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**ANNUAL AUDITED REPORT SEC**  
**FORM X-17A-5** *Mail Processing Section*  
**PART III**

SEC FILE NUMBER
8-66667

**FEB 28 2011**

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
 Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

*Washington DC*

REPORT FOR THE PERIOD BEGINNING 01/01/2016 AND ENDING 12/31/2016  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: *Hammer Securities, LLC*

OFFICIAL USE ONLY
FIRM I.D. NO.

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

\_\_\_\_\_

(No. and Street)

\_\_\_\_\_

□

□

□

\_\_\_\_\_

(City)

(State)

(Zip Code)

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

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**RYAN & JURASKA LLP**

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

**141 W JACKSON BLVD SUITE 2250 CHICAGO IL 60604**

(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)*

SEC 1410 (06-02)

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*SON CM*

# RainMaker Securities, LLC

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RYAN & JURASKA LLP  
Certified Public Accountants  
141 West Jackson Boulevard  
Chicago, Illinois 60604  
Tel: 312.922.0062  
Fax: 312.922.0672

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member  
of RainMaker Securities LLC

We have audited the accompanying statement of financial condition of RainMaker Securities LLC (the Company) as of December 31, 2016, and the related statements of operations, changes in member's equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements and supplemental information. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RainMaker Securities LLC as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The information in Schedules I and II (the "supplemental information") has been subjected to audit procedures performed in conjunction with the audit of RainMaker Securities LLC's financial statements. The supplemental information is the responsibility of the Company'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.

*Ryan & Juraska LLP*

Chicago, Illinois  
February 22, 2017

# RainMaker Securities, LLC

## STATEMENT OF FINANCIAL CONDITION

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December 31, 2016

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### Assets

Cash	\$	249,689
Accounts receivable		72,534
Furniture and equipment (net of accumulated depreciation of \$5,359)		1,293
Prepaid Expense		17,469
Other assets		2,200
<b>Total assets</b>	<b>\$</b>	<b>343,185</b>

### Liabilities and member's equity

#### Liabilities

Commissions payable	\$	153,064
Accrued liabilities		20,000
<b>Total liabilities</b>		<b>173,064</b>
Member's equity		170,121
<b>Total liabilities and member's equity</b>	<b>\$</b>	<b>343,185</b>

# RainMaker Securities, LLC

## STATEMENT OF OPERATIONS

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Year ended December 31, 2016

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### Revenue

Commissions and retainer fees	\$ 7,576,416
Other income	32,731
Total revenue	<u>7,609,147</u>

### Expenses

Sales commissions	6,464,364
Registered representative payments	354,689
Employee Compensation and Benefits	290,973
Regulatory fees and expenses	93,940
Professional and consulting fees	47,171
Travel and entertainment	43,664
Licenses & permits	40,045
Bad debt writeoffs	32,352
Marketing	28,292
Other operating	98,985
Total expenses	<u>7,494,475</u>

### Net income

\$ 114,672

# RainMaker Securities, LLC

## STATEMENT OF CHANGES IN MEMBER'S EQUITY

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**Year ended December 31, 2016**

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<b>Member's equity</b> , beginning of year	\$	165,449
Member contributions		-
Member withdrawal		(110,000)
Net income		<u>114,672</u>
<b>Member's equity</b> , end of year	\$	<u>170,121</u>

# RainMaker Securities, LLC

## STATEMENT OF CASH FLOWS

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Year ended December 31, 2016

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**Cash flows from operating activities**

Net income	\$	114,672
Depreciation		776
Adjustments to reconcile net income to net cash used in operating activities:		
(Increase)/decrease in operating activities:		
Accounts receivable		(39,759)
Other assets		(2,315)
Commissions payable		<u>(1,351,075)</u>

**Net cash used in operating activities** (1,277,701)

**Cash flows from financing activities**

Member withdrawal (110,000)

**Net cash used in financing activities** (110,000)

**Net decrease in cash** (1,387,701)

**Cash, beginning of year** 1,637,390

**Cash, end of year** \$ 249,689

# RainMaker Securities, LLC

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of operations and summary of significant accounting policies

#### *Nature of Operations*

RainMaker Securities, LLC (the "Company") was formed as a limited liability company under the laws of the State of Illinois in July 2004. The Company is a broker-dealer, registered with the Securities and Exchange Commission ("SEC") and a member of Financial Industry Regulatory Authority ("FINRA"). The Company conducts business to assist clients with the private placement of debt and equity capital. The Company holds no customer securities or funds for investment, nor does it owe funds or securities to its customers.

As of December 31, 2016, the Company is a wholly owned subsidiary of RainMaker Group Holdings (the "Parent"). The President of the Company is a beneficial owner of the Parent.

#### *Government and Other Regulation*

The Company's business is subject to significant regulation by governmental agencies and self-regulatory organizations. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the applicable requirements of these organizations.

#### *Basis of Presentation*

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as established by the Financial Accounting Standards Board's Accounting Standards Codification ("ASC").

#### *Revenue Recognition*

The Company generates commission and fee income from assisting clients with the private placement of debt and equity capital. Commission and fee income and related expenses are based upon contractual arrangements and are recorded on the accrual basis.

#### *Income Taxes*

The Company is organized in the State of Illinois as a single member limited liability company ("LLC"). A single member LLC is treated as a disregarded entity for federal and state income tax purposes and is not required to file a separate federal or state income tax return. Accordingly, no provision for federal income taxes has been made in these financial statements because the single member is individually responsible for reporting income or loss based upon the Company's reported income and expenses for income tax purposes.

FASB ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year.

# RainMaker Securities, LLC

## NOTES TO FINANCIAL STATEMENTS

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### *Income Taxes, continued*

Management has reviewed the Company's tax positions for the open tax years (current and prior three tax years) and concluded that no provision for income tax is required in the Company's financial statements. Such open tax years remain subject to examination by tax authorities.

### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the amounts disclosed in the financial statements. Actual results could differ from those estimates.

### *Securities and Derivatives Valuation*

Securities and derivatives are recorded at fair value in accordance with FASB ASC 820, *Fair Value Measurements and Disclosure* (see note 4).

### *Furniture and equipment*

Furniture and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful life of the asset.

### *Receivables and allowance for doubtful accounts*

Commissions receivable are stated at the amount management expects to collect from contractual arrangements. There are a limited number of debtors with individually large amounts due at any given balance sheet date. Any unanticipated change in one of the debtor's credit worthiness or other matters affecting the collectability of amounts due from such debtors could have a material effect on the results of operations in the period in which such changes or events occur.

## **2. Related party transactions**

The President of the Company is a beneficial owner of the Parent and Cogentic Advisors LLC ("Cogentic"). The Company has an agreement with Cogentic for consulting services. During the year ended December 31, 2016, the Company paid approximately \$15,000 for consulting services, which is included in the Statement of Operations under other operating expenses. The President of the Company has a registered representative agreement with the Company and was paid approximately \$369,000 in compensation related to the agreement.

## **3. Lease Commitment**

The Company conducts its operations in a leased office facility and annual rent is charged to current operations. The lease is subject to an escalation clause based on the operating expenses of the lessor. The Company leases office space under a non-cancelable lease that expires on December 18, 2017. For the year ending December 31, 2016, the rent expense was \$25,495.

At December 31, 2016, the minimum annual rental commitments under the non-cancelable operating lease are approximately \$24,000.

# RainMaker Securities, LLC

## NOTES TO FINANCIAL STATEMENTS

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### 4. Fair Value Measurements and Disclosure

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a hierarchy of fair value inputs. 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 transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. 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 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability

The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, including, the type of investment, the liquidity of the markets, and other characteristics particular to the investment. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for investments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy wherein the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

As of December 31, 2016, the Company had no assets or liabilities that were required to be disclosed according to FASB ASC 820.

### 5. Financial Instruments

ASC 815, Derivatives and Hedging, requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit risk related contingent features in derivative agreements. The disclosure requirements of ASC 815 distinguish between derivatives, which are accounted for as “hedges” and those that do not qualify for such accounting. Although the Company may sometimes use derivatives, the Company reflects derivatives at fair value and recognizes changes in fair value through the statement of operations, and as such do not qualify for ASC 815 hedge accounting treatment.

### 6. Guarantees

FASB ASC 460, *Guarantees*, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460, *Guarantees*, defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in underlying (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party.

# RainMaker Securities, LLC

## NOTES TO FINANCIAL STATEMENTS

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### **6. Guarantees, *continued***

This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement, as well as indirect guarantees of the indebtedness of others. The Company did not enter into any guarantee arrangements during the year ended December 31, 2016.

### **7. Warrants**

The Company might occasionally receive warrants from its clients as selling compensation related to its role as selling agent in an investment transaction. The warrants provide the Company with exposure to potential gains upon appreciation in the price of the client's equity shares. The Company values its warrant holdings by their intrinsic value at the end of each reporting period, whereby the intrinsic value is defined as the difference between the market price of the shares and the strike price of the warrants. Because the Company almost exclusively receives warrants in the equity shares of private companies, where there is no current public market for the shares, the market price is established by the greater of (a) the most recent 409(a) valuation of the shares (b) the price per shares paid by the investors in the most recent sale of the same class of equity shares by the client where the sale exceeds 5% of the outstanding equity shares of that class.

### **8. Concentration of Credit Risk**

Risk arises from the potential inability of counterparties to perform under the terms of the contracts (credit risk) and from changes in the values of the underlying financial instruments (market risk). The Company is subject to credit risk to the extent any party with whom it conducts business is unable to fulfill contractual obligations on its behalf. In management's opinion, market risk is substantially diminished when all financial instruments are aggregated.

Commissions and accounts receivable represent a concentration of credit risk. The Company does not anticipate nonperformance by its counterparties. In addition, the Company has a policy of reviewing, as considered necessary, the creditworthiness of the brokers with which it conducts business. Management believes that the Company is not exposed to any significant credit risk on cash or accounts receivables to be significant.

### **9. Net capital requirement**

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1) which requires the Company to maintain a minimum net capital equal to or greater than \$5,000 or 6 and 2/3% of aggregate indebtedness, and a ratio of aggregate indebtedness to net capital not exceeding 15 to 1, both as defined. At December 31, 2016, the Company's adjusted net capital was \$120,887 which exceeded the requirement by \$109,409. At December 31, 2016, the Company's net capital ratio was approximately 1.4 to 1.

### **10. Subsequent events**

The financial statements were approved by management and available for issuance on February 22, 2017. Subsequent events have been evaluated through this date. There were no material events requiring disclosures or adjustments to the Company's financial statements.

# RainMaker Securities, LLC

## SUPPLEMENTAL INFORMATION

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December 31, 2016

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**Schedule I**  
**Computation of Net Capital under Rule 15c3-1**  
**of the Securities and Exchange Commission**

Total Member's equity qualified for net capital	\$	170,121
Furniture and equipment	(1,293)	
Accounts receivable	(28,272)	
Other assets	(19,669)	
Less: Non allowable assets		<u>(49,234)</u>
Net capital		120,887
Less: Haircut on securities		<u>-</u>
<b>Net capital</b>		120,887
Minimum net capital requirement (greater of 6 2/3% of aggregate indebtedness or \$5,000)		<u>11,478</u>
<b>Excess net capital</b>	<b>\$</b>	<b><u>109,409</u></b>

There were no material differences between the above computation and the Company's corresponding unaudited Form FOCUS Part IIA filing as of December 31, 2016.

# RainMaker Securities, LLC

## SUPPLEMENTAL INFORMATION

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December 31, 2016

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**Schedule II  
Computation of Determination of Reserve Requirements  
Pursuant to Rule 15c3-3**

Not applicable

**Information for Possession or Control  
Requirements under Rule 15c3-3**

Not applicable

**Reconciliation between Audited and Unaudited  
Statement of Financial Condition**

There are no reconciling items for the year ended December 31, 2016



RYAN & JURASKA LLP  
Certified Public Accountants  
141 West Jackson Boulevard  
Chicago, Illinois 60604  
Tel: 312.922.0062  
Fax: 312.922.0672

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member  
of RainMaker Securities, LLC

We have reviewed management's statements, included in the accompanying Rule 15c3-3 Exemption Report, in which (1) RainMaker Securities, LLC (the "Company") identified the following provisions of 17 C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3(k)(2)(i) (the "exemption provisions") and (2) the Company stated that it met the identified exemption provisions throughout the year ended December 31, 2016 without exception. The Company'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 the Company'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.

*Ryan & Juraska LLP*

Chicago, Illinois  
February 22, 2017

February 22, 2017

Securities & Exchange Commission  
100F Street, NE  
Washington, DC 20549  
SENT VIA MAIL

**RE: EXEMPTION REPORT FOR SEC RULE 15C3-3 FOR FISCAL YEAR 2016**

Dear Sir/Madame:

For the fiscal year ending December 31, 2016, Rainmaker Securities, LLC claimed exemption from SEC Rule 15c3-3 as outlined under paragraph (k)(2)(i) of the respective rule. This section states the following:

The provisions of this section shall not be applicable to a broker or dealer who carries no margin accounts, promptly transmits all customer funds and delivers all securities received in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to, customers and effectuates all financial transactions between the broker or dealer and its customers through one or more bank accounts, each to be designated as "Special Account for the Exclusive Benefit of Customers of (name of the broker or dealer)".

Rainmaker Securities, LLC met the exemption provided above for the period ending December 31, 2016 .

Sincerely,

**RAINMAKER SECURITIES, LLC**

Signature: Gen Anderson  
Glen Anderson (Feb 21, 2017)

Email: [ganderson@rainmakersecurities.com](mailto:ganderson@rainmakersecurities.com)

Title: President

---

OATH OR AFFIRMATION

I, Glen Anderson, swear (or affirm), to the best of my knowledge and belief, the accompanying financial statements and supporting schedules pertaining to the firm of RainMaker Securities LLC as of December 31, 2016 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:

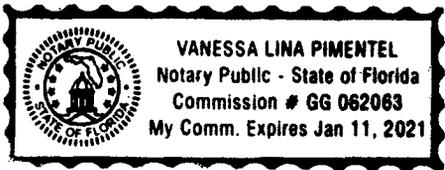
\_\_\_\_\_  
None  
\_\_\_\_\_

[Signature]  
Signature

President  
Title

Subscribed and sworn to before me this

27<sup>th</sup> day of February, 2017



[Signature]  
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 Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Members' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of General Creditors.
- (g) Computation of Net Capital for Brokers and Dealers pursuant to Rule 15c3-1.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements for Brokers and Dealers 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 copy of the Exemption Report.

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

**RainMaker Securities, LLC**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
PURSUANT TO SEC RULE 17-a-5(d)**

**December 31, 2016**

## OATH OR AFFIRMATION

I, Glen Anderson, swear (or affirm), to the best of my knowledge and belief, the accompanying financial statements and supporting schedules pertaining to the firm of RainMaker Securities LLC as of December 31, 2016 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:

\_\_\_\_\_  
None  
\_\_\_\_\_

\_\_\_\_\_  
Signature  
\_\_\_\_\_

\_\_\_\_\_  
Title  
\_\_\_\_\_

Subscribed and sworn to before me this

\_\_\_\_\_ day of \_\_\_\_\_, 2017

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

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

- (a) Facing Page.
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- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Members' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of General Creditors.
- (g) Computation of Net Capital for Brokers and Dealers pursuant to Rule 15c3-1.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements for Brokers and Dealers 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 copy of the Exemption Report.

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