

MITCHELL SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - Organization

Mitchell Securities, Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is a member of the Financial Industry Regulatory Authority, Inc. (the "FINRA"), functioning as an introducing broker and has a standard agreement with its clearing broker. All securities transactions are introduced and cleared on a fully-disclosed basis through the clearing broker. In addition, the Company sells investment research services. The terms of compensation for the Company's research services were altered during the first quarter of 2013. Such compensation is now based on the transaction flow of business, and related revenues of the Company's customer, which because they are unpredictable will be recognized when consummated.

The Company has funded operations with capital contributions from its stockholder from time to time. The Company's future operations may require support from the stockholder.

On January 4, 2016 the Company filed a Form BD-W with the SEC to withdraw its registration.

As a Subchapter S company the Company's Federal and New York State income is passed through to the individual income tax returns of its stockholder.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Revenue Recognition

Commission revenues and expenses are recorded on a trade-date basis. Revenue from research services are recorded when the related revenue for the Company's customer is consummated.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held at a major financial institution.

At times, cash balances may exceed insured limits. The Company has not experienced any losses in such accounts. The Company considers all highly liquid instruments purchased with a maturity date of three months or less with purchased to be cash equivalents.

The Company maintains its cash balances in one financial institution. These balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000.

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Note 2 - Summary of Significant Accounting Policies (continued)

Income Taxes

Management has determined that the Company had no uncertain tax positions what would require financial statement recognition. The Company is no longer subject to U.S. federal, state or local income tax audits for periods prior to 2012.

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 the reported amounts of 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.

Note 3 - Concentration of Credit Risk

The Company's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents and accounts receivable. The Company places its cash and cash equivalents with FDIC insured financial institutions.

Note 4 - Related Party Transactions - Commitments

The Company leases office space from a related party on a month to month basis. Total rental expense for 2015 was \$12,885.

Note 5 - Net Capital Requirements

The Company is subject to the Uniform Net Capital Rule under the Securities Exchange Act of 1934 ("SEA") 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. As of December 31, 2015, the Company had net capital of \$27,714 which was \$22,714 in excess of its required net capital. The Company's ratio to net capital to aggregate indebtedness is .9825 to 1.

Note 8 - Subsequent Events

The Company has evaluated all events or transactions that occurred after December 31, 2015 through the date that the financial statements were available to be issued, which date is February 29, 2016.