

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: August 31, 2020  
Estimated average burden  
hours per response..... 12.00

SEC FILE NUMBER

8-

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 01/01/2019 AND ENDING 12/31/2019  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Rehmann Financial Network, LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
4086 Legacy Parkway

FIRM I.D. NO.

(No. and Street)

Lansing

MI

48911

(City)

(State)

(Zip Code)

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

Nicole Spitzley

517-388-0784

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Warren Averett, LLC

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

6 Concourse Parkway, Suite 600 Atlanta

GA

30328

(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, Nicole, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Rehmann Financial Network, LLC, as of December 31, 2019, 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:

n/a

MEGAN CALLAHAN  
NOTARY PUBLIC - STATE OF MICHIGAN  
COUNTY OF CLINTON  
My Commission Expires 9/12/2022  
Acting in the County of Ingham

Nicole Spada  
Signature

Chief Compliance Officer

Title

Megan Callahan  
Notary Public

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).**

# Rehmann Financial Network, LLC

Year Ended  
December 31,  
2019

Financial  
Statements  
and  
Supplemental  
Information

# REHMANN FINANCIAL NETWORK, LLC

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member  
of Rehmann Financial Network, LLC

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Rehmann Financial Network, LLC as of December 31, 2019, the related statements of income, changes in member's equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of Rehmann Financial Network, LLC as of December 31, 2019, 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 Rehmann Financial Network, LLC's management. Our responsibility is to express an opinion on Rehmann Financial Network, 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 Rehmann Financial Network, 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.

### Auditor's Report on Supplemental Information

The supplementary information contained in Schedule I, Computation of Net Capital Under Rule 15c3-1 and Schedule II, Other Information have been subjected to audit procedures performed in conjunction with the audit of Rehmann Financial Network, LLC's financial statements. The supplemental information is the responsibility of Rehmann Financial Network, 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.

We have served as Rehmann Financial Network, LLC's auditor since 2014.

*Warren Averett, LLC*

Atlanta, GA  
February 27, 2020

## REHMANN FINANCIAL NETWORK, LLC

### Statement of Financial Condition

December 31, 2019

#### Assets

Cash - Chase	\$ 512,432
Prepaid Expenses	24,840

<b>Total Assets</b>	<b>\$ 537,272</b>
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#### Liabilities and Member's Equity

##### Liabilities

Accounts Payable	\$ 5,070
Accrued Payroll	9,868
Accounts Payable - Related Party	6,579

<b>Total Liabilities</b>	<b>21,517</b>
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##### Member's Equity

Paid in Capital - Rehmann Financial Network	107,140
Net Income	408,615

<b>Total Member's Equity</b>	<b>515,755</b>
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<b>Total Liabilities and Member's Equity</b>	<b>\$ 537,272</b>
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See accompanying notes to the financial statements.

# REHMANN FINANCIAL NETWORK, LLC

## Statement of Income

Year Ended December 31, 2019

<b>Income</b>	
12B-1 Fees	\$ 684,857
Variable Annuities	33,702
Fixed insurance income	17,136
<b>Total Net Fees</b>	<u>735,695</u>
<b>Salaries</b>	
Payroll Expense	45,732
Payroll Expense - Advisors	147,806
Payroll Taxes	1,968
<b>Total Salaries</b>	<u>195,506</u>
<b>Personnel</b>	
401(k) Expense	444
Group Insurance Benefits	2,256
Professional Dues	192
Professional Education	612
Employee Relations	408
<b>Total Personnel</b>	<u>3,912</u>
<b>Facilities</b>	
Rent	4,032
Overhead Allocation	3,564
<b>Total Facilities</b>	<u>7,596</u>
<b>Computer Facilities</b>	
Computer Software	6,188
Computer Licenses	33,643
<b>Total Computer Facilities</b>	<u>39,831</u>
<b>Other Operating Expenses</b>	
Insurance	3,139
Subscription Publication Service	2,744
License Fees	33,667
Office Supplies and Expenses	113
Telephone	300
Professional Services	38,436
Auto and Travel Expense	1,836
<b>Total Other Operating Expenses</b>	<u>80,235</u>
<b>Total Expenses</b>	<u>327,080</u>
<b>Net Income</b>	<u>\$ 408,615</u>

See accompanying notes to the financial statements.

## REHMANN FINANCIAL NETWORK, LLC

### Statement of Changes in Member's Equity

Year Ended December 31, 2019

Balance at December 31, 2018	\$ 373,119
Distributions	(265,979)
Net Income	<u>408,615</u>
Balance at December 31, 2019	<u>\$ 515,755</u>

See accompanying notes to the financial statements.



## REHMANN FINANCIAL NETWORK, LLC

### Statement of Cash Flows

Year Ended December 31, 2019

#### Cash from Operating Activities

Net Income	\$ 408,615
Adjustments to Reconcile Net Income to Net	
Cash Provided by Operating Activities	
Changes in Operating Assets and Liabilities	
Which Provided (Used) Cash	
Prepaid Expenses	(3,564)
Accounts Payable	4,692
Accrued Payroll	831
Accounts Payable - Related Party	(5,639)

<b>Net Cash Provided by Operating Activities</b>	<b>404,935</b>
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#### Cash Flows Used In Financing Activities

Distributions	(265,979)
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<b>Net Cash Used In Financing Activities</b>	<b>(265,979)</b>
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<b>Net Increase in Cash</b>	<b>138,956</b>
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<b>Cash, Beginning of Year</b>	<b>373,476</b>
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<b>Cash, End of Year</b>	<b>\$ 512,432</b>
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See accompanying notes to the financial statements.

# REHMANN FINANCIAL NETWORK, LLC

## NOTES TO FINANCIAL STATEMENTS

### 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Organization and Business: Rehmann Financial Network, LLC (the “Company”) was incorporated in Michigan on July 9, 2012. The Company is a registered broker-dealer under the Securities Exchange Act of 1934. The Company is a wholly-owned subsidiary of Rehmann Financial Group, (“RFG”) a Michigan LLC. The Company started operations on April 16, 2014. The Company previously engaged in limited securities business that maintains a commission sharing arrangement with another FINRA registered broker-dealer. The Company was an introducing broker and cleared trades through Royal Alliance Associates, Inc. As of January 1<sup>st</sup>, 2018, the Company terminated the relationship with Royal Alliance. The Company engages in the sale of Mutual Funds and Variable Annuities via “subscription way”/“application way” basis (aka “check and ap”). Mutual funds and variable annuities will be processed via third-party applications and checks or wires made out to the third-party fund company via a “subscription way basis”. The Company does not hold customer funds or safekeep customer securities. The firm does not have a clearing agreement.

Basis of Accounting: The Company prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition: The Company earns revenue for distribution and related support services performed related to mutual and other funds, fixed and variable annuities and insurance products at a point-in-time. Depending on the product sold, the Company receives an upfront fee for services, a trailing commission, or some combination thereof. Upfront commissions received are generally based on a fixed rate applied, as a percentage, to amounts invested or the value of the contract at the time of sale and are recognized at the time of sale (or, in the case of insurance and annuity products, when the policy is accepted by the carrier). Trailing commissions are generally based on a fixed rate applied, as a percentage, to the net asset value of the fund, or the value of the insurance policy or annuity contract. Trailing commissions are generally received monthly or quarterly while our client holds the investment or holds the contract. As these trailing commissions are based on factors outside of our control, including market movements and client behavior (i.e., how long clients hold their investment, insurance policy or annuity contract), such revenue is recognized when it is probable that a significant reversal will not occur.

Income Taxes: The Company’s income or loss is reported on RFG’s tax return. Accordingly, the financial statements do not include a provision for income taxes.

Management does not believe there are any uncertain tax positions as defined by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740 *Accounting for Income Taxes*. The Company could be subject to income tax examinations for its U.S. Federal and state tax filings for tax years 2015 to 2018, which are still open under the statute of limitations.

Use of Estimates: 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



# REHMANN FINANCIAL NETWORK, LLC

## NOTES TO FINANCIAL STATEMENTS

Cash: As of December 31, 2019, the Company did not hold any cash equivalents. The Company maintains balances with banks in excess of federally insured limits. Management believes the exposure to loss from such balances to be minimal. As of December 31, 2019, the Company's uninsured cash balance was approximately \$260,000.

Fair Value of Financial Instruments: The Company estimates that the fair value of any financial instruments recognized on the statement of financial condition approximates their carrying value, as such financial instruments are short term in nature. Other assets and liabilities with short and intermediate-term maturities and defined settlement amounts, including receivables, payables and accrued expenses are reported at their contractual amounts, with approximate fair value.

Recent Accounting Pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," which outlined a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and superseded most current revenue recognition guidance, including industry-specific guidance. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard on January 1, 2018, with no material impact to the financial statements.

On August 28, 2018, the FASB issued ASU Update 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework-Changes to the disclosure Requirements for Fair Value Measurement. The amendments in ASU 2018-13 apply to all entities that are required, under existing U.S. generally accepted accounting principles (U.S. GAAP), to make disclosures about recurring or nonrecurring fair value measurements. The amendments in ASU 2018-13 are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019.

Subsequent Events: The Company has evaluated events and transactions that occurred between December 31, 2019 and February 27, 2020 which is the date the financial statements were issued, for possible recognition or disclosure in the financial statements.

## 2. NET CAPITAL REQUIREMENT

The Company, as a registered broker-dealer in securities, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). The Company has elected to operate under that portion of the Rule which requires that the Company maintain "net capital" equal to the greater of \$5,000 or 6 <sup>2</sup>/<sub>3</sub>% of "aggregate indebtedness," as those terms are defined in the Rule. Schedule I is included in the Supplemental Information of this report.

Net capital and aggregate indebtedness changes from day-to-day, but as of December 31, 2019, the Company had net capital of \$490,915, which exceeded the minimum net capital requirement of \$5,000 by \$485,915. The Company's ratio of aggregate indebtedness to net capital was 0.438 to 1.

## REHMANN FINANCIAL NETWORK, LLC

### ■ NOTES TO FINANCIAL STATEMENTS

#### ■ 3. RELATED PARTY TRANSACTIONS

The Company is a member of a group of affiliated companies and has material transactions and relationships with members of the group. Due to these relationships, it is possible that the terms of these transactions are not the same as those that would result among unrelated parties.

##### *(a) Transactions with RFG*

RFG pays substantially all the accounts payable and payroll on behalf of the Company and RFG is reimbursed on a routine basis. RFG also provides general overhead services to the Company, such as (but not limited to) the cost of processing centralized accounts payable and payroll, as well as accounting and financial planning services which are charged by RFG. At December 31, 2019, the net amount of cash owed by the Company to RFG was \$6,579 and is included in accounts payable - related party on the statement of financial condition.

#### ■ 4. DEFINED CONTRIBUTION PLAN

Defined Contribution Plan: The Rehmann, LLC 401(k) Plan covers substantially all employees of the Company. Rehmann matches 30% of each participant's contributions not in excess of 10% of their compensation for each pay period.

## SUPPLEMENTAL INFORMATION

## REHMANN FINANCIAL NETWORK, LLC

### Computation of Net Capital to Rule 15c3-1 (Schedule I)

December 31, 2019

#### Computation of Net Capital

Total member's equity	\$ 515,755
Deduct non-allowable assets	<u>(24,840)</u>
Net capital	<u>\$ 490,915</u>

#### Computation of Aggregate Indebtedness

Total aggregate indebtedness	<u>\$ 21,517</u>
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#### Computation of Minimum Net Capital Requirement

Net capital	\$ 490,915
Minimum net capital to be maintained (greater of \$5,000 or 6 2/3% of total aggregate indebtedness)	<u>5,000</u>
Net capital in excess of requirement	<u>\$ 485,915</u>
Percentage of aggregate indebtedness to net capital	<u>4.38%</u>

There is no significant difference between net capital as computed by the Company on its corresponding unaudited Form X-17A-5 as of December 31, 2019 as filed and the audited financial statements at December 31, 2019.

See accompanying report of independent registered public accounting firm.



## REHMANN FINANCIAL NETWORK, LLC

### Other Information - (Schedule II)

December 31, 2019

**A) COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION AS OF DECEMBER 31, 2019**

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, pursuant to paragraph (k)(2)(i) of the rule.

**B) INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION AS OF DECEMBER 31, 2019**

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, pursuant to paragraph (k)(2)(i) of the rule.

**C) STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS AS OF DECEMBER 31, 2019**

The statement of changes in liabilities subordinated to claims of general creditors has been omitted since Rehmann Financial Network, LLC had no such liabilities outstanding at the beginning of the year, during the year or at year end.

**EXEMPTION****SEA RULE 17A-5(d)(4)**

February 27, 2020

Warren Averett  
Six Concourse Parkway  
Suite 600  
Atlanta, GA 30338

To Whom It May Concern:

The below information is designed to meet the Exemption Report criteria pursuant to SEA Rule 17a-5(d)(4):

Rehmann Financial Network is a broker/dealer registered with the SEC and FINRA. Pursuant to paragraph k(2)(i) of SEA Rule 15c3-3, the Company is claiming an exemption from SEA Rule 15c-3-3 for the fiscal year ended December 31, 2019.

The Company has met the identified exemption provisions throughout the most recent fiscal year without exemption.

The above statement is true and correct to the best of my and the Company's knowledge.

Signed:



Name: Nicole Spitzley

Title: Chief Compliance Officer

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member  
of Rehmann Financial Network, LLC

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

*Warren Averett, LLC*

Atlanta, GA  
February 27, 2020

**SIPC-7**

(36-REV 12/18)

**SECURITIES INVESTOR PROTECTION CORPORATION**  
P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

**General Assessment Reconciliation****SIPC-7**

(36-REV 12/18)

For the fiscal year ended **12/31/2019**

(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:

10-10-1973 MIXED AADC 220  
69134 FINRA DEC  
REHMANN FINANCIAL NETWORK LLC  
ATTN: NICOLE  
4086 LEGACY PKWY  
LANSING, MI 48911-4261

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to [form@sipc.org](mailto: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)

\$ 882.00

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

( 455.00 )

Date Paid

C. Less prior overpayment applied

( \_\_\_\_\_ )

D. Assessment balance due or (overpayment)

427.00

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

F. Total assessment balance and interest due (or overpayment carried forward)

\$ 427.00G. PAYMENT: ☒ the boxCheck mailed to P.O. Box ☐ Funds Wired ☐ ACH ☐

Total (must be same as F above)

\$ 427.00

H. Overpayment carried forward

\$( \_\_\_\_\_ )

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.

Rehmann Financial Network, LLC  
(Name of Corporation, Partnership, or other organization)

Nicole S. [Signature]  
(Authorized Signature)

Chief Compliance Officer

Dated the 3<sup>rd</sup> day of February, 2020

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 **1/1/2019**  
and ending **12/31/2019**

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 3000)

Eliminate cents

\$ 735,694

2b. Additions:

- (1) Total revenue 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

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 retained either directly or indirectly in the securities business (See instruction C).

(Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend income (FOCUS Line 22/Part IIA Line 13, Code 4075 plus line 21(a) above) but not in excess of total interest and dividend income.

(ii) 40% of margin interest earned on customer securities accounts (40% of FOCUS line 5, Code 3960)

Enter the greater of line (i) or (ii)

Total deductions

2d. SIPC Net Operating Revenues

2e. General Assessment @ .001%

\$ 147,806

\$ 147,806  
\$ 587,888

\$ 882

page 1, line 2.A.)