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

JUN 23 2017

SEC FILE NUMBER
8-67518

Washington DC

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

8-53033

REPORT FOR THE PERIOD BEGINNING 05/01/16 AND ENDING 04/30/17
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **KCPAG Brokerage LLC**
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
302 East Walnut Street

OFFICIAL USE ONLY
FIRM I.D. NO.

Robinson (No. and Street) **Illinois** **62454**
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Thomas A. Moore (618) 544-4993
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Breard & Associates, Inc., Certified Public Accountants

(Name - if individual, state last, first, middle name)
9221 Corbin Avenue, Suite 170 **Northridge** **CA** **91324**
(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, Thomas A. Moore, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of KCPAG Brokerage LLC, as of April 30, 2017, 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:

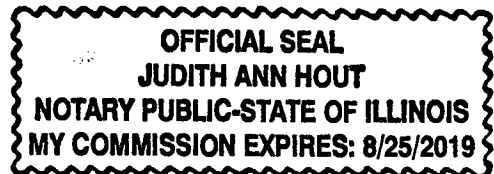
[Handwritten Signature]
Signature
CEO / COO
Title

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).

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.



State of Illinois
County of Crawford

Subscribed and sworn to (or affirmed) before me on this 21st day of June, 2017 by Thomas A. Moore proved to me on the basis of satisfactory evidences to be the person who appeared before me.

Notary Public Judith Ann Hout

Report of Independent Registered Public Accounting Firm

To the Member
KCPAG Brokerage LLC

We have audited the accompanying statements of financial condition of KCPAG Brokerage LLC (the "Company") as of April 30, 2017 and 2016, and the related statements of income, changes in members' equity, and cash flows for the years then ended. These financial statements are the responsibility of KCPAG Brokerage LLC'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 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 also 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 evaluation the overall financial statement presentation. We believe that our audit provides a basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KCPAG Brokerage LLC as of April 30, 2017 and 2016 the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The information contained in Schedule I and II (supplemental information) has been subjected to audit procedures performed in conjunction with the audit of KCPAG Brokerage LLC's financial statements. The supplemental information is the responsibility of KCPAG Brokerage LLC'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, Schedules I, II are fairly stated, in all material respects, in relation to the financial statements as a whole.


Breard & Associates, Inc.
Certified Public Accountants

Northridge, California
June 20, 2017

KCPAG BROKERAGE LLC

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KCPAG BROKERAGE LLC

STATEMENTS OF FINANCIAL CONDITION As of April 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 35,000	\$ 20,000
COMMISSIONS RECEIVABLE	<u>7,941</u>	<u>2,675</u>
TOTAL ASSETS	<u>\$ 42,941</u>	<u>\$ 22,675</u>
LIABILITIES AND MEMBERS' CAPITAL		
LIABILITIES	\$ -	\$ -
MEMBERS' CAPITAL	<u>42,941</u>	<u>22,675</u>
TOTAL LIABILITIES AND MEMBERS' CAPITAL	<u>\$ 42,941</u>	<u>\$ 22,675</u>

See accompanying notes to financial statements.

KCPAG BROKERAGE LLC

STATEMENTS OF INCOME
For the Years Ended April 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUES	\$ 105,703	\$ 110,367
OPERATING EXPENSES	<u>31,446</u>	<u>31,631</u>
NET INCOME	<u>\$ 74,257</u>	<u>\$ 78,736</u>

See accompanying notes to financial statements.

KCPAG BROKERAGE LLC

STATEMENTS OF MEMBERS' CAPITAL For the Years Ended April 30, 2017 and 2016

BALANCE, April 30, 2015	\$ 26,136
Distributions to members	(82,197)
2016 net income	<u>78,736</u>
BALANCE, April 30, 2016	\$ 22,675
Distributions to members	(53,991)
2017 net income	<u>74,257</u>
BALANCE, April 30, 2017	<u>\$ 42,941</u>

See accompanying notes to financial statements.

KCPAG BROKERAGE LLC

STATEMENTS OF CASH FLOWS For the Years Ended April 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 74,257	\$ 78,736
Adjustments to reconcile net income to net cash flows from operating activities:		
Changes in operating assets and liabilities:		
Commissions receivable	<u>(5,266)</u>	<u>3,461</u>
Net Cash Flows from Operating Activities	<u>68,991</u>	<u>82,197</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions to members	<u>(53,991)</u>	<u>(82,197)</u>
Net Cash Flows from Financing Activities	<u>(53,991)</u>	<u>(82,197)</u>
Net Change in Cash and Cash Equivalents	15,000	-
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>20,000</u>	<u>20,000</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 35,000</u>	<u>\$ 20,000</u>

See accompanying notes to financial statements.

KCPAG Brokerage LLC
Notes to Financial Statements
For the Years Ended April 30, 2017 and 2016

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

KCPAG Brokerage LLC (“the Company”) is an Illinois Limited Liability Company (“LLC”) registered as a broker/dealer in securities under the Securities Exchange Act of 1934, as amended. The Company was organized on May 17, 2000, and began operations on May 4, 2001. The Company is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”).

The Company is a wholly-owned subsidiary of Kemper Capital Management LLC.

The Company is engaged in business as a securities broker-dealer that provides several classes of services, including mutual fund retailer, selling variable life insurance or annuities and receiving referral fees from the sale of general securities.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(1), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

Summary of Significant Accounting Policies

The presentation 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

For purposes relating to the statement of cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months, which are not held for sale in the ordinary course of business.

Commissions receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Securities transactions are recorded on a trade date basis with related commission income and expenses also recorded on a trade date basis.

KCPAG Brokerage LLC
Notes to Financial Statements
For the Years Ended April 30, 2017 and 2016

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

Note 2: INCOME TAXES

The Company is treated as a disregarded entity for federal income tax purposes, in accordance with single member limited liability company rules. All tax effects of the Company's income or loss are passed through to the members. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements.

Note 3: RELATED PARTY TRANSACTIONS

The Company has an affiliate agreement with Kemper Capital Management LLC to pay a percentage of shared expenses. Total shared expenses incurred by the Company were \$18,000 for the years ended April 30, 2017 and 2016. In addition, the Company will pay the following expenses directly: audit fees, bank charges and federal and state registration fees. Kemper Capital Management LLC will pay all other fixed and variable expenses for the Company.

It is possible that the terms of certain of the related party transactions are not the same as those that would result for transactions among wholly unrelated parties.

Note 4: CONCENTRATIONS OF CREDIT RISK

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

Note 5: COMMITMENTS AND CONTINGENCIES

Commitments

At April 30, 2017, the Company carried the minimum fidelity bond insurance required under FINRA Rule 4360.

KCPAG Brokerage LLC
Notes to Financial Statements
For the Years Ended April 30, 2017 and 2016

Note 6: RECENTLY ISSUED ACCOUNTING STANDARDS

Various Accounting Standards Updates issued by the FASB were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements. The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

Note 7: NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission 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 net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. Net capital and aggregate indebtedness change day to day, but on April 30, 2017 and 2016 the Company had net capital of \$37,941 and \$17,675 which was \$32,941 and \$12,675 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness \$0 to net capital was 0 to 1, which is less than the 15 to 1 maximum allowed.

Note 8: GUARANTEES

FASB ASC 460, Guarantees, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying factor (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of indebtedness of others. The Company has issued no guarantees at April 30, 2017 or during the year then ended.

KCPAG BROKERAGE LLC

COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS UNDER RULE 15C3-1 OF
THE SECURITIES AND EXCHANGE COMMISSION
As of April 30, 2017 and 2016

COMPUTATION OF NET CAPITAL	<u>2017</u>	<u>2016</u>
Total members' capital	\$ 42,941	\$ 22,675
Total non-allowable assets	<u>-</u>	<u>-</u>
Net capital before haircuts on securities positions	42,941	22,675
Haircuts on Fidelity Bond	<u>5,000</u>	<u>5,000</u>
Net capital	<u>\$ 37,941</u>	<u>\$ 17,675</u>
 COMPUTATION OF AGGREGATE INDEBTEDNESS		
Total liabilities from statement of financial condition	<u>\$ -</u>	<u>\$ -</u>
 COMPUTATION OF BASIC NET CAPITAL REQUIREMENT		
Minimum net capital requirement	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Excess net capital at 1,500 percent	<u>\$ 32,941</u>	<u>\$ 12,675</u>
Excess net capital at 1,000 percent	<u>\$ 31,941</u>	<u>\$ 11,675</u>
Ratio: Aggregate indebtedness to net capital	<u>0 to 1</u>	<u>0 to 1</u>

There was no material difference between net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated April 30, 2017.

KCPAG BROKERAGE LLC

SCHEDULE II - COMPUTATION FOR DETERMINATION OF THE RESERVE REQUIREMENTS AND INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS FOR BROKERS AND DEALERS PURSUANT TO SEC RULE 15c3-3

As of April 30, 2017

The Company is exempt from the provision of Rule 15c3-3 under paragraph (k)(1) in that the Company carries no accounts, does not hold funds or securities for, or owe money or securities to customers. Accordingly, there are no items to report under the requirements of the Rule.

KCPAG Brokerage LLC
Report on Exemption Provisions
Report Pursuant to Provisions of 17 C.F.R. § 15c3-3(k)
For the Year Ended April 30, 2017



BREARD & ASSOCIATES, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Registered Public Accounting Firm

We have reviewed management's statements, included in the accompanying Assertions Regarding Exemption Provisions, in which (1) KCPAG Brokerage LLC identified the following provisions of 17 C.F.R. § 15c3-3(k) under which KCPAG Brokerage LLC claimed an exemption from 17 C.F.R. § 240.15c3-3(k)(1) (the "exemption provisions") and (2) KCPAG Brokerage LLC stated that KCPAG Brokerage LLC met the identified exemption provisions throughout the most recent fiscal year without exception. KCPAG Brokerage LLC'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 KCPAG Brokerage LLC's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(1) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Breard & Associates, Inc.
Certified Public Accountants

Northridge, California
June 20, 2017



302 East Walnut Street ■ P.O. Box 529 ■ Robinson, IL 62454
Phone: (618)544-4993 Fax: (618)544-2140

Assertions Regarding Exemption Provisions

We, as members of management of KCPAG Brokerage LLC ("the Company"), are responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with the Securities Exchange Commission (SEC) and the broker or dealer's designated examining authority (DEA). One of the reports to be included in the annual filing is an exemption report prepared by an independent public accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, the management of the Company hereby makes the following assertions:

Identified Exemption Provision:

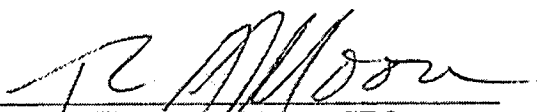
The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, Paragraph (k)(2)(1).

Statement Regarding Meeting Exemption Provision:

The Company met the identified exemption provision without exception for the year ended April 30, 2017.

KCPAG Brokerage LLC

By:



Thomas A. Moore, CEO

June 20, 2017
(Date)