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MAR 07 2019

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

Washington, DC

SEC FILE NUMBER
8-52342

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 01/01/17 AND ENDING 12/31/18
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: USA Financial Securities Corporation

OFFICIAL USE ONLY
FIRM I.D. NO.

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

6020 East Fulton Street SE

(No. and Street)

Ada

MI

49301

(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*

Echelbarger, Himebaugh, Tamm & Co., P.C.

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

2301 East Paris Avenue SE

Grand Rapids

MI

49546

(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)

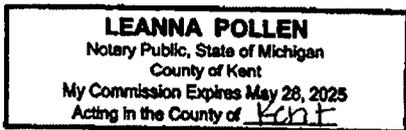
SEC 1410 (11-05)

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OATH OR AFFIRMATION

I, Brent Enders, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of USA Financial Securities Corporation, as of December 31, 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:



Handwritten signature of Leanna Pollen

Notary Public

Handwritten signature of Brent Enders

Signature

President

Title

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...
(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).

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
USA Financial Securities Corporation

Opinion on the Financial Statements

We have audited the accompanying statements of financial condition of USA Financial Securities Corporation (“Broker-Dealer”) as of December 31, 2018 and 2017, and the related statements of income and comprehensive income, changes in stockholders’ equity, and changes in financial condition for the years 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 Broker-Dealer as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years 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 Broker-Dealer’s management. Our responsibility is to express an opinion on the Broker-Dealer’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 Broker-Dealer 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 and the standards of the American Institute of Certified Public Accountants. 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 for fraud or error. 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 included 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.

Auditor’s Report on Supplemental Information

The information contained in Form X-17A-5 Part III and the supplemental information listed in the accompanying table of contents have been subjected to audit procedures performed in conjunction with the audit of the Broker-Dealer’s financial statements. The supplemental information is the responsibility of the Broker-Dealer’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.

Echelbarger, Himebaugh, Tamm & Co., PC

Echelbarger, Himebaugh, Tamm and Co.

We have served as the Broker-Dealer's auditor since 2003.

Grand Rapids, MI

February 27, 2019

Financial Statements

USA FINANCIAL SECURITIES CORPORATION

STATEMENTS OF FINANCIAL CONDITION

	December 31,	
	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash	\$ 1,503,047	\$ 1,358,376
Receivables:		
Commissions	2,081,984	2,105,992
Related parties	102,279	102,014
Representatives	11,791	33,954
Other	10,268	28,229
Firm Operating Accounts - Brokerage/Custody	442,426	234,432
Prepaid expenses	499,378	443,324
Office furniture and equipment, at cost, less accumulated depreciation of \$4,167 and \$3,164, respectively	6,795	8,984
Clearing deposit - Pershing	25,000	25,000
CRD accounts	9,843	7,525
Available-for-sale securities	52,537	68,570
TOTAL ASSETS	<u>\$ 4,745,348</u>	<u>\$ 4,416,400</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
LIABILITIES:		
Accounts payable:		
Representatives	\$ 2,334,934	\$ 2,032,279
Related party	166,260	157,555
Trade	70,339	53,295
Accrued expenses:		
Leased employees - related party	223,178	125,725
Other	26,297	40,702
Note payable	157,624	155,460
Representative deposits	1,000	1,000
Operational accounts - Pershing	-	14,341
Total Liabilities	<u>2,979,632</u>	<u>2,580,357</u>
STOCKHOLDERS' EQUITY:		
Capital stock, no par value; shares authorized 60,000; issued and outstanding 12,000	200,000	200,000
Paid-in capital	485,000	485,000
Retained earnings	1,099,348	1,153,642
Accumulated other comprehensive income	(18,632)	(2,599)
Total Stockholders' Equity	<u>1,765,716</u>	<u>1,836,043</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 4,745,348</u>	<u>\$ 4,416,400</u>

USA FINANCIAL SECURITIES CORPORATION

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	For year ended December 31,			
	2018		2017	
REVENUES:				
Investment company revenue				
Commissions	\$ 805,566	2.23 %	\$ 654,735	2.53 %
12b1 Fees	1,632,263	4.52	1,376,470	5.31
Other	17,498	0.05	11,113	0.04
Fees for account supervision and Investment Advisory Services	17,051,063	47.25	12,570,830	48.48
Variable Insurance Revenue	10,322,014	28.61	6,839,851	26.38
Fixed Insurance Revenue	3,753,206	10.40	1,720,119	6.63
Representative Fees and Charges	807,508	2.24	821,384	3.17
EIA Revenue (Related Party)	617,408	1.71	724,153	2.79
Brokerage Revenue - Pershing	383,653	1.06	466,415	1.80
UIT Revenue	350,027	0.97	275,492	1.06
REIT Revenue	201,270	0.56	299,451	1.16
Other revenue	142,257	0.40	168,849	0.65
Total Revenues	36,083,733	100.00	25,928,862	100.00
EXPENSES:				
Registered Rep Commissions	29,603,870	82.04	19,906,330	76.77
Salaries, Other Compensation and Benefits	2,545,878	7.06	1,866,019	7.20
Money Manager Fees (Related Party)	563,863	1.56	852,904	3.29
Technology Expenses	747,463	2.07	588,335	2.27
Marketing and Recruiting Expenses	401,705	1.11	339,517	1.31
Insurance Expenses	364,048	1.01	333,581	1.29
Regulatory Fees and Expenses	244,302	0.68	279,982	1.08
Brokerage Expenses - Pershing	280,504	0.78	276,800	1.07
Administrative Fees (Related Party)	198,000	0.55	198,000	0.76
Professional Service Fees	134,471	0.37	212,789	0.82
Rent	185,900	0.52	171,550	0.66
Client Settlements	250	-	278	-
Other expenses	326,522	0.90	304,216	1.17
Interest expense	7,940	0.02	6,659	0.03
Total Expenses	35,604,717	98.67	25,336,960	97.72
Income Before Income Taxes	479,016	1.33	591,902	2.28
INCOME TAXES	23,310	0.06	17,299	0.07
NET INCOME	455,706	1.27	574,603	2.21
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized holding gain (loss) on available- for-sale securities	(16,033)	(0.04)	(1,492)	(0.01)
Net other comprehensive income (loss)	(16,033)	(0.04)	(1,492)	(0.01)
TOTAL COMPREHENSIVE INCOME	\$ 439,673	1.23 %	\$ 573,111	2.20 %

USA FINANCIAL SECURITIES CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance at January 1, 2017	12,000	\$ 200,000	\$ 485,000	\$ 839,039	\$ (1,107)	\$ 1,522,932
Net income	-	-	-	574,603	-	574,603
Other comprehensive loss	-	-	-	-	(1,492)	(1,492)
Distributions	-	-	-	(260,000)	-	(260,000)
Balance at December 31, 2017	12,000	200,000	485,000	1,153,642	(2,599)	1,836,043
Net income	-	-	-	455,706	-	455,706
Other comprehensive loss	-	-	-	-	(16,033)	(16,033)
Distributions	-	-	-	(510,000)	-	(510,000)
Balance at December 31, 2018	<u>12,000</u>	<u>\$ 200,000</u>	<u>\$ 485,000</u>	<u>\$ 1,099,348</u>	<u>\$ (18,632)</u>	<u>\$ 1,765,716</u>

USA FINANCIAL SECURITIES CORPORATION

STATEMENTS OF CHANGES IN FINANCIAL CONDITION

	For year ended December 31,	
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 455,706	\$ 574,603
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	4,167	3,164
(Increase) decrease in:		
Receivables	63,867	(765,704)
Prepaid expenses	(56,054)	(47,772)
Operational accounts (assets)	(207,994)	(32,304)
CRD Daily account	(2,318)	1,285
Increase (decrease) in:		
Accounts payable	328,404	950,236
Accrued expenses	83,048	8,962
Operational accounts (liabilities)	(14,341)	2,819
Other liabilities	0	1,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>654,485</u>	<u>696,289</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Computers	(1,978)	(8,422)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	234,300	231,366
Payments on note payable	(232,136)	(214,102)
Distributions paid	(510,000)	(260,000)
NET CASH USED BY FINANCING ACTIVITIES	<u>(507,836)</u>	<u>(242,736)</u>
(DECREASE) INCREASE IN CASH	144,672	445,131
CASH, Beginning of Year	<u>1,358,376</u>	<u>913,245</u>
CASH, End of Year	<u>\$ 1,503,047</u>	<u>\$ 1,358,376</u>

USA FINANCIAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. ORGANIZATION AND NATURE OF BUSINESS

USA Financial Securities Corporation (Company) is an introducing broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is a Michigan Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The Company is engaged in business in Michigan and multiple other states as a securities broker-dealer, which comprises several classes of services, including agency transactions with occasional principal transactions. The Company is also a Registered Investment Advisor.

CASH AND CASH EQUIVALENTS

The statement of changes in financial condition is designed to show the change in cash and cash equivalents during the year. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to cash and are so near maturity that fluctuations in interest rates lead to insignificant risk of changes in investment value. The Company held no cash equivalents at December 31, 2018 and 2017. Substantially all cash is on deposit with three financial institutions. At various times during the year, the Company's cash in bank balances exceeds the Federally Insured limits. At December 31, 2018 and 2017, respectively, the Company bank balance totaled \$1,530,603 and \$1,358,401 of which \$815,158 and \$643,915 was uninsured by the Federal Deposit Insurance Corporation (FDIC).

AVAILABLE-FOR-SALE-SECURITIES

Available-for-sale securities consisting of publicly and non-publicly traded Real Estate Investment Trusts (REITs) are carried at market value. Realized gains and losses on available-for-sale securities are recognized in the statement of income as they occur. Unrealized holding gains and losses are recognized as a net amount in a separate component of stockholders' equity. Cost of securities sold for the purpose of computing gains or losses is determined by the specific identification method.

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments in debt and equity securities that are classified as available-for-sale on a recurring basis.

FASB ASC 820-10 defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements for fair value measurements.

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

USA FINANCIAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AVAILABLE-FOR-SALE-SECURITIES (CONTINUED)

Level 2 - inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - inputs are unobservable inputs for the asset or liability.

OTHER COMPREHENSIVE INCOME

The Company complies with provisions of FASB ASC 220, *Comprehensive Income*, which requires companies to report all changes in equity during a period, except those resulting from investment by owners and distributions to owners, for the period in which they are recognized. Comprehensive income is the total of net income/loss and all other non-owner changes in equity (or other comprehensive income) such as unrealized gains or losses on securities classified as available-for-sale, foreign currency translation adjustments and minimum pension liability adjustments. Accumulated other comprehensive income/loss must be reported on the face of the financial statements. Total other comprehensive loss for the years ended December 31, 2018 and 2017 was \$16,033 and \$1,492 which consists of unrealized gains/losses on available-for-sale securities.

ACCOUNTS RECEIVABLE

Accounts receivable includes securities fees/commissions and representative fee obligations due under normal trade terms.

Management reviews all representative accounts receivable periodically to determine if any amounts will be uncollectible. Based upon the credit risk of specific representatives, historical trends and other information; amounts that are determined to be potential credit losses are written off when determined uncollectible. Such losses have historically been within management's expectations.

COMMISSIONS (REVENUE RECOGNITION)

Commissions and related clearing expenses are recorded on a settlement-date basis as securities transactions occur.

PREPAID FINRA LICENSING

The Company amortizes the cost of annual Financial Industry Regulatory Authority (FINRA) licensing over the period of benefit which was twelve months for 2018 and 2017.

USA FINANCIAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Depreciation for financial statement purposes is computed using the straight-line method, based on estimated useful lives of the assets which, in some instances, may be greater than the lives allowed for tax purposes. For income tax purposes, assets are depreciated using the straight-line method and the Modified Accelerated Cost Recovery System (MACRS). Depreciation expense totaled \$4,167 and \$3,164, respectively for the years ended December 31, 2018 and 2017.

SOFTWARE

Software is being amortized over three years using the straight-line method. All software costs were fully amortized as of December 31, 2018 and 2017.

ADVERTISING COSTS

Advertising costs are charged to expense as incurred. Advertising expense charged to operations totaled \$210,765 and \$85,256 for the years ended December 31, 2018 and 2017, respectively.

INCOME TAXES

No federal income taxes have been provided because the corporation operates as an S corporation. Under this provision of the Internal Revenue Code, the shareholders include the Company's earnings (losses) on their individual tax returns. However, the Company is subject to various state taxes.

Income tax positions taken by the Company are recognized and measured under a more-likely-than-not success threshold. Management has evaluated the Company's various tax positions under this criteria for recognition, derecognition, and measurement in these financial statements.

The Company files income tax returns in U.S. federal and several state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal tax examinations for years before 2015 and state tax examinations for years before 2014.

The Company accrues interest related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2018 and 2017, the Company accrued interest or penalties relating to unrecognized tax benefits in the amount of \$0 for each year.

MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles issued by United States of America Financial Accounting Standards Board (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported

USA FINANCIAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MANAGEMENT ESTIMATES (CONTINUED)

amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

OFF-BALANCE SHEET RISK AND CONCENTRATION OF CREDIT RISK

Credit risk represents the maximum potential loss that the Company would incur if the counterparties failed to perform pursuant to the terms of their agreements with the Company.

In the normal course of business, the Company facilitates the execution of securities transactions on behalf of customers as an agent. If the agency transactions do not settle because of failure to perform by either the customer or the counterparty, the Company may be obligated to discharge the obligation of the nonperforming party and, as a result, may incur a loss if the market value of the securities differs from the contract amount.

The Company is also subject to credit risk to the extent that the Company's clearing broker may be unable to fulfill its obligations either to return the Company's securities held as deposits or repay net commission owed.

The Company's policy is to monitor its market exposure and counterparty risk. The Company maintains insurance to mitigate their risk.

RELATED PARTIES

The Company is a wholly-owned subsidiary of USA Financial Corporation. The Company has transactions with USA Financial Corporation and its other subsidiaries: USA Financial Team Corporation, USA Financial Insurance Services Corporation, USA Financial Portformulas Corporation, USA Financial Media Corporation, and USA Financial Exchange Corporation. In addition, the Company has transactions with another related party, USA Financial Equity, LLC. Please see note 8 for additional related party information.

USA FINANCIAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

3. AVAILABLE-FOR-SALE SECURITIES

Marketable securities have been classified according to management's intent. Available-for-sale securities at December 31, 2018 are summarized as follows:

	<u>Cost</u>	<u>Estimated Market Value</u>	<u>Gross Unrealized Gains (Losses)</u>
InvenTrust Properties Corp.	\$ 6,196	\$ 4,864	\$ (1,332)
Xenia Hotels & Resorts, Inc.	4,554	3,320	(1,234)
American Finance Trust, Inc.	30,905	17,709	(13,196)
Healthcare Trust, Inc.	9,965	26,644	(3,321)
	<u>\$ 71,620</u>	<u>\$ 52,537</u>	<u>\$ (19,083)</u>

Available-for-sale securities at December 31, 2017 are summarized as follows:

	<u>Cost</u>	<u>Estimated Market Value</u>	<u>Gross Unrealized Gains (Losses)</u>
InvenTrust Properties Corp.	\$ 6,196	\$ 5,096	\$ (1,100)
Xenia Hotels & Resorts, Inc.	4,554	4,167	(387)
American Finance Trust, Inc.	30,905	31,084	179
Healthcare Trust, Inc.	29,965	28,223	(1,742)
	<u>\$ 71,620</u>	<u>\$ 68,570</u>	<u>\$ (3,050)</u>

The Company's investments are measured using Level 2 inputs (third party secondary market report commonly used within the Company's industry).

4. DEPOSIT WITH CLEARING BROKER

The Company is required to maintain a collateral account with its clearing broker with a minimum market value of \$25,000.

5. NOTE PAYABLE

The Company has an unsecured short term note payable to finance its errors and omissions insurance. The note requires monthly payments of \$26,836 including interest at 7.34% and matures in July 2019. As of December 31, 2017, the note required monthly payments of \$26,391 including interest at 6.34% and had a maturity date of July 2018. There were no covenants related to this note payable as of December 31, 2018 and 2017.

USA FINANCIAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

6. INCOME TAXES

The Company files as a Qualified Subchapter S Subsidiary of an S-corporation and records certain state tax expenses separate from its parent.

Provision for income taxes consists of the following:

	For years ended December 31,	
	2018	2017
Other states	\$ 23,310	\$ 17,299

The tax rate applied is based on timing differences for expenses deductible for financial reporting purposes that are deductible for tax purposes on a different basis. The Company's effective income tax rate is lower than what would be expected because it is an S corporation which does not pay federal corporate income taxes. Because the Company is an S Corporation, the Company is not subject to the Michigan Corporate Income Tax (CIT). The Company remained subject to other state income taxes in 2018.

7. NET CAPITAL REQUIREMENTS

The Company is subject to the SEC Uniform Net Capital Rule (SEC rule 15c3-1), which requires the Company to maintain minimum net capital of not less than \$50,000 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2018, the Company had net capital of \$806,778 which was \$608,136 in excess of the required net capital of \$198,642, and the Company's aggregate indebtedness to net capital ratio was 3.69 to 1. At December 31, 2017, the Company had net capital of \$880,194 which was \$708,170 in excess of the required net capital of \$172,024 and the Company's aggregate indebtedness to net capital ratio was 2.93 to 1.

8. RELATED PARTY TRANSACTIONS

The Company reimburses USA Financial Insurance Services Corporation on a monthly basis for costs paid on the Company's behalf. The unpaid portion of these expenses included in accounts payable is \$46,900 and \$35,470 at December 31, 2018 and 2017, respectively. Total expenses reimbursed for the year ended December 31, 2018 and 2017 were \$502,201 and \$494,863, respectively.

Additionally, the Company has a revenue sharing agreement with USA Financial Insurance Services Corporation. The revenue sharing agreement generated \$617,408 and \$724,153 of the Company's revenues for the years ended December 31, 2018 and 2017, respectively. The unpaid portion of this income included in accounts receivable is \$49,141 and \$35,611 at December 31, 2018 and 2017, respectively.

USA FINANCIAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

8. RELATED PARTY TRANSACTIONS (CONTINUED)

The Company reimburses USA Financial Corporation (Parent Company) on a monthly basis for costs paid on the Company's behalf. The unpaid portion of these expenses included in accounts payable at year end is \$1,683 and \$7,816 for the year ended December 31, 2018 and 2017, respectively. Total expenses reimbursed for the year ended December 31, 2018 and 2017 was \$141,807 and \$19,439, respectively. In addition to reimbursed expenses, the Company paid Parent Company \$198,000 and \$198,000 in management fees for the years ended December 31, 2018 and 2017, respectively.

The Company engages in business with USA Financial Portformulas Corporation. The revenue generated from this business totaled \$3,814,455 and \$4,076,199 for the years ended December 31, 2018 and 2017, respectively. The unpaid portion of this income included in accounts receivables - commissions at year end is \$258,749 and \$341,852 at December 31, 2018 and 2017, respectively. Total fees expensed by the Company to USA Financial Portformulas Corporation for account management was \$563,863 and \$798,389 for the years ended December 31, 2018 and 2017, respectively. The unpaid portion of these expenses included in accounts payable at December 31, 2018 and 2017 is \$35,336 and \$75,538, respectively.

The Company engages in business with USA Financial Exchange Corporation. The revenue generated from this business totaled \$4,016,426 and \$548,674 for the years ended December 31, 2018 and 2017, respectively. The unpaid portion of this income included in accounts receivables - commissions at year end is \$299,074 and \$99,280 at December 31, 2018 and 2017, respectively.

In February 2017, USA Financial Plug N Run Corporation merged with USA Financial Media Corporation. For the months of January and February 2017, the Company received marketing support services from USA Financial Plug-N-Run Corporation. A total of \$4,000 was charged to expense under this agreement for the months ended January and February 2017. The Company reimbursed USA Financial Plug-N-Run Corporation on a monthly basis for costs paid on the Company's behalf. Total expenses reimbursed for the months ended January and February 2017 was \$113,454. Additionally, the Company received reimbursement from USA Financial Plug-N-Run Corporation for certain representative fees and technology costs incurred by the Company. Total expense reimbursement totaled \$33,532 for the for the months ended January and February 2017. There were no transactions with or funds due to and/or from USA Financial Plug-N-Run at December 31, 2018 and 2017.

The Company receives advertising and marketing support services from USA Financial Media Corporation. A total of \$36,000 and \$32,000 was charged to expense under this agreement for the years ended December 31, 2018 and 2017, respectively. Additionally, the Company reimburses USA Financial Media Corporation on a monthly basis for costs paid on the Company's behalf. Total expenses reimbursed for the year ended December 31, 2018 and 2017 were \$582,169 and \$327,684 respectively. The unpaid portion of the support services and/or these expenses included in accounts payable is \$37,474 and \$34,938 at December 31, 2018 and 2017, respectively. Additionally, the Company receives reimbursement from USA Financial Media Corporation for certain representative fees and technology costs incurred by the Company. Total expense reimbursement totaled \$429,538 and \$355,313 for years

USA FINANCIAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

8. RELATED PARTY TRANSACTIONS (CONTINUED)

ended December 31, 2018 and 2017, respectively. The total expense reimbursement in Accounts Receivable is \$53,138 and \$66,403 at December 31, 2018 and 2017, respectively.

The Company rents office space on a month-to-month basis from USA Financial Equity, LLC. A total of \$185,900 and \$171,550 was charged to expense under this agreement during the years ended December 31, 2018 and 2017, respectively.

The Company leases the majority of its employees from USA Financial Team Corporation. The payments made to this Company are for payroll related expenses, management fees, and a 401k plan for all eligible employees. Total payments made to this related party for the year ended December 31, 2018 and 2017 were \$2,564,925 and \$1,900,383, respectively. Accrued leased employee expense totaled \$223,178 and \$125,725 at December 31, 2018 and 2017, respectively. The unpaid portion of this other leased employee expenses included in accounts payable is \$5,468 and \$3,794 at December 31, 2018 and 2017, respectively.

Several representatives of the Company are either owners of the Company or employees of USA Financial Team Corporation. These related representatives generated \$48,303 and \$32,051 in revenue during the years ended December 31, 2018 and 2017, respectively. Of this revenue, the amount uncollected and included in commissions receivable totaled \$2,684 and \$2,035 at December 31, 2018 and 2017, respectively. A portion of the revenue generated was paid to these representatives and expensed as commission expense.

Commission expense paid to related parties is summarized as follows:

	For years ended December 31,	
	2018	2017
Related representative commission expense	<u>\$ 41,077</u>	<u>\$ 25,513</u>

Of the total charged to commission expense, there was \$2,148 and \$1,628 due to these representatives at December 31, 2018 and 2017, respectively.

9. OPERATING LEASES

The Company rents various online applications under one year operating leases and other operating leases expiring at various dates. Most of the leases contain automatic renewal options of one year periods unless notice of cancellation is provided by the Company. One lease contains automatic renewals for three year periods unless cancellation notice is received at least ninety days before expiration. This lease expired in May of 2018 and was automatically renewed for a three year period ending May 2021. Some of the leases have a minimum payment and/or are contingent on users and other variables. Total rental expense was \$518,671 and \$342,904 for the years ended December 31, 2018 and 2017, respectively.

USA FINANCIAL SECURITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

9. OPERATING LEASES (CONTINUED)

The following schedule details future minimum lease payments as of December 31, 2018 for operating leases with initial or remaining lease terms in excess of one year.

For the year ending December 31:	2019	\$ 61,400
	2020	61,400
	2021	<u>25,583</u>
		<u>\$ 148,383</u>

10. MAJOR PRODUCTS

For the year ended December 31, 2018 and 2017, the Company's revenues were substantially from two product types which accounted for approximately 76% and 75% of revenues, respectively.

11. SUBSEQUENT EVENTS

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 27, 2019, the date the financial statements were available to be issued.

12. CONTINGENCIES

The Company is involved in certain legal actions arising in the ordinary course of business. In addition, the Company is also involved in routine regulatory examinations. Management believes, based on the advice of legal counsel, that such litigation and claims and regulatory examinations will be resolved without a material effect on the Company's financial position.

Supplementary Information

USA FINANCIAL SECURITIES CORPORATION
SCHEDULE I -
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION

AS OF DECEMBER 31, 2018

NET CAPITAL:	
Total stockholders' equity	\$ 1,765,716
	<u>1,765,716</u>
Deductions and/or charges:	
Nonallowable assets:	
Receivables:	
Non-allowable commissions	\$ 268,869
Related party	102,279
Representatives	11,791
Other	10,268
Prepaid expenses	499,378
Available-for-sale securities	49,217
Haircut on Position(s)	498
CRD accounts	9,843
Office furniture and equipment, net of accumulated depreciation	6,795
	<u>806,778</u>
TOTAL NET CAPITAL	\$ 806,778
AGGREGATE INDEBTEDNESS:	
Items included in statement of financial condition:	
Accounts payable	\$ 249,374
Accrued expenses:	
Leased employees - related party	223,178
Other	2,349,455
Note payable	157,624
Operational accounts - Pershing	-
	<u>2,979,632</u>
TOTAL AGGREGATE INDEBTEDNESS	\$ 2,979,632
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:	
Net capital requirement	\$ 50,000
	<u>50,000</u>
Minimum net capital required	\$ 198,642
	<u>198,642</u>
Excess net capital at 1,500 percent	\$ 608,136
	<u>608,136</u>
Excess net capital at 1,000 percent	\$ 508,815
	<u>508,815</u>
Ratio: Aggregate indebtedness to net capital	<u>3.69</u>

Statement Pursuant to Rule 17a-5(d)(4) - A reconciliation of the Company's computation of net capital as reported in the unaudited Part IIA of Form X-17A-5 was not prepared as there are no differences between the Company's computation of net capital and the computation contained herein.

Report of Independent Registered Public Accounting Firm

To the Board of Directors of
USA Financial Securities Corporation

We have reviewed management's statements, included in the accompanying USA Financial Securities Corporation Exemption Report, in which (1) USA Financial Securities Corporation identified the following provision of 17 C.F.R. §15c3-3(k) under which USA Financial Securities Corporation claimed an exemption from 17 C.F.R. §240.15c3-3(2)(ii) (exemption provision) and (2) USA Financial Securities Corporation stated that USA Financial Securities Corporation met the identified exemption provision throughout the most recent fiscal year except as described in its exemption report. USA Financial Securities Corporation'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 the standards of the American Institute of Certified Public Accountants and, accordingly, included inquiries and other required procedures to obtain evidence about USA Financial Securities Corporation'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)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Echelbarger, Himebaugh, Tamm & Co., PC

Echelbarger, Himebaugh, Tamm and Co.
Grand Rapids, MI

February 27, 2019

USA FINANCIAL SECURITIES CORPORATION

2018 Exemption Report
SEC Rule 17a-5(d)(1) and (4)

USA Financial Securities Corporation, headquartered at 6020 East Fulton Street, Ada, Michigan 49301 (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 solely for the purposes of SEC Rule 17a-5(d)(1) and (4), 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 SEC Rule 15c3-3, *Customer Protection*, 17 C.F.R. § 240.15c3-3, under subsection (k)(2)(ii), 17 C.F.R. § 240.15c3-3 (k)(2)(ii), with respect to all of its fiscal year ended on December 31, 2017.

(2) The Company met the identified exemption provisions in subsection (k)(2)(ii), 17 C.F.R. § 240.15c3-3 (k)(2)(ii), throughout its fiscal year ended on December 31, 2018, except as described in Exhibit A, attached hereto and incorporated by reference herein.

I, Andrea McGrew, being the Company's Chief Legal Officer and Chief Compliance Officer, affirm that, to my best knowledge and belief, this Exemption Report, including Exhibit A, is true and correct.

USA FINANCIAL SECURITIES CORPORATION

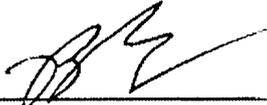


Dated: February 06, 2018

Andrea McGrew, Chief Legal Officer and
Chief Compliance Officer

I, Brent Enders, being the Company's president, affirm that, to my best knowledge and belief, this Exemption Report, including Exhibit A, is true and correct.

Dated: February 06, 2018



Brent Enders, President

USA Financial Securities Corporation
2018 Exemption Report

EXHIBIT A

The Company claims an exemption from the requirements of SEC Rule 15c3-3 based upon subsection (k)(2)(ii). The Company is an introducing broker-dealer that clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer. The Company's written supervisory policies and procedures require its associated persons to promptly transmit all customer funds and securities to the Company's clearing broker-dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer, as provided in SEC Rule 15c3-3(k)(2)(ii).

FINRA's guidance regarding compliance with SEC Rule 15c3-3(k)(2)(ii) provides, in relevant part, that:

Broker/dealers that operate with a minimum net capital requirement of \$5,000 per SEC Rule 15c3-1(2)(vi) and claim the (k)(2)(ii) exemption under SEC Rule 15c3-3 could become subject to a \$250,000 minimum net capital requirement if they receive checks made payable to them. Simply, a broker/dealer is deemed to receive customer funds if the customer's check is made payable to the broker/dealer. However, if an introducing firm receives such a check but promptly instructs customers to make checks payable to the clearing broker/dealer, the firm would not be found to be receiving customer funds. The firm should maintain a record of such instructions, i.e., letter to the customer or memorandum detailing the conversation, to protect its \$5,000 net-capital status. Normally, receipt of such checks should be an unusual and infrequent occurrence. However, if a pattern emerges wherein a customer(s) repeatedly remits checks made payable to the introducing firm, the broker/dealer will become subject to a \$250,000 minimum net capital requirement. NASD Regulation suggests that the firm's written supervisory procedures address this issue, including steps to return the check to the customer with instructions to make the check payable to the clearing broker/dealer.

Emphasis added. Available on FINRA's website at: http://finra.complinet.com/en/display/viewall_plain.html?rbid=1189&element_id=1159005184

The Company's written supervisory procedures, including its related continuing education for associated persons, require that each of its associated persons promptly forward to the Company's home office all customer funds or securities. As described in SEC Rule 15c3-1(c)(9) and (10), the Company defines "promptly" as being no later than noon of the next business day following receipt of such funds or securities. The Company maintains a system of internal controls to document and supervise the handling of customer checks, including branch office and home office check blotters, which are periodically reviewed by home office compliance staff.

During 2018, the Company processed 6,718 customer checks. Of those 6,718 checks, 24 were held longer than the permitted time frame and, of those 24 checks, seven were payable to the Company for investment advisory services and two were connected to the purchase of an equity

USA Financial Securities Corporation
2018 Exemption Report

indexed annuity (“EIA”). By policy, the Company requires all associated persons to forward EIA applications and related checks to the Company’s home office for supervisory purposes. The remainder of the late checks were payable to an unaffiliated third-party custodian. All checks held at the home office are placed in safekeeping under lock and key, so we do not believe holding them posed a risk of misappropriation.

We note that, according to the definitions set forth in SEC Rule 15c3-3, the term “customer” means “any person from whom or on whose behalf a broker or dealer has received or acquired or holds funds or securities for the account of that person.” EIAs are not securities products and EIA purchasers are not broker-dealer clients. The Company reviews all EIA purchases for suitability based on NASD Notice to Members 05-50, however, we consider EIA transactions to constitute outside business activities.

We believe that the seven advisory fee checks and two EIA checks were properly delivered pursuant to all applicable rules. As such, we believe that only 15 checks, or 0.22% of all checks processed in 2018 were not forwarded by noon the following business day. The Company took corrective action in each of those instances indicated in the attached exception reporting schedule for the Company’s fiscal year ended on December 31, 2018.

Audit Period	Rep Name	Received	Forwarded	Check No.	Client Name	Type	Forwarded To	Account Number	Amount	Product Type	ID	Business Days Held	Violation Number	Action Taken
2018-01	Kathy Coby	1/17/2017	1/30/2018	1006	Raja Jideh	Transfer	USA-FS	4U6149470	\$5,500.00	Brokerage Account	149459	56	1(a)	Caution Letter 2/15/18 & \$500 Fine
2018-01	Kathy Coby	1/17/2017	1/30/2018	30465980	Dreanni Jideh	Purchase	USA-FS	4U6152482	\$5,500.00	Brokerage Account	154989	56	1(b)	Caution Letter 2/15/18 & \$500 Fine
2018-02	James Twigg	2/6/2018	2/8/2018	853	Michael L Glenn	Advisory Fee	USA-FS	JAR-GLENN-61961	\$500.00	Advisory Fee	155243	2	1(b)	Caution Email 3/14/18
2018-02	James Twigg	2/6/2018	2/8/2018	10151	Richard H Glenn	Advisory Fee	USA-FS	JAR-GLENN-76687	\$500.00	Advisory Fee	155267	2	1(b)	Caution Email 3/14/18
2018-02	Heather Foster	2/13/2018	2/15/2018	1603	Jerry Vandersaul	Purchase	USA-FS	071274837	\$50,000.00	Fixed Indexed Annuity	155681	2	1	Caution Email 2/28/18 (J Brusk emailed 2/15)
2018-02	Alfred Lindsten	2/20/2018	2/22/2018	548993845	Richard Rohan	Log Check to USA-FS	USA-FS	675-521884	\$23.66	AUM (3rd Party Manager)	156036	2	1	Caution Email 3/14/18
2018-03	Tyler Bannister	3/7/2018	3/6/2018	1259	Andrea Whitener	Advisory Fee	USA-FS	JAR-WHITENER-77543	\$100.00	Advisory Fee	156877	2	1	Caution Email 4/11/18
2018-03	Matt Fry	3/7/2018	3/9/2018	1187	Jerry Johnson	Purchase	USA-FS	4U6153882	\$10,000.00	Brokerage Account	157259	2	1	Caution Email 5/2/18
2018-04	Jim Yent	4/18/2018	4/20/2018	1201	Emily Waddley	Purchase	USA-FS	664974	\$12,000.00	AUM (3rd Party Manager)	160336	2	1	Caution Email 5/2/18
2018-07	Jim Turpin	7/3/2018	7/4/2018	007636601	Kimberly Broadway	Log Check to USA-FS	USA-FS	071287047	\$70,959.16	Fixed Indexed Annuity	164867	2	1	Caution Email 8/7/18
2018-08	Chry Selfridge	8/10/2018	8/14/2018	8191	James Howard	Advisory Fee	USA-FS	JAR-HOWARD-87700	\$750.00	Advisory Fee	167460	2	1(b)	Caution Email 9/4/18 (MA emailed 8/14)
2018-08	Chry Selfridge	8/10/2018	8/14/2018	1725	Ron Brown	Advisory Fee	USA-FS	JAR-BROWN-82702	\$750.00	Advisory Fee	167464	2	1(b)	Caution Email 9/4/18 (MA emailed 8/14)
2018-08	Dana Avery	8/22/2018	8/24/2018	1891	Leslye Banks	Advisory Fee	USA-FS	JAR-BANKS-83025	\$75.00	Advisory Fee	168112	2	1	Caution Email 9/11/18
2018-11	Randy Deaton	11/5/2018	11/7/2018	2005547018	Mark Hahn	Log Check to USA-FS	USA-FS	689635	\$125,000.00	AUM (3rd Party Manager)	172185	2	1	Caution Email 11/13/18 (JB called to 11/8)
2018-12	Bob Gianchiglia	12/18/2018	12/21/2018	494	Dominique Nicolay	Purchase	USA-FS	4U6161103	\$390.00	Brokerage Account	174770	3	1	Caution Email 1/8/19
2018-12	Bill Childers Sr	12/20/2018	12/26/2018	4872	Kristine Stanton	Purchase	USA-FS	Not Yet Issued	\$75,000.00	Variable Annuity	174728	4	1(b)	Caution Email 1/8/19
2018-12	Bill Childers Sr	12/24/2018	12/27/2018	3596	Marcelline Smith	Advisory Fee	USA-FS	JAR-SMITH-86282	\$1,500.00	Advisory Fee	174896	2	1(b)	Caution Email 1/8/19

Report of Independent Registered Public Accounting Firm on Applying Agreed-Upon Procedures

To the Board of Directors of
USA Financial Securities Corporation

We have performed the procedures included in Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and in the Securities Investor Protection Corporation (SIPC) Series 600 Rules, which are enumerated below and were agreed to by USA Financial Securities Corporation (Company) and the SIPC, solely to assist you and SIPC in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2018. The Company's management is responsible for its Form SIPC-7 and for its compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with standards established by the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
- 2) Compared the Total Revenue amount reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2018 with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2018, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
- 4) Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences; and
- 5) Compared the amount of the assessment due to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences.

We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's compliance with the applicable instructions of the Form SIPC-7 for the year ended December 31, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the USA Financial Securities Corporation and the SIPC and is not intended to be and should not be used by anyone other than these specified parties.

Echelbarger, Himebaugh, Tamm & Co., PC

Echelbarger, Himebaugh, Tamm and Co.
Grand Rapids, MI

February 27, 2019

SIPC-7

(36-REV 12/18)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300

General Assessment Reconciliation

SIPC-7

(36-REV 12/18)

For the fiscal year ended 12/31/2018

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

11*11*****2052*****MIXED AADC 220
52342 FINRA DEC
USA FINANCIAL SECURITIES
6020 FULTON ST E
ADA, MI 49301-9106

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

William Backert 888-478-978 x404

- 2. A. General Assessment (item 2e from page 2) \$ 11,672
- B. Less payment made with SIPC-6 filed (exclude interest) (5,536)
7/27/18
Date Paid
- C. Less prior overpayment applied (0)
- D. Assessment balance due or (overpayment) 6,136
- E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum 0
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 6,136
- G. PAYMENT: the box
Check mailed to P.O. Box Funds Wired ACH
Total (must be same as F above) \$ 6,136
- H. Overpayment carried forward \$(0)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

USA FINANCIAL SECURITIES CORPORATION
(Name of Corporation, Partnership or other organization)
[Signature]
(Authorized Signature)
CFO
(Title)

Dated the 4 day of FEBRUARY, 2019.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER Dates: Postmarked Received Reviewed
Calculations Documentation Forward Copy
Exceptions: _____
Disposition of exceptions: _____

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning 1/1/2018
and ending 12/31/2018

Item No.	Eliminate cents
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)	\$ <u>36,883,733</u>
2b. Additions:	
(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.	<u>0</u>
(2) Net loss from principal transactions in securities in trading accounts.	<u>0</u>
(3) Net loss from principal transactions in commodities in trading accounts.	<u>0</u>
(4) Interest and dividend expense deducted in determining item 2a.	<u>0</u>
(5) Net loss from management of or participation in the underwriting or distribution of securities.	<u>0</u>
(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.	<u>0</u>
(7) Net loss from securities in investment accounts.	<u>0</u>
Total additions	<u>0</u>
2c. Deductions:	
(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.	<u>17,606,075</u>
(2) Revenues from commodity transactions.	<u>0</u>
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.	<u>10,688,397</u>
(4) Reimbursements for postage in connection with proxy solicitation.	<u>0</u>
(5) Net gain from securities in investment accounts.	<u>0</u>
(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.	<u>0</u>
(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).	<u>0</u>
(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):	<u>0</u>
<hr/>	
(Deductions in excess of \$100,000 require documentation)	
(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.	\$ <u>7,940</u>
(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).	\$ <u>0</u>
Enter the greater of line (i) or (ii)	<u>7,940</u>
Total deductions	<u>28,312,412</u>
2d. SIPC Net Operating Revenues	\$ <u>7,781,321</u>
2e. General Assessment @ .0015	\$ <u>11,672</u>

(to page 1, line 2.A.)