

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

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

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

SEC FILE NUMBER
8-51337

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 12/31/20  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: KR SECURITIES, LLC

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

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)  
PRINCETON NEW JERSEY 08540  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
WALTER ALAN GILMORE 809-924-2500

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

ADEPTUS PARTNERS LLC

(Name - if individual, state last, first, middle name)  
6 EAST 45th STREET 9th FLOOR NEW YORK NEW YORK 10017  
(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, Walter Alan Gilmore, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of KR SECURITIES, LLC, 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:

State of New Jersey  
Nyda M Bannerman  
Notary Public 2216156  
Commission Expires 11-12-23

Notary Public

2-24-2021

Walter Alan Gilmore  
Signature

CCO VP FINCO  
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).

**KR SECURITIES, LLC**

**Financial Statements and  
Supplementary Information**

**For the Year Ended December 31, 2020**

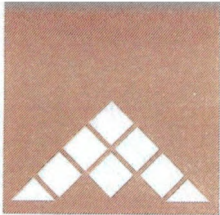
**(With Report of Independent Registered Public Accounting Firm Thereon)**

**These financial statements and schedules  
should be deemed confidential pursuant to  
Subparagraph (e) (3) of Rule 17a-5**

## CONTENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	2 -3
Financial Statements	
Statement of Financial Condition	4
Statement of Operations	5
Statement of Changes in Member's Equity	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 13
Supplementary Information	
Schedule I - Computation of Net Capital Pursuant to Rule 15c3-1 of the Securities and Exchange Commission	14
Schedule II - Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3 and Information Relating to the Possession or Control Requirements Under Rule 15c3-3	15
Report of Independent Registered Public Accounting Firm Regarding Rule 15c3-3 Exemption Report	16
Rule 15c3-3 Exemption Report	17





## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member  
of KR Securities, LLC

### Opinion on the Financial Statements

Ad3ptus

Adeptus Partners, LLC  
Accountants | Advisors  
733 Route 35 North  
Ocean, NJ 07712  
phone 732.745.8800  
fax 732.663.0090  
www.AdeptusCPAs.com

We have audited the accompanying statement of financial condition of KR Securities, LLC as of December 31, 2020, the related statements of operations, changes in member's equity, and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of KR Securities, LLC as of December 31, 2020 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of KR Securities, LLC's management. Our responsibility is to express an opinion on KR Securities, LLC's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to KR Securities, LLC in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### Supplemental Information

The Schedule I, Computation of Net Capital Under SEC Rule 15c3-1 and Schedule II, Computation for Determination of Reserve Requirements Under SEC Rule 15c3-3, (collectively the "Schedules") have been subjected to audit procedures performed in conjunction with the audit of KR Securities, LLC's financial statements. The supplemental information is the responsibility of KR Securities, 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 schedules, are fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as KR Securities, LLC's auditor since 2018.

Ocean, New Jersey  
February 26, 2021

Offices:  
Maryland  
New York City  
Long Island  
New Jersey

**KR Securities, LLC**

STATEMENT OF FINANCIAL CONDITION

December 31, 2020

ASSETS

Cash and cash equivalents	\$ 22,535
Net receivable from brokers and dealers	<u>53,181</u>
Total assets	\$ <u>75,716</u>

MEMBER'S EQUITY

Member's equity	<u>75,716</u>
Total member's equity	\$ <u>75,716</u>

See accompanying notes to financial statements.

**KR Securities, LLC**

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2020

Revenue	
Commissions	\$ 39,545
Principal transactions	5,245
Distribution service fee	<u>3,206</u>
Total revenues	<u>47,996</u>
Expenses	
Allocated administrative expenses	20,000
Clearance and commission fees	60,000
Insurance expense	1,622
Dues and subscriptions	11,827
Other operating expense	<u>322</u>
Total expenses	<u>93,771</u>
Net Loss	\$ <u>(45,775)</u>

See accompanying notes to financial statements

**KR Securities, LLC**

STATEMENT OF CHANGES IN MEMBER'S EQUITY

For the Year Ended December 31, 2020

Member's equity, beginning of year	\$ 121,491
Net loss	( <u>45,775</u> )
Member's equity, end of year	\$ <u>75,716</u>

See accompanying notes to financial statements



**KR Securities, LLC**

**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2020

Cash flows from operating activities	
Net loss	S(45,775)
Adjustments to reconcile net loss to net cash used in operating activities	
Changes in operating assets:	
Net receivable from brokers and dealers	<u>(1,704)</u>
Net cash used in operating activities	<u>(47,479)</u>
Net decrease in cash and cash equivalents	(47,479)
Cash and cash equivalents - beginning of year	<u>70,014</u>
Cash and cash equivalents - end of year	S <u><u>22,535</u></u>

See accompanying notes to financial statements

## KR Securities, LLC

### NOTES TO FINANCIAL STATEMENTS

December 31, 2020

#### NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

##### Organization

KR Securities, LLC (the “Company”) is a single-member Delaware limited liability company. The Company is a wholly-owned subsidiary of Krieger, Ruderman & Co., LLC (the “Parent” or “Member”).

The Company is registered with the Securities and Exchange Commission as a broker-dealer and is a member of Financial Industry Regulatory Authority.

The Company does not carry customers’ accounts and does not receive, deliver or hold cash or securities in connection with such transactions. The Company has a clearing agreement with RBC Correspondent Clearing Services (“RBC”) whereby RBC clears transactions for the Company’s customers and carries the accounts of such customers on a fully disclosed basis as customers of RBC. Accordingly, customer open transactions are not reflected on the accompanying statement of financial condition. The Company is exposed to credit losses on these open transactions in the event of nonperformance by its customers. This exposure is reduced by the Company’s policy of obtaining and maintaining adequate collateral until open transactions are completed.

##### Basis of Accounting

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”)

##### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

##### Securities Transactions

Transactions in securities are recorded on the trade date. Securities owned and securities sold, but not yet purchased are recorded at market value on a trade-date basis. Securities sold, but not yet purchased are subject to market fluctuations which may require purchasing the securities at prices which may differ from the market value reflected on the statement of financial condition.

##### Commissions

Commission revenues and related expenses from customer transactions are recorded on the trade date. When acting as broker or dealer, the Company will be entitled to receive brokerage commissions, mark-ups or mark-downs.

## KR Securities, LLC

### NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2020

#### NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

##### Cash and cash equivalents

Cash and cash equivalents include cash and short-term money market instruments with original maturity dates of three months or less.

##### Concentration of credit risk

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty. The Company maintains its cash balances with quality financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution.

##### Income Taxes

The Company is a single-member limited liability company. The taxable income or loss of the Company is allocated to and included in the tax returns of the individual members of the Parent. The Company may be subject to state and local taxes in certain jurisdictions in which they operate.

Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustments to the financial statements.

## **KR Securities, LLC**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2020

#### **NOTE 2 – REVENUE RECOGNITION**

Revenues are recognized when control of the promised services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Revenues are analyzed to determine whether the Company is the principal (i.e., reports revenues on a gross basis) or agent (i.e., reports revenues on a net basis) in the contract. Principal or agent designations depend primarily on the control an entity has over the product or service before control is transferred to a customer. The indicators of which party exercises control include primary responsibility over performance obligations, risk before the good or services is transferred and discretion in establishing the price.

##### Commission Revenue

Commission revenue represents sales commission generated by advisors for their clients' purchases and sales of securities on exchanges and over-the-counter, as well as purchases of other investment products. The Company views the selling, distribution and marketing, or any combination thereof, of

**KR Securities, LLC**

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2020

**NOTE 2 – REVENUE RECOGNITION (continued)**

investment products to such clients as a single performance obligation to the product sponsors. The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchase is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer.

The Company is the principal for commission revenue, as it is responsible for the execution of clients' purchase and sales, and maintains relationships with the product sponsors. The advisors, if any, assist the Company in performing its obligations. Accordingly, total commission revenues are reported on a gross basis.

The following table presents our total commission revenue disaggregated by investment product category:

	<u>Year ended December 31, 2020</u>
Equities	<u>\$39,545</u>

The Company generates sales-based commission revenue that is recognized at the point of sale on the trade date. Sales based commissions revenue varies by investment product and is a set amount based on the number of shares or based off the standard commission policy.

The following table presents our total principal transaction revenues disaggregated by investment product category:

	<u>Year ended December 31, 2020</u>
Municipal Bonds	<u>\$5,245</u>

The Company generates principal transaction revenues by entering into a riskless principal transaction with its clients. Principal transaction revenues vary by supply and demand, interest rates, coupon, maturities and credit quality.

**NOTE 3 - RELATED PARTY TRANSACTION**

The expenses associated with management of the Company and certain other administrative expenses are allocated by the Parent to the Company pursuant to an expense allocation agreement. Accordingly, the results of operations are not necessarily indicative of those results had the Company been a stand-

**KR Securities, LLC**

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2020

**NOTE 3 - RELATED PARTY TRANSACTION (continued)**

alone entity. For the year ended December 31, 2020, the Company was allocated administrative expenses of \$20,000 from the Parent.

**NOTE 4 - NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission'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 15 to 1. At December 31, 2020, the Company had net capital of \$70,716, which was \$65,716 in excess of its required net capital of \$5,000. The Company's net capital ratio was 0 to 1. The Company is exempt for Rule 15c3-3 of the Securities and Exchange Commission pursuant to the provision of subparagraph (k)(2)(ii) thereof.

Proprietary accounts held at the clearing broker ("PAIB Assets") are considered allowable assets in the computation of net capital pursuant to an agreement between the Company and the clearing broker, which requires, among other things, for the clearing broker to perform a computation of PAIB Assets similar to the customer reserve computation set forth in SEC rule 15c3-3.

**NOTE 5 - PROFIT SHARING PLAN**

The Company has a nonqualified employee profit sharing plan, which provides for contributions at the discretion of management. Employees become vested over a six-year period. The Company did not make any contributions for the year ended December 31, 2020.

**NOTE 6 - CLEARING DEPOSIT**

The Company is required to maintain a security deposit of \$50,000 with RBC Correspondent Clearing Services. The Company was in compliance at December 31, 2020.



**KR Securities, LLC**

**NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2020

**NOTE 7 – SUBSEQUENT EVENTS**

FASB ASC 855 requires annual disclosure of the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. The Company evaluated subsequent events through the report date on February 26, 2021 and determined that no additional disclosures were required.

## **SUPPLEMENTARY INFORMATION**

**KR Securities, LLC**

**SCHEDULE I - COMPUTATION OF NET CAPITAL PURSUANT TO  
RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**

December 31, 2020

Net capital	
Member's equity	\$ 75,716
Deductions and/or charges	
Nonallowable assets	
Other deductions	<u>5,000</u>
Net capital before haircuts on securities position	70,716
Haircuts on securities positions	<u>0</u>
Net capital	<u>\$70,716</u>
Aggregate indebtedness	\$ 0
Aggregate indebtedness to net capital ratio	0 to 1
Computation of basic net capital requirement	
Minimum net capital required (greater of 6-2/3% of aggregate indebtedness or \$5,000)	<u>5,000</u>
Net capital in excess of requirement	<u>\$ 65,716</u>

There are no material differences between the preceding computation and the Company's corresponding unaudited part II of Form X-17A-5 as of December 31, 2020.

Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission.

The Company has claimed exemption from Rule 15c3-3 under the provisions of Footnote 74 of SEC Release No. 34-70073

See Report of Independent Registered Public Accounting Firm

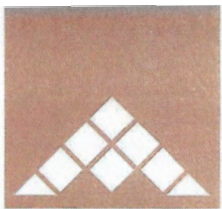
**KR Securities, LLC**

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

December 31, 2020

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(ii) of that Rule.

See Report of Independent Registered Public Accounting Firm



Ad3ptus

Adeptus Partners, LLC

Accountants | Advisors

733 Route 35 North

Ocean, NJ 07712

phone 732.745.8800

fax 732.663.0090

www.AdeptusCPAs.com

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON THE EXEMPTION REPORT

To the Member  
of KR Securities, LLC

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) KR Securities, LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which KR Securities, LLC claimed an exemption from 17 C.F.R. §240.15c3-3: (2)(ii) (exemption provisions) and (2) KR Securities, LLC stated that KR Securities, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. KR Securities, 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 KR Securities, 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)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Ocean, New Jersey  
February 26, 2021

*Offices:*

Maryland

New York City

Long Island

New Jersey

**KR Securities, LLC**

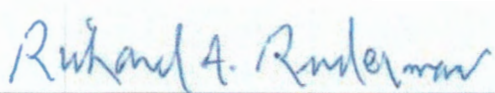
Exemption Report

December 31, 2020

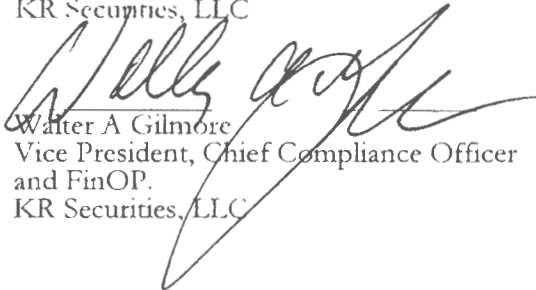
KR Securities, LLC claims an exemption from Rule 240.15c3-3 based on provision (k) (2) (ii) of the Rule. All of KR Securities, LLC customer transactions are cleared through another broker-dealer on a fully disclosed basis.

KR Securities, LLC met the terms of the identified exemption throughout its most recent fiscal year (December 31, 2020) without exception.

We, Richard A Ruderman and Walter Alan Gilmore swear (or affirm) that the aforementioned statements are true.



Richard A. Ruderman  
President and Chief Operating Officer  
KR Securities, LLC



Walter A Gilmore  
Vice President, Chief Compliance Officer  
and FinOP.  
KR Securities, LLC



- 12(B) Mr. Richard Ruderman  
KR Securities, LLC  
600 Pretty Brook Road  
Princeton, NJ 08540
- 2(B) Securities and Exchange Commission  
Office of Filing and Information Systems  
Attention: Registrations Branch  
Mail Stop 8031  
100 F Street NE  
Washington, D.C. 20549 202-551-6551
- 1(B) Securities and Exchange Commission  
George S. Canellos, Regional Director  
3 World Financial Center, Suite 400  
New York, N.Y. 10281 212-336-1100
- 1(B) Securities Investor Protection Corporation  
805 15<sup>th</sup> Street, N.W.  
Suite 800  
Washington, DC 20005-2215
- 1(B)
- 1(B) New York Bureau of Investment **NOT REQUIRED TO FILE**  
Protection and Securities  
120 Broadway, 23<sup>rd</sup> Floor  
New York, New York 10271
- 1(B) State of New Jersey **NOT REQUIRED TO FILE**  
Bureau of Securities  
Gibraltar Building  
153 Halsey Street, 6<sup>th</sup> Floor  
Newark, N.J. 07102
- 1(B) State of Florida **NOT REQUIRED TO FILE**  
Department of Financial Services  
200 East Gaines Street  
Tallahassee, FL 32399-0375

REPORT PURSUANT TO RULE 17a-5(d) AND  
REPORT OF INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANTS

**KR SECURITIES, LLC**

December 31, 2020

- 1(B) NY Office  
1(B) Regional  
2(L) Workpapers