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

Washington DC  
408

SEC FILE NUMBER
B-53051

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 09/01/16 AND ENDING 08/31/17  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: HBK Sorce Brokerage LLC OFFICIAL USE ONLY  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
6603 SUMMIT DRIVE FIRM I.D. NO.

(No. and Street)  
CANFIELD OH 44406  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
PHILLIP WILSON (330)758-8613  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Baker Tilly Virchow Krause, LLP  
(Name - if individual, state last, first, middle name)  
225 South Sixth Street, Suite 2300 Minneapolis MN 55402  
(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, PHILLIP WILSON, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HBK SORCE BROKERAGE LLC, as of AUGUST 31, 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:

Phillip Wilson
Signature
President
Title

Elizabeth A. Colbert
Notary Public



ELIZABETH A. COLBERT
NOTARY PUBLIC
STATE OF OHIO
Comm. Expires
December 18, 2020
Recorded in
Mahoning County

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. (Cash Flows)
(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).

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Governors  
HBK Sorce Brokerage LLC  
Canfield, Ohio

We have audited the accompanying financial statements of HBK Sorce Brokerage LLC, which comprise the statements of financial condition as of August 31, 2017 and 2016, and the related statements of operations, member's equity, and cash flows for the years then ended. These financial statements are the responsibility of HBK Sorce Brokerage LLC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits 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 audits provide 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 HBK Sorce Brokerage LLC as of August 31, 2017 and 2016, 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.

The supplemental information contained on page 8 has been subjected to audit procedures performed in conjunction with the audit of HBK Sorce Brokerage LLC's financial statements. The supplemental information is the responsibility of HBK Sorce 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, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Minneapolis, Minnesota  
October 24, 2017

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)

STATEMENTS OF FINANCIAL CONDITION  
As of August 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$ 334,966	\$ 406,381
COMMISSIONS RECEIVABLE	11,279	8,470
OTHER ASSETS	<u>350</u>	<u>775</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 346,595</u></b>	<b><u>\$ 415,626</u></b>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
DUE TO MEMBER	\$ 145,124	\$ 93,072
MEMBER'S EQUITY	<u>201,471</u>	<u>322,554</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b><u>\$ 346,595</u></b>	<b><u>\$ 415,626</u></b>

See accompanying notes to financial statements.

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)

STATEMENTS OF OPERATIONS  
For the Years Ended August 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<b>REVENUES, NET</b>	<u>\$ 1,170,240</u>	<u>\$ 891,391</u>
<b>EXPENSES</b>		
Employee and other compensation	632,044	476,552
Regulatory fees and expenses	33,991	33,424
Other expenses	<u>325,421</u>	<u>257,025</u>
Total Expenses	<u>991,456</u>	<u>767,001</u>
Income From Operations	178,784	124,390
<b>OTHER INCOME</b>	<u>133</u>	<u>52</u>
<b>NET INCOME</b>	<u>\$ 178,917</u>	<u>\$ 124,442</u>

See accompanying notes to financial statements.

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)

STATEMENTS OF MEMBER'S EQUITY  
For the Years Ended August 31, 2017 and 2016

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<b>BALANCE, August 31, 2015</b>	\$ 498,112
2016 net income	124,442
Distribution	<u>(300,000)</u>
<b>BALANCE, August 31, 2016</b>	322,554
2017 net income	178,917
Distribution	<u>(300,000)</u>
<b>BALANCE, August 31, 2017</b>	<u>\$ 201,471</u>

See accompanying notes to financial statements.

**HBK SORCE BROKERAGE LLC**

(A Limited Liability Company)

**STATEMENTS OF CASH FLOWS**  
For the Years Ended August 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 178,917	\$ 124,442
Changes in operating assets and liabilities:		
Commissions receivable	(2,809)	(7,678)
Other assets	425	(425)
Due to member	<u>52,052</u>	<u>(5,353)</u>
Net Cash Flows from Operating Activities	<u>228,585</u>	<u>110,986</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution to Member	<u>(300,000)</u>	<u>(300,000)</u>
Net Cash Flows from Financing Activities	<u>(300,000)</u>	<u>(300,000)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(71,415)	(189,014)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>406,381</u>	<u>595,395</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 334,966</u>	<u>\$ 406,381</u>

See accompanying notes to financial statements.



**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended August 31, 2017 and 2016

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**NOTE 1 - Summary of Significant Accounting Policies**

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*Nature of Business*

The Company, an Ohio limited liability company, was organized on June 5, 2000 for the purpose of being registered with the Securities and Exchange Commission (SEC) and joining the Financial Industry Regulatory Authority, Inc. (FINRA) as a broker/dealer. The Company is wholly owned by HBK Sorce Financial LLC. The Company operates as a limited broker/dealer under the greater of \$5,000 or 6 and 2/3 percent of liabilities minimum net capital requirement of SEC Rule 15c3-1(a)(2)(vi). The Company is approved to offer mutual fund products on an application-way basis in the state of Ohio.

Effective March 14, 2001, the Company became licensed with the SEC as a registered broker/dealer and commenced operations thereafter.

*Cash and Cash Equivalents*

The Company defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. The Company maintains its cash in financial institutions and money market mutual funds. The balances, at times, may exceed federally insured limits.

*Revenue Recognition and Related Expenses*

Commission income and expenses are recorded on a trade-date basis.

*Commissions Receivable*

The receivable is unsecured and is fully collectible as of August 31, 2017 and 2016.

*Estimates and Assumptions*

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Recently Issued Accounting Pronouncement*

During May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. During 2015 and 2016, the FASB also issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09; ASU No. 2016-08, "Principal versus Agent Considerations (Reporting Revenue Gross versus Net)", which clarifies the implementation guidance on principal versus agent considerations in Topic 606; ASU No. 2016-10, "Identifying Performance Obligations and Licensing", which clarifies the identification of performance obligations and the licensing implementation guidance; ASU No. 2016-12, "Narrow-Scope Improvements and Practical Expedients" and ASU No. 2016-20, "Technical Corrections and Improvements to Topic 606", which both affect narrow aspects of Topic 606. Topic 606 (as amended) is effective for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Company may elect to apply the guidance earlier, but no earlier than fiscal years beginning after December 15, 2016. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of

**HBK SORCE BROKERAGE LLC**  
(A Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended August 31, 2017 and 2016

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**NOTE 1 - Summary of Significant Accounting Policies (continued)**

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initial application. The Company is currently assessing the effect that Topic 606 (as amended) will have on its results of operations, financial position and cash flows.

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**NOTE 2 – Net Capital Requirements**

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The Company is subject to the SEC's Uniform Net Capital Rule (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 fifteen to one. Net capital and the related net capital ratio fluctuate on a daily basis. As of August 31, 2017 and 2016, the net capital ratio was .75 to 1.0 and .30 to 1.0, and net capital was \$194,674 and \$314,135, which exceeded the minimum requirement by \$184,999 and \$307,930.

No material differences exist between the net capital calculated above and the net capital computed and reported in the Company's August 31, 2017 FOCUS filing. Per Rule 15c3-3 of the SEC Uniform Net Capital Rule, the Company is exempt under the (k)(1) exemption.

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**NOTE 3 - Income Taxes**

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The Company is not a taxpaying entity for federal and state income tax purposes. The Company's taxable income or loss is taxed on the sole member's income tax returns. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

The Company is not currently under examination by any taxing jurisdiction. In the event of any future tax assessments, the Company has elected to record the income taxes and any related interest and penalties as income tax expense on the Company's statements of operations.

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**NOTE 4 - Related Parties**

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The Company's member allocates shared expenses such as rent, payroll, office equipment and supplies, insurance and other administrative expenses based on the Company's percentage of revenues to total revenues of other financial service affiliates that have shared expenses.

Due to member was \$145,124 and \$93,072 as of August 31, 2017 and 2016 and is unsecured, non-interest bearing, and due on demand.

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**NOTE 5 - Subsequent Events**

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The Company did not have any subsequent events through October 24, 2017, which is the date the financial statements were available to be issued, for events requiring recording and disclosure in the financial statements for the year ended August 31, 2017.

**SUPPLEMENTAL INFORMATION**

## HBK SORCE BROKERAGE LLC

(A Limited Liability Company)

### COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION

As of August 31, 2017

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#### COMPUTATION OF NET CAPITAL

Total member's equity	\$ 201,471
Deductions and/or charges:	
Non-allowable assets:	
Other assets	<u>(350)</u>
Net capital before haircuts on securities owned	201,121
Haircuts on corporate securities	<u>(6,447)</u>
Net capital	<u>\$ 194,674</u>

#### COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities from statement of financial condition	<u>\$ 145,124</u>
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#### COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital requirement	<u>\$ 9,675</u>
Excess net capital at 1,500 percent	<u>\$ 184,999</u>
Excess net capital at 1,000 percent	<u>\$ 180,162</u>
Ratio: Aggregate indebtedness to net capital	<u>.75 to 1</u>