRM I.D. NO.

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

1100 North 4th Street, Suite 141
(No. and Street)

| Fairfield | IA | 52556 |
|---|---|---|
| (City) | (State) | (Zip Code) |

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

Peter B. Ecob; 641-472-8800

(Area Code – Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Michael Coglianese, CPA, P.C.

(Name – *if individual, state last, first, middle name*)

| 125 East Lake Street, Suite 303 | Bloomingdale | IL | 60108 |
|---|---|---|---|
| (Address) | (City) | (State) | (Zip Code) |

CHECK ONE:

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

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAR - 2 2017
DIVISION OF TRADING & MARKETS

**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)*

SEC 1410 (06-02)

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

CMB

# OATH OR AFFIRMATION

I, Peter B. Ecob, 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 Partners, Inc., as of December 31, 20 16, 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:

CAROLYN J. SIMMONS
COMMISSION No. 146121
MY COMMISSION EXPIRES
JANUARY 28, 2018

Signature

Chief Financial Officer
Title

Notary Public

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 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).*

MC MICHAEL COGLIANESE CPA, P.C.
ALTERNATIVE INVESTMENT ACCOUNTANTS

125 E. Lake Street, Ste. 303
Bloomingdale, IL 60108
Tel 630.351.8942
Mike@cogcpa.com | www.cogcpa.com

Bloomingdale | Chicago

**Report of Independent Registered Public Accounting Firm**

To the Shareholders of Capital Management Partners, Inc.

We have audited the accompanying financial statements of Capital Management Partners, Inc. which comprise the balance sheet as of December 31, 2016, and the related statements of operations, changes in shareholder equity, and cash flows for the year then ended, and the related notes to the financial statements. These financial statements are the responsibility of the Capital Management Partners, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Management Partners, Inc. as of December 31, 2016, 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.

MC MICHAEL COGLIANESE CPA, P.C.
ALTERNATIVE INVESTMENT ACCOUNTANTS

125 E. Lake Street, Ste. 303
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Bloomingdale | Chicago

The supplemental information listed in the accompanying table of contents has been subjected to audit procedures performed in conjunction with the audit of Capital Management Partners, Inc.'s financial statements. The supplemental information is the responsibility of Capital Management Partners, 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 §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.

Michael Coglianese CPA, P.C.

Bloomingdale, IL
February 24, 2017

# Capital Management Partners, Inc.
## Balance Sheet
## As of December 31, 2016

**ASSETS**

Current Assets:

| | |
|---|---|
| Cash | 159,523 |
| Marketable Securities (Cost = $65,794) | 63,600 |
| Commissions Receivable | 267,772 |
| Prepaid Expenses | 7,309 |
| Total Current Assets: | **498,204** |
| Fixed Assets--Net: | 2,004 |
| Advances to Affiliate | 477 |
| Other Assets | 1,037 |
| **TOTAL ASSETS** | **501,722** |

LIABILITIES AND SHAREHOLDERS EQUITY

Current Liabilities:

| | |
|---|---|
| Sales commissions payable | 102,977 |
| Accounts payable and accrued expenses | 21,583 |
| Total Current Liabilities: | **124,560** |
| Shareholder Equity: | |
| Common stock, no par value, 3000 shares authorized, 2105 issued and outstanding, no par | 652,489 |
| Treasury stock, at cost | (234,196) |
| Retained surplus | (41,131) |
| Total Shareholder Equity | 377,162 |
| Total Liabilities & Shareholder Equity | **501,722** |

The accompanying notes to the financial statements are an integral part of this statement

# Capital Management Partners, Inc.
## Statement of Operations
### For the Year Ended December 31, 2016

| | |
|---|---|
| Commission revenue | 787,861 |
| Commission expenses | (282,831) |
| Net revenues: | **505,030** |
| General and administrative expenses: | |
| Salaries and benefits | 251,535 |
| General administration | 81,503 |
| Total general and administrative expenses: | **333,038** |
| **INCOME FROM OPERATIONS:** | **171,992** |
| Other Income: | |
| Personnel reimbursement | 7,315 |
| Trading gain | 3,261 |
| Dividend income | 2,829 |
| Interest income | 37 |
| Miscellaneous income | 83 |
| Net income before income tax provision | **185,517** |
| Provision for income taxes | 0 |
| **NET INCOME:** | **185,517** |

The accompanying notes to the financial statements are an integral part of this statement

# Capital Management Partners, Inc.
## Statement of Cash Flows
## For the Year Ended December 31, 2016

| | |
|---|---|
| Operating activities: | |
| Net income | $185,517 |
| | |
| Adjustments to reconcile net income items not requiring the use of cash: | |
| Depreciation expense | 475 |
| | |
| Changes in other operating assets and liabilities: | |
| | |
| Commissions receivable | 109,899 |
| Prepaid expense | (434) |
| Advances to affiliate | (6) |
| Sales commissions payable | (46,836) |
| Accounts payable and accrued expenses | (3,461) |
| | |
| Net cash provided by operations | $245,154 |
| | |
| Investing activities: | |
| Marketable securities | 7,318 |
| Purchase fixed asset | ($1,481) |
| Net cash used by investing activitives | $5,837 |
| | |
| Financing activities: | |
| Dividends paid | ($170,000) |
| Net cash used by financing activities | (170,000) |
| | |
| Net increase in cash during the fiscal year | $80,991 |
| Cash at December 31, 2015 | 78,532 |
| Cash and Cash Equivalents at December 31, 2016 | 159,523 |
| | |
| Supplemental disclosures of cash flow information: | |
| Interest paid during the fiscal year | $0 |
| Income taxes paid during the fiscal year | $0 |

The accompanying notes to the financial statements are an integral part of this statement

# Capital Management Partners, Inc.
## Statement of Changes in Shareholder Equity
## For the Year Ended December 31, 2016

| | Common Shares | Stated Amount | Treasury Stock | Retained Surplus (Deficit) | Total |
|---|---|---|---|---|---|
| Balance at December 31, 2015 | 2,105 | $652,489 | ($234,196) | ($56,648) | $361,645 |
| Dividends paid shareholders | | | | (170,000) | (170,000) |
| Net income | | | | 185,517 | 185,517 |
| Balance at December 31, 2016 | 2,105 | $652,489 | ($234,196) | ($41,131) | $377,162 |

The accompanying notes to the financial statements are an integral part of this statement

Capital Management Partners, Inc.
Schedule of Investments
As of December 31, 2016

| Marketable securities, at fair value | % of Shareholder's Equity | Fair Value |
| --- | --- | --- |
| Equities--Other (Cost = $5,492) | 1.51% | 5,684 |
| Mutual Funds--Other (Cost = $30,517) | 6.81% | 25,689 |
| ETFs--Other (Cost = $29,785) | 8.54% | 32,227 |
| **TOTAL MARKETABLE SECURITIES (Cost = $65,794)** | **16.86%** | **63,600** |

The accompanying notes to the financial statements are an integral part of this statement

**Capital Management Partners, Inc.**
**Notes to the Financial Statements**
**For the Year Ended December 31, 2016**

**1. Organization**

Capital Management Partners, Inc. (the Company) is a privately held Delaware State corporation formed in December 1987 for the purpose of conducting business as an introducing broker (IB) and a securities broker dealer (BD). As an IB, the firm is a member of the National Futures Association (NFA) and registered with the Commodity Futures Trading Commission (CFTC) to solicit accounts for trading in registered futures. In addition, as a BD, the Company is a member of the Financial Industry Regulatory Authority (FINRA) to market investments in private placements.

**2. Summary of Significant Accounting Policies**

*Use of Estimates*- The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make reasonable estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses at the date of the financial statements and for the period they include. Actual results may differ from these estimates.

*Commission Revenues*- Commission revenues and related fees are recorded when they become due and the Company is reasonably assured of their collection.

*Investment Income*- Dividends are recorded on the ex-dividend date. Interest is recorded on an accrual basis. Realized and unrealized gains(losses) on marketable securities are recorded on a trade date basis and are included in trading gain on the statement of operations.

*Fixed Assets*- Fixed assets are stated at cost. Depreciation of fixed assets is provided using the straight-line method over the estimated useful life of the asset. The following is a summary of the estimated useful lives used in computing depreciation expense:

| | |
|---|---|
| Office equipment | 5 years |
| Computer equipment | 5 years |

Expenditures for minor maintenance and repairs are charged to expense as incurred.

[illegible]

**3. Fair Value of Financial Instruments**

*Fair Value Measurements* under generally accepted accounting principles clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements are separately disclosed by level within the fair value hierarchy as follows.

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable Inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed and is determined based on the lowest level input that is significant to the fair value measurement.



[redacted]

**4. Marketable securities—valuation and fair value**

The company values marketable securities that are freely tradable and are listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year.

The following table presents information about the Company's assets measured at fair value as of December 31, 2016:

| | Level 1 |
|---|---|
| Marketable securities: | $63,600 |

**5. Off Balance Sheet Risk**

In the case of its IB activity, the Company may execute various transactions for the benefit of customers through the clearing futures commission merchant. (FCM) This business activity subjects the Company to certain off balance sheet risk, which may be in excess of the liabilities reported in the balance sheet. These transactions are contracted on a margin basis whereby the customer is required to maintain minimum margin with the clearing FCM. In the event that a customer is in default of an obligation to the FCM, the FCM will require the Company to fulfill the obligation on behalf of its customer. This exposes the company to credit risk.

The Company seeks to control this risk by monitoring the transactions of customer accounts on a real time basis. The Company has the authority to liquidate customer positions at its discretion in order to ensure the account does not expose the Company to an unacceptable level of credit risk.

**6. Fixed Assets- Net**

The following table is a summary of fixed assets at December 31, 2016.

| | |
|---|---|
| Office equipment | $24,903 |
| Computer equipment | 25,029 |
| Accumulated depreciation | (47,928) |
| Fixed assets- net | $2,004 |

Depreciation expense for the year ended December 31, 2016 was $475.

**7. Treasury Stock**

On December 31, 2014, the Company purchased 1,251 shares of its common stock from some existing shareholders for $234,196. The Company recorded the transaction as a purchase of treasury stock and the value of the treasury stock is recorded at cost.

**8. Net capital requirement**

The company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1) which requires the Company to maintain a minimum net capital equal to or greater than $45,000 or 6 and 2/3% of aggregate indebtedness, and a ratio of aggregate indebtedness to net capital not exceeding 15 to 1, both as defined. At December 31, 2016, the Company's adjusted net capital was $180,589, which exceeded the minimum requirement by $135,589. At December 31, 2016, ratio of aggregate indebtedness to net capital schedule is 68.94%.

**9. Subsequent Events**

The Company has made a review of material subsequent events from December 31, 2016 through the date of this report and found no material subsequent events reportable during this period.

# Schedule I & II
# Computation of Net Capital Under Rule15c3-1 of the Securities and Exchange Commission, and Schedule II - Reconciliation of Computation of Net Capital Pursuant to Rule 15c3-1

| | |
|---|---|
| **CREDIT:** | |
| Shareholders' equity | $377,162 |
| **DEBITS:** | |
| Nonallowable assets: | |
| Nonallowable portion of cash | ($100) |
| Non allowable portion of commissions receivable | ($177,647) |
| Prepaid expenses | (7,309) |
| Advances to affiliate | (477) |
| Fixed assets-net | (2,004) |
| Other asset | (1,037) |
| Total debits | (188,574) |
| **NET CAPITAL** | $188,588 |
| Haircuts | (7,999) |
| **ADJUSTED NET CAPITAL** | $180,589 |
| Minimum requirements of 6-2/3% of aggregate indebtedness or $45,000, whichever is greater. | 45,000 |
| **EXCESS NET CAPITAL** | $135,589 |
| **AGGREGATE INDEBTEDNESS:** | $124,560 |
| **RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL** | 68.94% |
| **Excess net capital previously reported on Form X-17A-5** | $121,697 |
| **Decrease in liabilities** | 13,892 |
| **Excess net capital per audited report** | $135,589 |

See Report of Independent Registered Public Accounting Firm

## Schedule III

# Reconciliation between Audited and Unaudited Statement of Financial Condition As of December 31, 2016

| | Debit | Credit |
|---|---|---|
| Accrued expenses | $13,892 | |
| Shareholder equity | | $13,892 |
| To adjust accruals | | |

See Report of Independent Registered Public Accounting Firm

MC
MICHAEL COGLIANESE CPA, P.C.
ALTERNATIVE INVESTMENT ACCOUNTANTS

125 E. Lake Street, Ste. 303
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Bloomingdale | Chicago

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON APPLYING AGREED-UPON PROCEDURES**

Shareholders
Capital Management Partners, Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2016, solely to assist you and the other specified parties in evaluating Capital Management Partners, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Capital Management Partners, Inc.'s management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). 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 (Focus Report) for the year ended December 31, 2016, with the amounts reported in Form SIPC-7 for the year ended December 31, 2016, noting a difference of $81,881 in total revenue due to a 2015 adjustment;

3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no material 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 material 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.

Michael Coglianese CPA, P.C.

Bloomingdale, IL
February 24, 2017

**SIPC-7**

(33-REV 7/10)

# SECURITIES INVESTOR PROTECTION CORPORATION

P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300

## General Assessment Reconciliation

**SIPC-7**

(33-REV 7/10)

For the fiscal year ended 12/31/2016

(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

18*18*******2312********************MIXED AADC 220
39446 FINRA DEC
CAPITAL MANAGEMENT PARTNERS INC
1100 N 4TH ST STE 141
FAIRFIELD IA 52556-2169

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

2. A. General Assessment (item 2e from page 2) $ 2,209

B. Less payment made with SIPC-6 filed (exclude interest) ( 960 )

7/26/2016
Date Paid

C. Less prior overpayment applied ( 0 )

D. Assessment balance due or (overpayment) 0

E. Interest computed on late payment (see instruction E) for ____ days at 20% per annum 0

F. Total assessment balance and interest due (or overpayment carried forward) $ 1,249

G. **PAYMENT: √ the box**
**Check mailed to P.O. Box ☒ Funds Wired ☐**
**Total (must be same as F above)** $ 1,249

H. Overpayment carried forward $( 0 )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Capital Management Partners, Inc.
(Name of Corporation, Partnership or other organization)

(Authorized Signature)

Chief Financial Officer
(Title)

Dated the 6 day of Feb. , 20 17 .

**This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.**

**SIPC REVIEWER**

Dates: ______ Postmarked ______ Received ______ Reviewed

Calculations ______ Documentation ______ Forward Copy ______

Exceptions:

Disposition of exceptions:

# DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

Amounts for the fiscal period beginning 1/1/2016 and ending 12/31/2016

| Item No. | Eliminate cents |
|---|---|
| 2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030) | $ 883,266 |
| 2b. Additions: | |
| (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above. | |
| (2) Net loss from principal transactions in securities in trading accounts. | |
| (3) Net loss from principal transactions in commodities in trading accounts. | |
| (4) Interest and dividend expense deducted in determining item 2a. | |
| (5) Net loss from management of or participation in the underwriting or distribution of securities. | |
| (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities. | |
| (7) Net loss from securities in investment accounts. | |
| Total additions | 0 |
| 2c. Deductions: | |
| (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products. | |
| (2) Revenues from commodity transactions. | |
| (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions. | |
| (4) Reimbursements for postage in connection with proxy solicitation. | |
| (5) Net gain from securities in investment accounts. | |
| (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date. | |
| (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act). | |
| (8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C): | |
| (Deductions in excess of $100,000 require documentation) | |
| (9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. $ | |
| (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). $ | |
| Enter the greater of line (i) or (ii) | |
| Total deductions | 0 |
| . SIPC Net Operating Revenues | $ 883,266 |
| . General Assessment @ .0025 | $ 2,209 |
| | (to page 1, line 2.A.) |

MC MICHAEL COGLIANESE CPA, P.C.
ALTERNATIVE INVESTMENT ACCOUNTANTS

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Bloomingdale, IL 60108
Tel 630.351.8942
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Bloomingdale | Chicago

**Report of Independent Registered Public Accounting Firm**

To the Shareholders of Capital Management Partners, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Capital Management Partners, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Capital Management Partners, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(i) (the "exemption provisions") and (2) Capital Management Partners, Inc., stated that Capital Management Partners, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Capital Management Partners, Inc. 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 Partners, Inc. 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.

Michael Coglianese CPA, P.C.

Bloomingdale, IL
February 24, 2017

MC MICHAEL COGLIANESE CPA, P.C.
ALTERNATIVE INVESTMENT ACCOUNTANTS

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Bloomingdale | Chicago

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

To the Shareholders of Capital Management Partners, Inc.

In planning and performing our audit of the financial statements of Capital Management Partners, Inc. (the "Company") as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("Internal Control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control. Accordingly, we do not express an opinion on the effectiveness of the Company's Internal Controls.

Also, as required by Regulation 1.16 of the Commodity Futures Trading Commission ("CFTC"), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Company including consideration of control activities for safeguarding customer and firm assets. This study included test of such practices and procedures that we considered relevant to the objectives stated in Regulation 1.16 in making the following:

(1) the periodic computations of minimum financial requirements pursuant to Regulation 1.17.

The management of the Company is responsible for establishing and maintaining Internal Control and the practices and procedures referred to in the preceding paragraphs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraphs and to assess whether those practices and procedures can be expected to achieve the CFTC's above mentioned objectives. Two of the objectives of Internal Control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Regulation 1.16(d)(2) lists additional objectives of the practices and procedures listed in the preceding paragraphs.

Because of inherent limitations in Internal Control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's Internal Control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's Internal Control.

Our consideration of Internal Control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in Internal Control that might be material weaknesses. We did not

identify any deficiencies in Internal Control and control activities for safeguarding assets and certain regulated commodity customer or firm assets that we consider to be material weaknesses, as defined above.
We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the CFTC to be adequate for its purposes in accordance with the Commodity Exchange Act, and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures as described in the second paragraph of this report were adequate at December 31, 2016, to meet the CFTC's objectives.

This report is intended solely for the use of the shareholders, management, the CFTC, and other regulatory agencies that rely on Regulation 1.16 of the CFTC in their regulation of introducing brokers, and is not intended to be and should not be used for anyone other than these specified parties.

Michael Coglianese CPA, P.C.

Bloomingdale, IL
February 24, 2017