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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 01/01/18 AND ENDING 12/31/18
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

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

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
3520 Broadway

OFFICIAL USE ONLY
FIRM I.D. NO.

	(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 (11-05)

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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., as of February 20, 20 19, 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:

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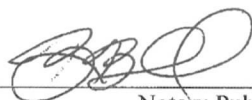
FEB 26 2019

Washington, DC


Signature

President

Title


Notary Public



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

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

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (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).

Sunset Financial Services, Inc.

Financial Statements
and
Supplemental Schedules

December 31, 2018



**KANSAS CITY LIFE
INSURANCE COMPANY**

Since 1895

Sunset Financial Services, Inc.

Financial Statements and Supplemental Schedules

December 31, 2018

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SUNSET FINANCIAL SERVICES, INC.
STATEMENT OF FINANCIAL CONDITION
December 31, 2018

(amounts in thousands, except share data)

ASSETS

Cash and cash equivalents	\$ 912
Accounts receivable	68
Other assets	<u>5</u>
Total assets	<u>\$ 985</u>

LIABILITIES

Due to affiliated entities	\$ 78
Accounts payable and other liabilities	21
Income tax payable	52
State income tax payable	<u>7</u>
Total liabilities	<u>158</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>(723)</u>
Total stockholder's equity	<u>827</u>
Total liabilities and stockholder's equity	<u>\$ 985</u>

See accompanying Notes to Financial Statements.

SUNSET FINANCIAL SERVICES, INC.
STATEMENT OF OPERATIONS
Year ended December 31, 2018
(amounts in thousands)

REVENUES

Override revenue	\$ 1,275
Proprietary revenue	149
Asset management fee	103
Investment income and other	<u>25</u>
Total revenues	<u>1,552</u>

EXPENSES

Administrative fees	1,222
Legal expenses	219
Other operating expenses	<u>42</u>
Total expenses	<u>1,483</u>

Income before income taxes	69
Income tax expense	<u>17</u>

NET INCOME	<u>\$ 52</u>
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See accompanying Notes to Financial Statements.

SUNSET FINANCIAL SERVICES, INC.
STATEMENT OF STOCKHOLDER'S EQUITY
Year ended December 31, 2018
(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	(775)
Net income	<u>52</u>
End of year	<u>(723)</u>
STOCKHOLDER'S EQUITY	<u><u>\$ 827</u></u>

See accompanying Notes to Financial Statements.

SUNSET FINANCIAL SERVICES, INC.
STATEMENT OF CASH FLOWS
Year ended December 31, 2018
(amounts in thousands)

OPERATING ACTIVITIES

Net income	\$ 52
Adjustments to reconcile net income to net cash provided by operating activities:	
Deferred income taxes	(59)
Changes in assets and liabilities:	
Accounts receivable	383
Income taxes, net	105
Due to affiliated entities, net	69
Accounts payable and other liabilities	<u>(14)</u>
Net cash provided by operating activities	<u>536</u>
 Increase in cash and cash equivalents	 536
Cash and cash equivalents at beginning of year	<u>376</u>
 Cash and cash equivalents at end of year	 <u>\$ 912</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 – Related Party Transactions).

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, 2018, the Company had \$898 not insured by the Federal Deposit Insurance Corporation (FDIC). The carrying amount of cash approximates their fair values.

Revenue Recognition

The Company adopted ASU 2014-09, *Revenue from Contracts with Customers*, on January 1, 2018 using the modified retrospective transition method. There were no significant cumulative effect adjustments as a result of the adoption as our current revenue recognition policies generally conformed to the principles in ASU 2014-09.

Revenues consist of the following:

- 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 and are recorded by the Principal. Override revenues are calculated based upon a contractual percentage of the gross dealer concessions (GDC). The Company believes the performance obligation has been satisfied upon the sale of the securities product and as such this is fulfilled on the trade date. Any fixed amounts are recognized on the trade date and variable amounts are recognized to the extent it is probable that a significant revenue reversal will not occur until the uncertainty is resolved. For variable amounts, as the uncertainty is dependent on the value of shares associated with 12b-1 fees on mutual funds, and is highly susceptible to factors outside the Company's influence, the Company does not believe that it can overcome this constraint until the market value of the fund and the investor activities are known, which are usually

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

monthly or quarterly. Override revenues recognized in the current period are primarily related to performance obligations that have been satisfied in prior periods.

- Proprietary revenues are earned when the Company enters into an arrangement on the sale of variable products by Kansas City Life. In addition, the Company earns certain commissions from the sale of variable products that are paid directly to the selling agent by Kansas City Life on behalf of the Company. Such amounts are presented on a net basis in the accompanying financial statements. The Company's performance obligation is the sale of the variable insurance product at the policy origination date and as such is fulfilled at the time the policy is issued by Kansas City Life. Any fixed amounts are recognized on the issuance of the policies and variable amounts are recognized to the extent it is probable that a significant revenue reversal will not occur once the uncertainty is resolved. For variable amounts, as the uncertainty is dependent on the policy renewal and policy account balances, which is highly susceptible to factors outside the Company's influence, the Company does not believe that it can overcome this constraint, which are usually monthly or quarterly. Proprietary revenue recognized in the current period is primarily related to performance obligations that have been satisfied in prior periods.
- Asset management fees are earned when the Company enters into arrangements with certain fund managers whereby variable products of Kansas City Life are invested into the fund and fund average assets exceed established contractual thresholds. The Company's performance obligation is the sale of the insurance products at the policy origination date and as such is fulfilled at the time the variable insurance product is issued by Kansas City Life, and contractual thresholds are met. Any fixed amounts are recognized on the original issuance of the policy and variable amounts are recognized to the extent it is probable that a significant revenue reversal will not occur once the uncertainty is resolved. For variable amounts, as the uncertainty is dependent on the policy renewal and value of the assets at future points in time, which are highly susceptible to factors outside the Company's influence, the Company does not believe that it can overcome this constraint until renewal premiums have been received and average assets have been measured, which are usually quarterly. Proprietary revenue recognized in the current period is primarily related to performance obligations that have been satisfied in prior periods.
- Investment income is comprised primarily of interest income.

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 (please see Note 3 – Federal Income Taxes).

The Company's parent is no longer subject to federal or state income tax examinations by taxing authorities for years prior to 2015.

2. Fair Value Measurements

At December 31, 2018, there were no assets or liabilities reported at fair value on a nonrecurring basis.

3. Federal Income Taxes

The components of income tax expense (benefit) on operations in 2018 are as follows:

	Total
Current income tax expense	\$ 76
Deferred income tax benefit	(59)
Total income tax expense	\$ 17

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, 2018.

	Total
Federal income tax rate	21%
Permanent differences	3%
Effective income tax rate	24%

Total income tax expense is 24% of income before income tax expense. The effective income tax rate is greater than the statutory rate of 21% primarily due to permanent differences. Permanent differences included the federal expense of deferred state income taxes that resulted in an expense of approximately 3% of income before tax for the year ended December 31, 2018.

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. At December 31, 2018, the Company did not have any temporary differences that give rise to deferred tax assets or liabilities.

The Company did not have any unrecognized tax benefits at December 31, 2018. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. In 2018, the Company did not recognize any expense related to interest and penalties.

The Company did not have any uncertain tax positions at December 31, 2018.

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, 2018, the Company had net capital of \$736, which was in excess of its required net capital of \$11. The Company's ratio of aggregate indebtedness to net capital was 0.22 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 \$1,222. 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 Company reimburses Kansas City Life for these expenses, which in 2018 amounted to \$190. At December 31, 2018, the Company had an accounts payable due to affiliates of \$78. For the year ended December 31, 2018, other affiliated revenues amounted to \$149 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, 2018, the Company had an accounts receivable of \$40 from SAI and for the year ended 2018 affiliated revenue of \$1,275, which is included in Override revenue 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

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

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 Missouri in April 2018 related to investments in private placements and real estate related funds.

The Company has one claim pending in North Carolina state court that was previously a complaint filed with FINRA related to investments in private placements, energy related funds and real estate related funds. On September 26, 2018, the FINRA Panel hearing that matter granted the Company's Motion to Dismiss the claim. The Company is currently seeking dismissal of this action in state court.

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, 2018, the Company had no open FINRA examinations.

7. Subsequent Events

Subsequent events have been evaluated through February 20, 2019, the date that the financial statements have been issued.

SUNSET FINANCIAL SERVICES, INC.
COMPUTATION OF NET CAPITAL*
SCHEDULE I

December 31, 2018

(amounts in thousands)

Total stockholder's equity	\$ 827
Less:	
Non-allowable assets	73
Haircuts on securities (computed pursuant to Rule 15c3-1(c)(2)(vi)(D))	18
Net Capital	736
Minimum requirement	11
Excess	<u>\$ 725</u>
AGGREGATE INDEBTEDNESS	
Due to affiliated entities	\$ 78
Other liabilities	80
Aggregate indebtedness	<u>\$ 158</u>
Ratio of aggregate indebtedness to net capital	<u>0.22 to 1</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, 2018, filed on January 25, 2019.

*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, 2018**

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, 2018

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

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

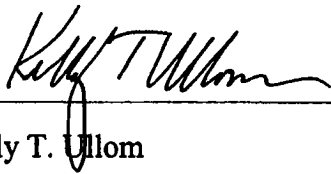
(iii) The broker or dealer promptly transmits all funds and delivers all securities received in connection with its activities as a broker or dealer, and does not otherwise hold funds or securities for, or owe money or securities to, customers.

(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.

A handwritten signature in cursive script, appearing to read "Kelly T. Ullom", is written over a horizontal line.

Kelly T. Ullom

President

February 20, 2019

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, 2018, 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, 2018, 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.

To the Shareholder and
Board of Directors
Sunset Financial Services, Inc.
Page 2

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, 2018 ("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 20, 2019

**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 20, 2019