

KUEHL CAPITAL CORPORATION

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2020

**(WITH REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM)**

**Filed as PUBLIC information pursuant to rule 17a-5(d) under Securities
Exchange Act of 1934.**

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2023
Estimated average burden hours per response...	12.00

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

SEC FILE NUMBER
8-47912

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 01/01/20 AND ENDING 12/31/2020
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **KUEHL CAPITAL CORPORATION**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

14747 California Street, Suite 1

(No. and Street)

Omaha

NE

68154

(City)

(State)

(Zip Code)

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

Todd Engle

(402) 391-7977

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

BKD, LLP

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

1120 South 101st Street, Suite 410

Omaha

NE

68124

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



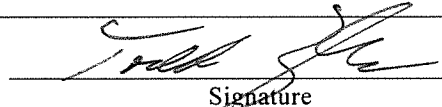
Accountant not resident in United States or any of its possessions.

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)

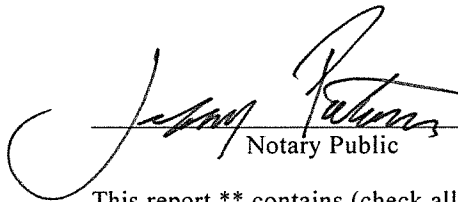
OATH OR AFFIRMATION

I, Todd Engle, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of KUEHL CAPITAL CORPORATION, as of December 31, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

President



Notary Public

JEFFREY PATORA
General Notary - State of Nebraska
My Commission Expires Sep 23, 2022

Title

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

KUEHL CAPITAL CORPORATION

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Report of Independent Registered Public Accounting Firm

To the Shareholder and Board of Directors of
Nuceaux, LLC
Omaha, Nebraska

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Kuehl Capital Corporation (the "Company") as of December 31, 2020 including the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement 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 statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

BKD, LLP

We have served as the Company's auditor since 2018

Omaha, Nebraska
February 25, 2021

KUEHL CAPITAL CORPORATION

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2020

ASSETS	
Cash and cash equivalents	\$ 2,725,851
Accounts receivable-annual advisory fees	112,583
Warrant inventory	186,855
Prepaid expenses	19,359
Property and equipment, net of \$209,919 accumulated depreciation	105,058
Operating lease asset - right of use	138,398
Other	865
TOTAL ASSETS	\$ 3,288,969
LIABILITIES AND STOCKHOLDER'S EQUITY	
Accounts payable	\$ 14,262
Long term benefit obligation	72,611
Unearned revenue-annual advisory fees	872,112
Operating lease liability	141,414
Total liabilities	1,100,399
Stockholder's equity	
Common stock, \$1 par value, 10,000 shares authorized, and 1,000 shares issued and outstanding	1,000
Additional paid in capital	122,442
Retained earnings	2,247,974
Accumulated other comprehensive loss	(182,846)
Total stockholder's equity	2,188,570
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 3,288,969

KUEHL CAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Note 1. Nature of Business and Significant Accounting Policies

Kuehl Capital Corporation (“the Company”) is a municipal financial advisor providing services to Sanitary Improvement Districts (“SIDs”) in the greater Omaha, Nebraska area. The Company is a municipal securities broker dealer registered with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”). The Company is a wholly owned subsidiary of Nuceaux, LLC. Revenues fluctuate with construction activity in the SIDs, which is generally controlled by housing and commercial developers.

The financial statements and notes are representations of Company management, who is responsible for the integrity and objectivity of the financial statements. The accounting policies conform to U.S. generally accepted accounting principles (“GAAP”) and have been applied on a consistent basis in the preparation of the financial statements.

Significant accounting policies are as follows:

Use of Estimates:

In preparing the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

Cash and Cash Equivalents:

Cash and cash equivalents include bank deposits and money market funds held at a major commercial bank. The accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At December 31, 2020 the Company had \$2,501,275 in excess of the FDIC insured limit.

Accounts Receivable:

Accounts receivable represent amounts due from SIDs for annual advisory fees. Management performs an assessment of collectability throughout the year and amounts are charged off when deemed uncollectable. Recoveries of accounts receivables previously written off are recorded when received.

Fair Value of Financial Instruments:

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to

KUEHL CAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Note 1. Nature of Business and Significant Accounting Policies (Continued)

valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. Valuation techniques that are consistent with the market income or cost approach, as specified by FASB ASC 820 are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 inputs are inputs (other than quoted prices included with Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data).

Property and Equipment:

Property and equipment is stated at cost and depreciated over the estimated useful life of each asset. Depreciation is computed using the straight-line method for financial statement purposes. Useful lives on equipment is 3-10 years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Leases

ASU (Accounting Standards Update) Topic 842 requires lessees to recognize most leases on the statement of financial condition. The Company determines if an arrangement is a lease at inception. Operating leases are included in Operating lease assets and Operating lease liabilities in the Statement of Financial Condition. Operating lease assets represent the Company's right to use an asset for the lease term, and lease liabilities represent the Company's obligation to make the lease payments arising from the lease. The lease liability is measured at the present value of the unpaid lease payments, and the right of use asset is derived from the calculation of the lease liability. Since

KUEHL CAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Note 1. Nature of Business and Significant Accounting Policies (Continued)

the Company does not know the actual implicit rates in the lease, the Company uses its estimated incremental borrowing rate, which is derived from information at the lease commencement date, in determining the present value of the lease payments. At lease inception, the rate was 5.25%.

Income Taxes

The Company is a disregarded entity for income tax reporting. Accordingly, the owners of Nuceaux, LLC are required to report Company income and deductions for income tax purposes and no provision for income taxes is included in these financial statements.

The Company is required to evaluate tax positions taken to conclude if it is more likely than not the tax positions would be sustained upon examination by tax authorities. The Company believes it complies with applicable income tax laws and regulations and has no significant uncertain tax positions requiring recognition or disclosure in the financial statements. The Company and Nuceaux, LLC have not been notified of any impending examinations and are no longer subject to examinations by taxing authorities for years prior to 2016.

Subsequent Events:

Subsequent events have been evaluated through February 25, 2021, the date the financial statements were issued.

Note 2. Net Capital Requirements

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) of the Securities Exchange Act of 1934, which requires net capital of at least \$100,000 and requires the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. Net capital, as defined by the Rule, fluctuates on a daily basis; however, net capital was \$1,876,432 at December 31, 2020 and the Company's net capital ratio was .45 to 1.

Note 3. Employee Benefit Plans

The Company sponsors a 401(k) safe harbor non elective profit-sharing plan and a defined benefit cash balance pension plan for eligible employees.

401(k) safe harbor non elective profit-sharing plan:

The Company sponsors a 401(k) profit-sharing plan for all eligible employees with one year (minimum of 1,000 hours) of service. There are two components to the plan, a 401(k) component and a profit-sharing component. For the 401(k) component of the plan, participants may contribute, on a pre-

KUEHL CAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

tax basis, up to the maximum allowable amount pursuant to Section 401(k) of the Internal Revenue Code ("IRC"). The 401(k) component also includes a Roth feature, allowing after-tax contributions, up to the maximum allowable amount pursuant to Section 401(k) of the IRC. There is no Company matching.

The safe harbor non elective profit-sharing component provides for employer contributions of 3% of eligible compensation to be made for all eligible employees. In addition, the Company may make discretionary contributions to the eligible employees.

Defined benefit cash balance pension plan:

On December 28, 2018 the Company entered into a defined benefit cash balance pension plan covering non-owner, non-highly compensated employees and owners born before January 1, 1975 with one year of service. The measurement date used for the Company's employee benefit plan is December 31.

The benefit will be a lump sum cash distribution upon normal retirement, age 62. Principal credit provisions are allocated as of the last day of the plan year. The interest credit is the greater of 4% or the yield on 30-year Treasury Bonds on the fifth month preceding the plan year.

The change in benefit obligation, change in fair value of pension plan assets, and funded status were as follows:

Change in benefit obligations:

Projected benefit obligations, beginning of year	\$	490,282
Service cost		238,272
Interest cost		15,934
Actuarial (gain)/loss		64,157
Projected benefit obligations, end of year	\$	<u>808,645</u>

Change in plan's assets:

Fair value of plan's assets, beginning of year	\$	468,801
Actual return on plan's assets		36,473
Employer contributions		230,760
Fair value of plan's assets, end of year	\$	<u>736,034</u>

Under Funded Status

\$ (72,611)

A long-term benefit obligation of \$72,611 was recognized at December 31, 2020 in the Statement of Financial Condition.

KUEHL CAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

The weighted average assumptions used in determining the pension plan information as of December 31, 2020 were as follows:

	<u>Net Cost</u>	<u>Benefit Obligation</u>
Discount rate	2.55%	2.55%
Expected return on plan assets	6.00%	4.00%
Rate of compensation increase	2.50%	2.50%

The Company's funding policy for its defined benefit pension plans is to contribute amounts sufficient to meet legal funding requirements, plus any additional amounts that may be appropriate considering the funded status of the plan, tax consequences, cash flow generated by the Company and other factors. The Company made a discretionary contribution to the plan of \$230,760 in December 2020. The Company expects to contribute \$211,023 to the defined benefit plan during 2021.

Expected benefit payments are as follows:

2021	\$ 479,434
2022	-
2023	-
2024	-
2025	-
2026 - 2030	-

The Company's primary investment objective is to achieve returns sufficient to meet future benefit obligations. The Company's Investment policy is capital preservation with a target asset mix of 80% fixed income and 20% equity. The defined benefit plan's current investment allocations are within the target allocation.

The following table provides the fair value measurements of the defined benefit plan at December 31, 2020. The categorization of fund investments is based upon the categorization of these funds' underlying assets. The Company's defined benefit plan had no Level 2 or Level 3 investments as of December 31, 2020.

	<u>Quoted Prices</u>
	<u>Level 1</u>
Fixed Income:	
Corporate bonds	\$ 219,856
Government/corporate bonds, mortgage and asset backed securities	205,659
Inflation protected government obligations	109,865
Equity securities	185,203
Cash	15,451
Fair value of plan assets	<u>\$ 736,034</u>

KUEHL CAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Pension plan assets categorized above as fixed income includes funds comprised of corporate and government bonds, mortgage-backed and asset-backed instruments and inflation protected government obligations. The values of the fixed income investments are classified within Level 1, quoted prices in active markets for identical assets, and are based on the closing prices reported in the major markets on which the investments are traded.

The pension plan asset categorized as equity securities consists of a fund investment in underlying funds that invest in domestic and international equity securities. The value of the equity fund classified within Level 1 is based on the closing price reported on the major market on which the investment is traded.

The portion of the plan's assets categorized as cash consists of a deposit account and is classified within Level 1.

Note 4. Commitment

Facilities occupied by the Company are leased under an agreement that expires in December 2022 and calls for a base rent plus charges for common area maintenance and taxes. The Company subleases a portion of the office space to Nuceaux LLC, a related party (see Note 8).

Note 5. Concentration

The Company regularly maintains cash on deposit in excess of the Federal Deposit Insurance Corporation insurance limits. The Company believes it is not exposed to any significant credit risk on cash balances.

Note 6. Coronavirus Disease

During the year of 2020, Coronavirus Disease (COVID-19) has begun causing major disruptions to the economy. Management is monitoring the situation closely and would make changes to its operations should circumstances warrant in order to mitigate any negative long-term financial impacts on the Company.

Note 7. Warrants

Warrant inventory is held short-term and recorded at fair value. There are no significant differences between fair market value and book value at December 31, 2020.

KUEHL CAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

Note 8. Related Transactions

The Company subleases a portion of their office space to Nuceaux, LLC (the Company's parent Company). As of December 31, 2020, all rents have been paid (see Note 4).