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

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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 12/05/16 AND ENDING 12/31/17  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: FIRST SOUTHERN, LLC  
 ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
8 CALLE#1, STE 401

OFFICIAL USE ONLY
FIRM I.D. NO.

PUBLICLY AVAILABLE

GUAYNABO PR 00968-1772  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
JOHN HOLMAN (770) 777-9878  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this report\*  
FGMK, LLC  
(Name - if individual, state last, first, middle)  
333 West Wacker Drive, 6th Floor Chicago 60606  
(Address) (City) (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, JOHN HOLMAN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FIRST SOUTHERN, LLC of DECEMBER 31, 2017, 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:



Notary Public

[Signature]  
Signature  
CHIEF OPERATING OFFICER  
Title

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 SIFC 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-2(e)(3).

EXPLICITLY AVAILABLE

**FIRST SOUTHERN, LLC**  
**Separately Bound**  
**Statement of Financial Condition**  
**For the Period Ended**  
**December 31, 2017**  
**With**  
**Report of Independent Registered Public Accounting Firm**

**Public**



Identifying opportunities.  
Delivering solutions.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of  
First Southern, LLC

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of First Southern, LLC (the "Company") as of December 31, 2017 and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement 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 statement is 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 statement, 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 statement. 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 statement. We believe that our audit provides a reasonable basis for our opinion.

### **Restatement of Previously Issued Financial Statement**

As discussed in Note G to the financial statement, the 2017 financial statement has been restated to correct a misstatement resulting from the miscalculation of excess net capital.

FGMK, LLC

We have served as the Company's auditor since 2017.

Chicago, Illinois

February 28, 2018 except for Note G, as to which the date is August 16, 2018

**FIRST SOUTHERN, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**December 31, 2017**

ASSETS

Cash and cash equivalents	\$ 139,504
Receivable from affiliated broker dealer	104,325
Other assets	<u>6,793</u>
 Total Assets	 <u>\$ 250,622</u>

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

Accounts payable and accrued expenses	\$ <u>6,581</u>
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Total Liabilities	<u>6,581</u>
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MEMBERS' EQUITY

Total Members' Equity	<u>244,041</u>
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Total Liabilities and Members' Equity	<u>\$ 250,622</u>
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The accompanying notes are an integral part of these financial statements.

**FIRST SOUTHERN, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Period December 5, 2016 through December 31, 2017**

**NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Description of Business:** First Southern LLC, (“the Company”) is a registered broker dealer that began business in 2016. The Company is registered with the Securities and Exchange Commission, the Financial Industry Regulatory Authority and the securities commissions of appropriate states.

The Company's business includes referral services for accounts and securities transactions referred from the Company's affiliate First Southern Securities LLC. Additionally, the Company may provide merger and acquisition services and brokerage services. The Company operates from offices located Guaynabo, Puerto Rico.

The Company operates under the provisions of paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934 and, accordingly, is exempt from the remaining provisions of that rule. The requirements of paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

A summary of the Company's significant accounting policies are as follows:

**Accounting policies:** The Company follows generally accepted accounting principles (GAAP), as established by the Financial Accounting Standards Board (the FASB) to ensure consistent reporting of financial condition, results of operations, and cash flows.

**Cash and Cash Equivalents:** The Company considers all cash and money market instruments with a maturity of ninety days or less to be cash and cash equivalents.

The Company maintains its demand deposits in a high credit quality financial institution. Balances at times may exceed federally insured limits.

**Income Taxes:** The Company has elected to be taxed as an S corporation whereby the income or losses of the Company flow through to its members and no income taxes are recorded in the accompanying financial statements.

**Estimates:** Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could vary from the estimates that were assumed in preparing the financial statements.

**FIRST SOUTHERN, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Period December 5, 2016 through December 31, 2017**

**NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition:** Commissions represent revenue earned based on the Broker-Dealer Service Agreement between the Company and its affiliated broker-dealer. Revenue is earned as services are performed and invoiced.

**Recent Accounting Pronouncements:** In February 2016, FASB issued ASU 2016-02, Leases (Topic 842). FASB issued ASU 2016-02 to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Certain qualitative and quantitative disclosures are required, as well as a retrospective recognition and measurement of impacted leases. The new guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2019, with early adoption permitted. Management is currently evaluating this standard.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. In August 2015, FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, which deferred the effective date of ASU 2014-09 to reporting periods beginning after December 15, 2018. Early adoption is permitted for reporting periods beginning after December 15, 2016. Companies may use either a full retrospective or a modified retrospective approach to adopt this ASU. Management is currently evaluating this standard, including which transition approach to use.

In March 2016, FASB issued ASU 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net). The amendments are intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations. The effective date for this ASU is the same as the effective date for ASU 2014-09. Management is currently evaluating this standard.

**Date of Management’s Review:** Subsequent events were evaluated through August 15, 2018, the date which the financial statements were available to be issued.

**NOTE B – CONTINGENCIES**

The Company is subject to litigation in the normal course of business. The Company has no litigation in progress at December 31, 2017.

**FIRST SOUTHERN, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**For the Period December 5, 2016 through December 31, 2017**

**NOTE C — NET CAPITAL**

The Company, as a registered broker dealer is subject to the Securities and Exchange Commission 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. At December 31, 2017, the Company had net capital of \$132,923, which was \$32,923 in excess of its required net capital of \$100,000 and its ratio of aggregate indebtedness to net capital was 0.5 to 1.0.

**NOTE D – INDEMNIFICATIONS**

In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties that provide indemnifications under certain circumstances. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of future obligation under these indemnifications to be remote.

**NOTE E – RELATED PARTY**

The Company has entered into a Broker Dealer Services Agreement with First Southern Securities, LLC, an affiliated broker-dealer. Under the terms of the agreement the Company will provide among other things, assistance with market research and analysis with respect to investment activities. The Company invoices the affiliated broker-dealer for its share of commissions and fees for the particular transactions. For the period ended December 31, 2017, all commissions earned by the Company are related to this agreement.

The due from related party at December 31, 2017 arose from the Broker Dealer Services Agreement.

**NOTE F – OPERATING AGREEMENT**

The Company's operating agreements provides for separate classes of units starting with Class A units and continuing up to and including Class H units. Class A units are voting while Class B units through Class H units are non-voting. Class B units through Class H units are intended to constitute profits interest in the Company, as defined in the operating agreement. As of December 31, 2017, the capital contributed to the Company is representative of the Class A units.

**FIRST SOUTHERN, LLC  
NOTES TO FINANCIAL STATEMENTS**

**For the Period December 5, 2016 through December 31, 2017**

**NOTE G — RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENT**

The restatement of the accompanying audited financial statement resulted from an error in the calculation of net capital in which accounts receivable of \$104,325 were not included as a nonallowable asset as disclosed in Schedule I to the financial statements. Additionally, other assets and beginning equity were both adjusted by \$1 to account for rounding errors. These errors resulted in an overstatement of excess net capital of \$104,325 in the Company's previously issued financial statements.

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