

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
8-69439

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: RHCA Securities, LLC

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

5065 Westheimer, Suite 604

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

Houston

Texas

77056

(City)

(State)

(Zip Code)

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

Kristy Johnson

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

EEPB, P.C.

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

2950 North Loop West, Suite 1200 Houston

Texas

77092

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



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

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\*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)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of  
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unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, Kevin Regan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of RHCA Securities, 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:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Kim P. Am

Signature

CCO

Title

\_\_\_\_\_  
Notary Public

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).**

**RHCA Securities, LLC**

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DECEMBER 31, 2019**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
of RHCA SECURITIES, LLC

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of RHCA SECURITIES, LLC as of December 31, 2019, 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 RHCA SECURITIES, 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 RHCA SECURITIES, LLC's management. Our responsibility is to express an opinion on RHCA 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 RHCA 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.

### Auditor's Report on Supplemental Information

The computation of net capital has been subjected to audit procedures performed in conjunction with the audit of RHCA SECURITIES financial statements. The supplemental information is the responsibility of RHCA SECURITIES 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 computation of net capital is fairly stated, in all material respects, in relation to the financial statements as a whole.

EEPB

We have served as RHCA SECURITIES, LLC's auditor since 2019.

Houston, Texas

February 21, 2020



**RHCA Securities, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2019**

**ASSETS**

Cash	\$	21,845
Receivable from related party		65,000
Prepaid expenses		13,802
Total assets	<u>\$</u>	<u>100,647</u>

**LIABILITIES AND MEMBER'S EQUITY**

Accounts Payable	<u>6,000</u>
Total liabilities	6,000
Member's equity	94,647
Total liabilities and member's equity	<u>\$</u> <u>100,647</u>

The accompanying notes are an integral part of these financial statements.

**RHCA Securities, LLC**  
**STATEMENT OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**REVENUE**

Transaction fee	\$ 69,750
<b>Total Revenue</b>	<u>69,750</u>

**EXPENSES**

Professional fees	60,800
General and administrative	13,135
<b>Total Expenses</b>	<u>73,935</u>

<b>NET LOSS</b>	(4,185)
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**MEMBER'S EQUITY**

Member's equity as of December 31, 2018	126,196
Member contributions	42,636
Member distributions	(70,000)
<b>Member's equity as of December 31, 2019</b>	<u>\$ 94,647</u>

The accompanying notes are an integral part of these financial statements.

**RHCA Securities, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net loss	\$ (4,185)
Adjustments to reconcile net income to net cash used in operating activities:	
Decrease in accounts receivable	110,250
Increase in prepaid expenses	(5,502)
Increase in accounts payable	6,000
Net cash provided by operating activities	<u>106,563</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Receivable from related party	<u>(65,000)</u>
Cash used in investing activities	<u>(65,000)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Member contributions	42,636
Member distribution	(70,000)
Cash used in financing activities	<u>(27,364)</u>

**NET INCREASE IN CASH**

	14,199
Cash at beginning of year	7,646
Cash at end of year	<u>\$ 21,845</u>

**SUPPLEMENTAL DISCLOSURES**

Income taxes paid	<u>\$ -</u>
Interest paid	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**RHCA SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. ORGANIZATION AND NATURE OF BUSINESS**

RHCA Securities, LLC (the "Company") was formed as a Limited Liability Company in Texas in 2014. The Company is a broker-dealer in securities registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company's office is located in Houston, Texas. The Company is a wholly-owned subsidiary of Rock House Capital Advisors, LLC (the "Parent").

**2. SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The Company is engaged to provide merger, acquisition, divestiture and advisory services to emerging growth and middle market companies. The Company will also provide assistance in raising debt and equity capital through the private placement of securities.

Revenue Recognition

The new revenue standard's core principle is that the Company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The new revenue standard requires entities to recognize revenue through the application of a five-step model, which includes: identification of the contract; identification of the performance obligations; determination of the transaction price; allocation of the transaction price to the performance obligations; and recognition of revenue as the entity satisfies the performance obligations.

Transaction fees resulting from investment banking activities are recorded at closing of the transaction. Subsequent contingent fees are recorded upon the occurrence of additional funding related to the original transaction and the income is reasonably determinable.

Cash

Cash, for purposes of the statement of cash flows, includes cash in a bank checking account.

Accounts Receivable

In the opinion of management, no material losses will be realized in the collection of receivables and, therefore, no allowance for doubtful receivables has been provided. The Company had previously recorded a receivable of \$110,250 as of December 31, 2018 related to the transaction fee for a transaction completed in October 2016 as this is the amount that has been received so far from the customer. The Company resolved the dispute with the customer and did receive an additional \$170,000 of which \$110,250 was applied against the receivable and the remaining amount of \$69,750 was recorded as additional revenue.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Cash, prepaid expenses and payables are short-term in nature and accordingly are reported in the statement of financial condition at fair value or carrying amounts that approximate fair value.



### Income Tax

The Company is treated as a flow-through entity for income tax purposes. As a result, the net taxable income of the Company and any related tax credits, for federal income tax purposes, are deemed to **pass to the Parent and are included in the Parent's members' personal tax returns even though such** net taxable income or tax credits may not actually have been distributed. Accordingly, no tax provision has been made in the financial statements since the income tax is a personal obligation of the individual members of the parent. The Company is subject to state income tax. The Company has no provision for estimated Texas margin taxes for the year ended December 31, 2019.

### Recently Issued Accounting Pronouncements

The Company does not believe that any other recently issued effective pronouncements, or pronouncements issued but not yet effective, if adopted, would have a material effect on the accompanying financial statements.

### Subsequent Events

The Company has evaluated all transactions from December 31, 2019 through the financial statement issuance date for subsequent event disclosure consideration.

## **3. LIQUIDITY**

The Company believes that it has sufficient funds available through the repayment of the related party receivable and additional capital contributions from its Parent to conclude that it can continue to operate as a going concern for the 12 months following the issuance of these financial statements. **The Parent has the ability and has committed to continue to fund the Company's operations.**

## **4. NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC 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 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2019, the Company had net capital of \$15,845 which was \$10,845 in excess of its required net capital of \$5,000. **The Company's net capital ratio was .38 to 1 at December 31, 2019.**

## **5. LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS**

During the year ended December 31, 2019, there were no subordinated liabilities to the claims of general creditors. Accordingly, a statement of changes in liabilities subordinated to claims of general creditors has not been included in these financial statements.

## **6. SIPC SUPPLEMENTAL REPORTING**

The Company is exempt from the filing of the SIPC Supplemental Report as net operating revenues are less than \$500,000.

## **7. CONCENTRATION OF CREDIT 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 counter-party.** The **Company's financial instruments that are subject to concentrations of credit risk primarily consist of cash.** The Company places its cash with one high credit quality institution. At times, such cash may be in excess of the FDIC insurance limits. The Company believes that it is not exposed to any significant risk related to cash.

## 8. CONTINGENCIES

In the ordinary course of conducting its business, the Company may be subjected to loss contingencies arising from lawsuits. Management believes that the outcome of such matters, if any, **will not have a material impact on the Company's financial condition or results of future operations.**

## 9. RELATED PARTY TRANSACTIONS

The Company pays the Parent a monthly common sharing cost allocation fee. For the year ended December 31, 2019, the Company incurred allocation fees from the Parent of \$9,432, which was reflected in general and administrative expenses in the accompanying statement of operations and **changes in member's equity. The existence of this association creates operating results and a** financial position significantly different than if the companies were autonomous. The Company also has a related party receivable due from the Parent of \$65,000.

**RHCA SECURITIES, LLC**

**SCHEDULE I  
COMPUTATION OF NET CAPITAL UNDER SEC RULE 15C3-1  
AS OF DECEMBER 31, 2019**

NET CAPITAL		
<b>Total member's</b> equity qualified for net capital	\$	94,647
Less nonallowable assets	\$	78,802
	<u>78,802</u>	
Other deductions / charges	<u>-</u>	<u>78,802</u>
Net capital	\$	<u>15,845</u>
AGGREGATE INDEBTEDNESS	\$	<u>6,000</u>
NET CAPITAL REQUIREMENT	\$	<u>5,000</u>
Minimum dollar net capital requirement of reporting broker or dealer	\$	<u>5,000</u>
Net capital in excess of required minimum	\$	<u>10,845</u>
Excess net capital at 1000% (net capital less the greater of 10% of total aggregate indebtedness or 120% of minimum net capital requirement)	\$	<u>9,845</u>
Ratio of aggregate indebtedness to net capital		<u>.38 to 1</u>

No material differences existed between the audited computation of net capital pursuant to Rule 15c3-1 as of December 31, 2019, and the corresponding unaudited Part IIA of the FOCUS Report / Form X-17A-5 filed by RHCA Securities, LLC.

**RHCA Securities, LLC**

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

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The Company operates under the provisions of Paragraph (k) (2) (i) of Rule 15c3-3 of the SEC and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k) (2) (i) provide that the Company will not hold customer funds or safe keep customer securities. Under these exemptive provisions, the Computation for Determination of Reserve Requirements and the disclosure of Information Relating to Possession or Control Requirements are not required.



**RHCA Securities, LLC**

**SCHEDULE III  
INFORMATION RELATED TO THE POSSESS OR CONTROL  
REQUIREMENTS UNDER RULE 15c3-3**

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The Company is exempt from the reserve requirements and the related computations for the determination thereof under paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934, as the Company's **transactions are limited, such that they do** not carry securities for customers or perform custodial functions relating to customers securities. Accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirement pursuant to Rule 15c3-3 is not applicable.

As of and for the year ended December 31, 2019, the Company has maintained its compliance with the conditions for exemption specified in paragraph (k)(2)(i) of Rule 15c3-3.



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
of RHCA SECURITIES, LLC

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

*EEPB*

EEPB

Houston, Texas

February 21, 2020

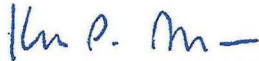
## **RHCA Securities' Exemption Report**

RHCA Securities, LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

1. RHCA Securities, LLC claimed an exemption 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k)(2)(i) for the fiscal year ended December 31, 2019.
2. RHCA Securities, LLC met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k)(2)(i) throughout the most recent fiscal year of January 1, 2019 to December 31, 2019, without exception.

RHCA Securities, LLC

I, Kevin Regan, affirm that, to my best knowledge and belief, this Exemption Report is true and correct.



\_\_\_\_\_  
Signature

\_\_\_\_\_  
Chief Compliance Officer

Title

February 21, 2020