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

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8-14148

FACING PAGE

FEB 23 2018

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

WASH, D.C.

REPORT FOR THE PERIOD BEGINNING 01/01/17 AND ENDING 12/31/17
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Sunset Financial Services, Inc.**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

3520 Broadway

(No. and Street)

Kansas City

Missouri

64111

(City)

(State)

(Zip Code)

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

Kelly T. Ullom

816-753-7000

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

BKD, LLP

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

1201 Walnut Street, Suite 1700 Kansas City

Missouri

64106

(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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OATH OR AFFIRMATION

I, Kelly T. Ullom, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Sunset Financial Services, Inc. of February 16, 2018, 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:



BARBARA BROWN
My Commission Expires
May 16, 2020
Clay County
Commission #12342891

Kelly T. Ullom
Signature

President

Title

BB
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).

SEC MAIL PROCESSING
Received

FEB 23 2018

WASH, D.C.

Sunset Financial Services, Inc.

Financial Statements
and
Supplemental Schedules

December 31, 2017



**KANSAS CITY LIFE
INSURANCE COMPANY**

Since 1895

Sunset Financial Services, Inc.

Financial Statements
and
Supplemental Schedules

December 31, 2017

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SUNSET FINANCIAL SERVICES, INC.
STATEMENT OF FINANCIAL CONDITION

December 31, 2017

(amounts in thousands, except share data)

ASSETS

Cash and cash equivalents	\$ 376
Accounts receivable	452
Income tax receivable	43
Other assets	19
Total assets	<u>\$ 890</u>

LIABILITIES

Due to affiliated entities	\$ 10
Accounts payable	16
Deferred tax liability, net	59
State deferred tax liability	11
Other liabilities	19
Total liabilities	<u>115</u>

STOCKHOLDER'S EQUITY

Common stock, par value \$10 per share; authorized, 50,000 shares; issued and outstanding 5,000 shares	50
Additional paid in capital	1,500
Retained deficit	<u>(775)</u>
Total stockholder's equity	<u>775</u>
Total liabilities and stockholder's equity	<u>\$ 890</u>

See accompanying Notes to Financial Statements.

SUNSET FINANCIAL SERVICES, INC.
STATEMENT OF OPERATIONS
Year ended December 31, 2017
(amounts in thousands)

REVENUES	
Proprietary revenue	\$ 107
Override revenue, net	1,147
Future sales proceeds	311
Asset management fee	101
Investment income and other	43
Total revenues	1,709
 EXPENSES	
Administrative fees	1,317
Legal expenses	151
Other operating expenses	44
Total expenses	1,512
 Income before income taxes	 197
Income tax expense	29
 NET INCOME	 \$ 168

See accompanying Notes to Financial Statements.

SUNSET FINANCIAL SERVICES, INC.
STATEMENT OF STOCKHOLDER'S EQUITY
Year ended December 31, 2017
(amounts in thousands)

COMMON STOCK , beginning and end of year	\$ 50
ADDITIONAL PAID IN CAPITAL , beginning and end of year	1,500
RETAINED DEFICIT	
Beginning of year	(943)
Net income	168
End of year	<u>(775)</u>
STOCKHOLDER'S EQUITY	<u>\$ 775</u>

See accompanying Notes to Financial Statements.

SUNSET FINANCIAL SERVICES, INC.
STATEMENT OF CASH FLOWS
Year ended December 31, 2017
(amounts in thousands)

OPERATING ACTIVITIES	
Net income	\$ 168
Adjustments to reconcile net income to net cash provided by operating activities:	
Net realized investment gains	(31)
Deferred income taxes	(44)
Changes in assets and liabilities:	
Accounts receivable	14
Income taxes, net	18
Due to affiliated entities, net	(57)
Accounts payable	(2)
Other liabilities	(14)
Net cash provided by operating activities	<u>52</u>
 INVESTING ACTIVITIES	
Sale of investment in real estate investment trusts	<u>58</u>
Net cash provided by investing activities	<u>58</u>
 Increase in cash and cash equivalents	 110
Cash and cash equivalents at beginning of year	<u>266</u>
 Cash and cash equivalents at end of year	 <u>\$ 376</u>

See accompanying Notes to Financial Statements.

Sunset Financial Services, Inc.
Notes to Financial Statements
(amounts in thousands)

1. Nature of Operations and Significant Accounting Policies

Business

Sunset Financial Services, Inc. (the Company or SFS) is a wholly-owned subsidiary of Kansas City Life Insurance Company (Kansas City Life). The Company is registered as a brokerage and investment adviser firm with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company wholesales and markets variable life and annuity products for Kansas City Life.

On November 14, 2014 the Company completed the sale of certain accounts under an asset purchase agreement with Securities America, Inc. (SAI), a subsidiary of Ladenburg Thalmann Financial Services, Inc., (NYSE MKT: LTS). Under this agreement, approximately 210 registered representatives transitioned from the Company to SAI. The remaining representatives and advisors of the Company conduct business under the name "KCL Services Company," through an Office of Supervisory Jurisdiction (OSJ) branch of SAI. The Company continues to provide underwriting and distribution services to Kansas City Life related to its variable life and variable annuity insurance products. The Kansas City Life OSJ is a Principal who entered into a contract with SAI to supervise the OSJ branch and receives all commissions and overrides for securities products sales. This Principal assigns and transfers to Kansas City Life all compensation and other payments that become due and payable to the Principal from SAI. This Principal is also designated by SFS as a related party. Please see Note 5.

The Company does not hold customer funds or safekeep customer securities and is therefore exempt from Rule 15c3-3 of the SEC under subsection (k)(1). Under this exemption, Supplemental Schedule II the "Computation for Determination of Customer Reserve Requirements and PAB Account Reserve Requirements" and Supplemental Schedule III the "Information Relating to the Possession or Control Requirements" are not required.

Basis of Presentation

The accompanying financial statements have been prepared on the basis of U.S. generally accepted accounting principles (GAAP).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from such estimates.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with original maturity of three months or less when purchased to be cash equivalents. As of December 31, 2017 the Company had \$356 not insured by the Federal Deposit Insurance Corporation (FDIC). The carrying amount of cash approximates their fair values.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09 Revenue from Contracts with Customers (Topic 606). Topic 606 requires companies to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for goods or services. Certain contracts, including insurance contracts, are specifically excluded from this guidance. However, certain other types of contracts may impact the financial statements of the Company.

We have certain types of revenue from contracts with customers that fall under this guidance. These revenues are recognized when obligations under the terms of the contract are satisfied. The amount of revenue recognized reflects the consideration we expect to be entitled to in exchange for those services. For these revenues, the performance obligation is fulfilled as services are rendered. The adoption of this guidance, effective January 1, 2018, did not result in a material impact to our financial statements.

Revenues consist of the following:

- Proprietary revenues are from the sale of variable products by Kansas City Life.

Sunset Financial Services, Inc.
Notes to Financial Statements
(amounts in thousands)

- Override revenue consists of fees for administrative support services to a Principal operating as an OSJ. These fees are recorded as the related commissions and overrides for security product sales are recorded by the Principal. Override revenues are calculated based upon a contractual percentage of the gross dealer concessions (GDC).
- Future sales proceed revenues are based upon the agreement with SAI as identified above. This agreement identifies that the Company will receive three annual payments equal to 3% of the GDC from the proceeding twelve months, beginning in 2014 and ending in 2017. Termination of this agreement occurred with the final payment calculated as of November 15, 2017 and received in February 2018.
- Asset management fees are received from certain fund managers based upon average assets exceeding established thresholds.
- Investment income is comprised of interest income and the net realized gain for real estate investment trusts. As of December 31, 2017, the real estate investment trusts had been sold.

Income Taxes

The Company files a consolidated federal tax return with other insurance and non-insurance affiliates of Kansas City Life. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Gross deferred tax assets and liabilities are measured using tax rates expected at the time of their reversal. The Company has adopted the necessary provisions of the Tax Cuts and Jobs Act of 2017 (the Act) related to the deferred tax assets and liabilities as of December 31, 2017. Amongst other things the Act reduced the federal corporate tax rate from 35% to 21%. As required by ASC 740, *Income Taxes*, the impact of a tax rate change on deferred tax items is required to be recognized in the current period financial statements. Please see Note 3 – Federal Income Taxes for additional information. Income taxes receivable are deducted in computing net capital in accordance with Rule 15c3-1(c)(2)(iv)(C)/02.

The Company's parent is no longer subject to federal or state income tax examinations by taxing authorities for years prior to 2014.

2. Fair Value Measurements

At December 31, 2017, there were no assets or liabilities reported at fair value on a nonrecurring basis.

3. Federal Income Taxes

On December 22, 2017, the Act changed the expected tax rate for tax years beginning January 1, 2018. The change in rate from 35% to 21% requires a remeasurement of the deferred taxes. This remeasurement resulted in a decrease in the income tax expense and the deferred tax liability net.

The components of income tax expense (benefit) on operations in 2017 are as follows:

	Total
Current income tax expense	\$ 73
Deferred income tax benefit	(44)
Total income tax expense	\$ 29

Sunset Financial Services, Inc.
Notes to Financial Statements
(amounts in thousands)

The following table provides a reconciliation of the federal income tax rate to the Company's effective income tax rate for the year ended December 31, 2017.

	Total
Federal income tax rate	35 %
Remeasurement of deferred taxes for enacted changes in tax laws	(20)%
Effective income tax rate	15 %

Total income tax expense is 15% of income before income tax expense. The effective income tax rate is less than the statutory rate of 35% primarily due to remeasurement of deferred taxes. The remeasurement of deferred taxes to reflect the reduced corporate federal income tax rate of 21% resulted in a benefit of approximately 20% of income before tax for the year ended December 31, 2017.

Differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years are called temporary differences. The tax effects of temporary differences that give rise to the deferred tax assets and deferred tax liabilities are presented in the following table:

	Total
Deferred tax asset:	
Investment losses, net	\$ 15
Total	\$ 15
Deferred tax liability:	
Deferred revenue	(74)
Total	\$ (74)
Deferred tax liability, net	\$ (59)

A valuation allowance for deferred tax assets is established if the Company does not believe a future tax benefit will be realized using a more likely than not standard. The Company did not record a valuation allowance in 2017, as management believes the Company will more likely than not realize the benefit of its deferred tax asset.

The Company did not have any unrecognized tax benefits at December 31, 2017. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. In 2017, the Company did not recognize any expense related to interest and penalties.

The Company did not have any uncertain tax positions at December 31, 2017.

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 a ratio of 15 to 1. At December 31, 2017, the Company had net capital of \$287, which was in excess of its required net capital of \$8. The Company's ratio of aggregate indebtedness to net capital was 0.40 to 1. See Schedule I for additional information.

5. Related Party Transactions

Pursuant to terms of an agreement, Kansas City Life furnishes certain administrative services to the Company, including but not limited to legal, accounting, investments, human resources, information technologies and fixed assets. The administrative fees for providing such services amounted to \$1,317. The cost of these services is determined based upon internal cost studies performed by Kansas City Life on behalf of the Company, which may be different than if the services were either provided by an unrelated third party or by the Company. Also, in accordance with the agreement, Kansas City Life pays certain operating expenses on behalf of the Company. The

Sunset Financial Services, Inc.
Notes to Financial Statements
(amounts in thousands)

Company reimburses Kansas City Life for these expenses, which in 2017 amounted to \$172. At December 31, 2017, the Company had an accounts payable due to affiliates of \$10 and due from affiliates of \$2. For the year ended December 31, 2017, other affiliated revenues amounted to \$107 for the Company.

The Company has an administrative agreement with a Principal that assigns and transfers to the Company all compensation and other payments that become due and payable to the Principal from SAI. As of December 31, 2017, the Company had an accounts receivable of \$35 from SAI and for the year ended 2017 affiliated revenue of \$1,147, which is included in Override revenue, net in the Statement of Operations.

6. Contingencies

The Company is currently a defendant in certain legal proceedings described below. It is often not possible to predict the ultimate outcome of pending legal proceedings or to provide with any degree of certainty the reasonable ranges of potential losses related thereto. The matters referred to below are at stages where the Company does not have sufficient information to make an assessment of the claims for liability or damages. The claimants are seeking undefined amounts of damages or other relief, which are difficult to quantify and cannot be estimated based on the information currently available. Additionally, based on the events over the last year involving these matters, the Company does not have sufficient information at present to be able to determine the likelihood or amount of an outcome, but the resolution of any of these matters could have a material adverse effect on its financial position, results of operations, or cash flows.

The Company has three complaints to be heard in arbitration proceedings under FINRA rules. These complaints, which include variable life insurance, investments in private placements and real estate related funds or trusts, allege most if not all of the following: breach of fiduciary duty, breach of contract, negligence, lack of suitability, misrepresentation and that the Company failed to supervise the representative or contact the account holder.

The specific claims currently pending include:

- 1) A claim filed in the state of Missouri in December 2017 related to investments in private placements and real estate related funds; and
- 2) A claim filed in the state of Washington in December 2017 related to a variable life insurance policy; and
- 3) A claim filed in the state of North Carolina in July 2017 related to investments in private placements, energy related funds and real estate related funds.

The process for all of the above claims are in varying stages, but the likelihood of success of the plaintiffs or the Company is difficult to quantify and cannot be estimated based on the information currently available.

The Company is also subject to regulation under the federal securities laws administered by the SEC. Federal securities laws contain regulatory restrictions and criminal, administrative, and private remedial provisions. From time to time, the SEC and FINRA examine or investigate the activities of the Company. These examinations often focus on the activities of the registered representatives and registered investment advisors doing business through that entity. It is possible that any examination may result in payments of fines and penalties, payments to customers, or both, as well as changes in systems or procedures, any of which could have a material adverse effect on the Company's financial condition or results of operations. As of December 31, 2017, the Company had no open FINRA examinations.

7. Subsequent Events

Subsequent events have been evaluated through February 16, 2018, the date that the financial statements have been issued.

SUNSET FINANCIAL SERVICES, INC.
COMPUTATION OF NET CAPITAL*

SCHEDULE I

December 31, 2017

(amounts in thousands)

Total stockholder's equity	\$	775
Less:		
Non-allowable assets		481
Haircuts on securities (computed pursuant to Rule 15c3-1(c)(2)(vi)(D))		<u>7</u>
Net Capital		287
Minimum requirement		<u>8</u>
Excess	\$	<u><u>279</u></u>
 AGGREGATE INDEBTEDNESS		
Due to affiliated entities	\$	10
Other liabilities		<u>105</u>
Aggregate indebtedness	\$	<u><u>115</u></u>
 Ratio of aggregate indebtedness to net capital		
		<u><u>0.40 to 1</u></u>

Statement regarding Rule 17a-5(d)(4)

There were no material differences between the computation of net capital under Rule 15c3-1 included in this audited report and the computation included in the Company's corresponding unaudited Form X-17A-5 Part IIA as of December 31, 2017, filed on January 24, 2018.

*Pursuant to Rule 15c3-1 of the Securities and Exchange Commission.

See accompanying Report of Independent Registered Public Accounting Firm.

**SUNSET FINANCIAL SERVICES, INC.
COMPUTATION FOR DETERMINATION OF
CUSTOMER RESERVE REQUIREMENTS AND PAB
ACCOUNT RESERVE REQUIREMENTS*
SCHEDULE II
December 31, 2017**

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (k)(1) of that Rule.

*Pursuant to Rule 15c3-3 of the Securities and Exchange Commission.

See accompanying Report of Independent Registered Public Accounting Firm.

SUNSET FINANCIAL SERVICES, INC.
INFORMATION RELATING TO POSSESSION OR
CONTROL REQUIREMENTS*
SCHEDULE III
December 31, 2017

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (k)(1) of that Rule.

*Pursuant to Rule 15c3-3 of the Securities and Exchange Commission.

See accompanying Report of Independent Registered Public Accounting Firm.

SFS

SUNSET FINANCIAL

Sunset Financial Services Inc. / 3520 Broadway / P.O. Box 219365 / Kansas City, Missouri 64121-9365 / 800-821-5529

Sunset Financial Services, Inc. Exemption Report

Sunset Financial Services, Inc. (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) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k):

(a) The provisions of this section shall not be applicable to a broker or dealer meeting all of the following conditions:

(i) The broker's or dealer's transactions as dealer (as principal for its own account) are limited to the purchase, sale, and redemption of redeemable securities of registered investment companies or of interests or participations in an insurance company separate account, whether or not registered as an investment company; except that a broker or dealer transacting business as a sole proprietor may also effect occasional transactions in other securities for its own account with or through another registered broker or dealer;

(ii) The broker's or dealer's transactions as broker (agent) are limited to:

(a) The sale and redemption of redeemable securities of registered investment companies or of interest or participations in an insurance company separate account, whether or not registered as an investment company;

(b) the solicitation of share accounts for savings and loan associations insured by an instrumentality of the United States; and

(c) the sale of securities for the account of a customer to obtain funds for immediate reinvestment in redeemable securities of registered investment companies; and

(iii) The broker or dealer promptly transmits all funds and delivers all securities received in connection with its activities as a broker or dealer, and does not otherwise hold funds or securities for, or owe money or securities to, customers.

(iv) Notwithstanding the foregoing, this section shall not apply to any insurance company which is a registered broker-dealer, and which otherwise meets all of the conditions in paragraphs (k) (1) (i), (ii), and (iii) of this section, solely by reason of its participation in transactions that are a part of the business of insurance, including the purchasing, selling, or holding of securities for or on behalf of such company's general and separate accounts.

(2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k)(1) throughout the most recent fiscal year without exception.

Sunset Financial Services, Inc.

I, Kelly T. Ullom, affirm that, to my best knowledge and belief, this Exemption Report is true and correct.



Kelly T. Ullom

President

February 16, 2018

Report of Independent Registered Public Accounting Firm

To the Shareholder and
Board of Directors
Sunset Financial Services, Inc.
Kansas City, Missouri

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Sunset Financial Services, Inc. (the Company) as of December 31, 2017, the related statements of operations, stockholder'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 the Company as of December 31, 2017, 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 the Company's management. Our responsibility is to express an opinion on the Company'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 the Company 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 include 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.

Report on Supplemental Information

The Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission, Computation For Determination Of Customer Reserve Requirements and PAB Account Reserve Requirements Under Rule 15c3-3, and Information Relating To Possession Or Control Requirements Under Rule 15c3-3 as of December 31, 2017 ("supplemental information") has been subjected to audit procedures performed in conjunction with the audit of the Company'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.

BKD, LLP

We have served as the Company's auditor since 2016.

Kansas City, Missouri
February 16, 2018

**Report of Independent Registered Public Accounting Firm
on the Exemption to Rule 15c3-3 Under Provision 15c3-3(k)(1)**

Board of Directors and Shareholder
Sunset Financial Services, Inc.
Kansas City, Missouri

We have reviewed management's statements, included in the accompanying *Sunset Financial Services, Inc. Exemption Report*, in which (1) Sunset Financial Services, Inc. (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: paragraph (k)(1) (the exemption provisions) and (2) the Company stated that the Company met the identified exemption provisions throughout the most recent fiscal year 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 conditions set forth in paragraph (k)(1) of Rule 15c3-3 under the *Securities Exchange Act of 1934*.

BKD, LLP

Kansas City, Missouri
February 16, 2018