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

SEC FILE NUMBER
8-37689

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 05/01/18 AND ENDING 04/30/19
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Rhodes Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

306 West 7th Street, Suite 1000

(No. and Street)

Fort Worth

TX

76102

(City)

(State)

(Zip Code)

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

Kathy Parker

304-476-8002

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Moss Adams LLP

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

14555 Dallas Parkway, Suite 300 Dallas

TX

75254

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

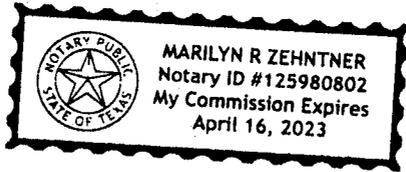
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

RMS

OATH OR AFFIRMATION

I, J. Gordon Rhodes, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Rhodes Securities, Inc. of June 28, 2019, 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:



J. Rhodes
Signature
Chief Executive Officer
Title

Notary Public

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).

RHODES SECURITIES, INC.
Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	1
FINANCIAL STATEMENTS	
Statement of financial condition	2
Statement of income	3
Statement of changes in stockholders' equity	4
Statement of cash flows	5
Notes to the financial statements	6 - 11
Supplemental information pursuant to Rule 17a-5	12

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	13
Exemption report	14



MOSSADAMS

Report of Independent Registered Public Accounting Firm

To the Board Members
Rhodes Securities, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Rhodes Securities, Inc. (the Company) as of April 30, 2019, the related statements of income, changes in 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 April 30, 2019, 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 to 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.

Opinion on the Supplemental Information

The information in Schedule I has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The information in Schedule I is the responsibility of the Company's management. Our audit procedures include determining whether the information in Schedule I 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 Schedule I. In forming our opinion on the information in Schedule I, we evaluated whether the information in Schedule I, including its form and content is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the information in Schedule I is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Dallas, Texas
June 28, 2019

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

RHODES SECURITIES, INC.
Statement of Financial Condition
April 30, 2019

ASSETS

Cash	\$	155,956
Commissions receivable		358,551
Clearing deposit		75,000
Prepaid expenses		56,244
Related party receivables		59,814
Prepaid federal income tax		5,320
Deferred tax asset		25,309
Property and equipment, at cost, net of accumulated depreciation and amortization of \$180,664		17,684
		17,684
TOTAL ASSETS	\$	753,878
		753,878

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:

Accounts payable and accrued liabilities	\$	397,814
State income taxes payable		10,315
		10,315
Total Liabilities		408,129
		408,129

Stockholders' equity:

Preferred stock, no par value, 5,000,000 shares authorized, Series 2, 5,000 shares authorized, 520 shares issued and outstanding.		207,800
Common stock, no par value, 10,000,000 shares authorized, 99,000 shares issued and 90,000 shares outstanding.		21,000
Additional paid-in capital		33,100
Retained earnings (Deficit)		160,250
Treasury stock, 9,000 shares at cost		(76,401)
		(76,401)
Total Stockholders' Equity		345,749
		345,749
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	753,878
		753,878

See notes to financial statements.

RHODES SECURITIES, INC.
Statement of Income
For the Year Ended April 30, 2019

Revenues

Brokerage commissions	\$ 365,609
Distribution fees	1,257,798
Interest income	91,266
Net trading gains	280,376
Margin interest	34,304
Reimbursed expenses	652,373
Other	78,263

Total Revenue

2,759,989

Expenses

Commissions and related costs-registered representatives	1,144,614
Compensation and related costs-officers and employees	631,961
Clearing charges	53,552
Communications	94,601
Errors and bad debts	15,754
Interest expense	1,693
Settlement costs	22,500
Occupancy and equipment costs	231,621
Professional fees	97,505
Promotional costs	36,055
Other	241,251

Total Expenses

2,571,107

Net income before income taxes

188,882

Provision (benefit) income taxes

(6,339)

Net Income

\$ 195,221

See notes to financial statements.

RHODES SECURITIES, INC.
Statement of Changes in Stockholders' Equity
For the Year Ended April 30, 2019

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock	Total
Balances at April 30, 2018	\$ 507,800	\$ 21,000	\$ 33,100	(34,971)	\$ (76,401)	\$ 450,528
Preferred stock redemption	(300,000)	--	--	-	--	(300,000)
Net income	--	--	--	195,221	--	195,221
Balances at April 30, 2019	<u>\$ 207,800</u>	<u>\$ 21,000</u>	<u>\$ 33,100</u>	<u>\$ 160,250</u>	<u>\$ (76,401)</u>	<u>\$ 345,749</u>

See notes to financial statements.

RHODES SECURITIES, INC.
Statement of Cash Flows
For the Year Ended April 30, 2019

Cash flows from operating activities

Net income	\$ 195,221
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	8,307
Deferred tax benefit	(13,649)
Changes in operating assets and liabilities:	
Decrease in commissions receivable	2,577
Increase in prepaid expenses	(53,594)
Decrease in accounts payable and accrued liabilities	(151,883)
Increase in state income taxes payable	2,930
	(10,091)

Cash flows from investing activities

Loans to affiliates	(57,851)
Purchase of Property and Equipment	(3,158)
	(61,009)

Cash flows from financing activities

Buy-back of preferred stock	(300,000)
	(300,000)

Net decrease in cash	(371,100)
Cash at beginning of year	527,056
	(371,100)
Cash at end of year	\$ 155,956
	\$ 155,956

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for:

Income taxes - state	\$ 4,186
	\$ 4,186
Interest	\$ 1,693
	\$ 1,693
	\$ 1,693

See notes to financial statements.

RHODES SECURITIES, INC.
Notes to the Financial Statements
April 30, 2019

Note 1 - Nature of Business and Summary of Significant Accounting Policies

Nature of Business:

Rhodes Securities, Inc. (Company) was organized in 1987 as a Texas corporation. The Company is registered with the Securities and Exchange Commission (SEC) as a broker-dealer in securities, and is a member of the Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC).

The Company operates under the exemption provisions of SEC Rule 15c3-3(k)(2)(ii) of the Securities Exchange Act of 1934, and accordingly, is exempt from the remaining provisions of that Rule. The Company does not hold customer funds or securities and clears all transactions on behalf of customers on a fully disclosed basis through a clearing broker-dealer. The clearing broker-dealer carries the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

The Company operates as an independent full service broker-dealer in securities with its main office located in Ft. Worth, Texas. The Company supports registered representatives located throughout the United States whose customers are primarily individuals.

Significant Accounting Policies:

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards update ("ASU") 2014-09, Revenue from Contracts with Customers: Topic 606, to supersede nearly all existing revenue recognition guidance under GAAP. ASU 2014-09 also requires new qualitative and quantitative disclosures, including disaggregation of revenues and descriptions of performance obligations. The Company adopted the provisions of this guidance on May 1, 2018 using the modified retrospective approach. The Company has performed an assessment of its revenue contracts and has not identified any material changes to the timing or amount of its revenue recognition under ASU 2014-09. The Company's accounting policies did not change materially as a result of applying the principles of revenue recognition from ASU 2014-09 and are largely consistent with existing guidance and current practices applied by the Company.

Brokerage Commissions

The Company buys and sells securities on behalf of its customers. Each time a customer enters into a buy or sell transaction, the Company charges a commission. Commissions and related clearing expenses are recorded on the trade date (the date that the Company fills the trade order by finding and contracting with a counterparty and confirms the trade with the customer). The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to the customer.

RHODES SECURITIES, INC.
Notes to the Financial Statements
April 30, 2019

Note 1 - Nature of Business and Summary of Significant Accounting Policies, continued

Distribution Fees

The Company earns revenue for selling mutual funds, variable annuities and insurance products. The performance obligation is satisfied at the time of each individual sale. A portion of the revenue is based on a fixed rate applied, as a percentage, to amounts invested at the time of sale. The remaining revenue is recognized over the time the client owns the investment or holds the contract and is generally earned based on a fixed rate applied, as a percentage, to the net asset value of the fund, or the value of the insurance policy or annuity contract. The ongoing revenue is not recognized at the time of sale because it is variably constrained due to factors outside the Company's control including market volatility and client behavior (such as how long clients hold their investment, insurance policy or annuity contract). The revenue will not be recognized until it is probable that a significant reversal will not occur.

Trading Gains and Losses

Transactions in securities bought and sold by the Company are recorded on a trade-date basis. All securities are closed out each day, with no security being held over-night. The realized gain or loss is credited or charged to operations. The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risk and rewards of ownership have been transferred to/from the Company.

Reimbursement Revenue

The Company has a Services Agreement (Agreement) with Rhodes Investment Advisors, Inc. (RIA), effective July 2007. Under the Agreement, the Company is to provide office facilities, personal property and support services. The Company invoices RIA monthly for the expenses allocated and support services provided. The total amount billed to RIA under this Agreement were approximately \$280,000 for the year ended April 30, 2019 and have been reported as expense reimbursements in the statement of income. Additionally, registered representatives reimburse the Company for office facilities, personal property and support services. The total amount reimbursed by registered representatives were approximately \$370,000 for the year ended April 30, 2019 and have been reported as expense reimbursements in the statement of income.

Recently Issued Accounting Pronouncements

In February 2016, the ASU 2016-02, Leases, which establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations. The Company adopted the provisions of this guidance on May 1, 2019. The right of use asset and corresponding lease liability for these leases will be recognized on the Company's balance sheet. The Company is evaluating the impact ASU 2016-2 will have on its related disclosures.

RHODES SECURITIES, INC.
Notes to the Financial Statements
April 30, 2019

Note 1 - Nature of Business and Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Substantially all of the Company's financial asset and liability amounts reported in the statement of financial condition are short term in nature and approximate fair value.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of 4 to 7 years.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of assets and liabilities for financial and income tax reporting. Deferred tax assets and liabilities represent future tax return benefits and consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Tax benefits associated with uncertain tax positions are recognized in the period in which one of the following conditions is satisfied: (1) the more likely than not recognition threshold is satisfied; (2) the position is ultimately settled through negotiation or litigation; or (3) the statute of limitations for the taxing authority to examine and challenge the position has expired. Tax benefits associated with an uncertain tax position are derecognized in the period in which the more likely than not recognition threshold is no longer satisfied. Any potential interest and penalty associated with a tax contingency, should one arise, would be included as a component of income tax expense in the period in which the assessment arises.

The Company is subject to state income taxes.

Note 2 - Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (SEC 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. Rule 15c3-1 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 April 30, 2019, the Company had net capital of \$174,689, which was \$124,689 in excess of its required net capital of \$50,000. The Company's net capital ratio was 2.34 to 1.

RHODES SECURITIES, INC.
Notes to the Financial Statements
April 30, 2019

Note 3 - Transactions with Clearing Broker-Dealer

The Company has an agreement with a clearing broker-dealer to provide clearing, execution and other related securities services. Clearing charges are incurred at a fixed rate multiplied by the number of tickets traded by the Company. The agreement requires the Company to maintain a minimum of \$75,000 in a deposit account with the clearing broker-dealer.

Note 4 - Property and Equipment

Property and equipment consists of the following:

Furniture	\$ 77,048
Equipment	91,848
Leasehold improvements	<u>29,452</u>
	198,348
Less accumulated depreciation and amortization	<u>(180,664)</u>
	<u>\$ 17,684</u>

Depreciation and amortization expense totaled \$ 8,307 for the year and is reflected in the accompanying statement of income as occupancy and equipment costs.

Note 5 - Income Taxes

The provision for income taxes consists of the following:

Deferred income tax expense (benefit)	\$ (13,649)
Current state income tax expense	<u>7,310</u>
Total income tax expense (benefit)	<u>\$ (6,339)</u>

The Company's current federal income tax expense differs from the expected income tax expense from applying statutory rates to net income before income taxes because of permanent differences related to nondeductible expenses.

The valuation allowance decreased \$59,600 in 2019.

RHODES SECURITIES, INC.
Notes to the Financial Statements
April 30, 2019

Note 5 - Income Taxes, continued

Deferred income tax assets, liabilities:

Net property and equipment	\$ (4,000)
Net operating loss carryforward for federal income taxes	21,949
Charitable contributions carryforward	<u>7,360</u>
	25,309
Valuation allowance	<u>0</u>
Net deferred tax asset	\$ <u>25,309</u>

Net operating losses carried forward of \$104,519 are available to offset future taxable income. \$49,966 of net operating losses expire in 2037 and \$54,553 have no expiration date.

Note 6 - Defined Contribution Plan

The Company has a qualified 401(k) profit sharing plan which covers all employees meeting certain eligibility requirements. Eligible employees may make elective contributions not to exceed statutory limits and the Company may make discretionary matching and profit sharing contributions. Employee contributions vest immediately and Company contributions are on a 6 year vesting schedule. The Company made discretionary matching and profit sharing contributions and incurred administrative fees totaling \$737 for the year ended April 30, 2019.

Note 7 - Off-Balance-Sheet Risk and Concentration of Credit Risk

As discussed in Note 1, the Company's customers' securities transactions are introduced on a fully disclosed basis with its clearing broker-dealer. The clearing broker-dealer carries the accounts of the customers of the Company and is responsible for execution, collection and payment of funds, and receipt and delivery of securities relative to customer transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing broker-dealer may charge any losses incurred to the Company. The Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and that customer transactions are executed properly by the clearing broker-dealer.

The Company has commissions receivable and a clearing deposit due from and held by its clearing broker-dealer of \$358,551 and \$75,000, respectively, totaling \$433,551, which represents approximately 56% of the Company's total assets.

RHODES SECURITIES, INC.
Notes to the Financial Statements
April 30, 2019

Note 8 - Commitments and Contingencies

Commitments

The Company leases office facilities in Fort Worth, TX under a noncancelable operating lease expiring in May 2022. The lease requires the Company to pay its pro rata share of certain operating expenses in excess of a specified amount. Future minimum lease commitments follow for each of the years ending April 30;

2020	\$ 93,051
2021	93,051
2022	93,051
2023	<u>7,754</u>
	<u>\$ 286,907</u>

Note 9 - Related Party Transactions

The Company and RIA, a related party registered investment advisor and insurance sales company, are under common control, and the existence of that control creates operating results and financial position significantly different than if the companies were autonomous.

The Company earned and reported \$356,706 in variable annuity commissions received by RIA during the year through dual licensed registered representatives with RIA.

Investment advisory fees received by the Company during the year from its clearing broker-dealer, totaling approximately \$2.3 million, were earned and reported as revenue of RIA.

As discussed in Note 1, the Company earns reimbursement revenue from RIA and registered representatives.

The Company is the common paymaster for RIA's registered representatives.

The Company generally settles the amounts due to or from RIA monthly and at April 30, 2019 the Company was due \$12,350 from RIA.

Note 10 - Subsequent Event

The Company entered into a seven year employment agreement with the Company's Chairman in May 2019. The agreement contains a provision to repurchase the Chairman's common stock, should he be unable to fulfill the terms of the employment agreement.

Schedule I

RHODES SECURITIES, INC.
Supplemental Information Pursuant to Rule 17a-5
As of April 30, 2019

Computation of Net Capital

Total stockholders' equity qualified for net capital		\$ 345,749
Deductions and/or charges		
Non-allowable assets:		
Commissions receivable	\$ 6,689	
Related party receivables	59,814	
Deferred tax asset	25,309	
Prepaid expenses	56,244	
Prepaid federal income tax	5,320	
Property and equipment, net	17,684	(171,060)
Net capital		<u>\$ 174,689</u>

Aggregate Indebtedness

Accounts payable and accrued liabilities	\$ 397,814
State income taxes payable	<u>10,315</u>
Total aggregate indebtedness	<u>\$ 408,129</u>

Computation of Basic Net Capital Requirement

Minimum net capital required (greater of \$50,000 or 6 2/3% of aggregate indebtedness)	<u>\$ 50,000</u>
Net capital in excess of minimum requirement	<u>\$ 124,689</u>
Ratio of aggregate indebtedness to net capital	<u>2.34 to 1</u>

Reconciliation of Computation of Net Capital

The above computation does not differ from the computation of net capital under Rule 15c3-1 as of April 30, 2019 as filed by Rhodes Securities, Inc. on form X-17-A-5. Accordingly, no reconciliation is necessary.



MOSSADAMS

Report of Independent Registered Public Accounting Firm

To the Board of Directors
Rhodes Securities, Inc.

We have reviewed management's statements, included in the accompanying Rhodes Securities, Inc. Exemption Report, in which (1) Rhodes Securities, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Rhodes Securities, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (2)(ii) (the exemption provisions) and (2) Rhodes Securities, Inc. stated that Rhodes Securities, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Rhodes Securities, Inc.'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 Rhodes Securities, Inc.'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)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Moss Adams LLP

Dallas, Texas
June 28, 2019

RHODES SECURITIES, INC.

306 WEST 7TH STREET, SUITE 1000 • FORT WORTH, TEXAS 76102
817-334-0455 • 800-330-0455 • FAX 817-334-0063

MEMBER-NASD/SIPC/SIA

Rhodes Securities, Inc.'s Exemption Report

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

Rhodes Securities, Inc.

I, Gordon Rhodes, swear (or affirm) that, to my best knowledge and belief, this exemption report is true and correct.

By: 

Title: CEO

06/27/2019



MOSSADAMS

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

To the Board Members
Rhodes Securities, Inc.

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 Rhodes Securities, Inc. (Company) and the Securities Investor Protection Corporation (SIPC), solely to assist you and the SIPC in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the year ended April 30, 2019. Management of the Company is responsible for its Form SIPC-7 and for its compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with the standards of 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 enumerated below either for the purpose for which this report has been requested or for any other purpose.

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
2. Compared the total revenue amounts reported on the Annual Audited Report Form X-17A-5 Part III for the year ended April 30, 2019 with the total revenue amounts reported in Form SIPC-7 for the year ended April 30, 2019, 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 any overpayment applied 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 a 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 April 30, 2019. 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 Company and the SIPC, and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Dallas, Texas
June 28, 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 4/30/2019

(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:

**8-37689 FINRA APR 06/05/1987
RHODES SECURITIES INC
FORT WORTH CLUB BUILDING
306 WEST 7TH STREET
STE 1000
FORT WORTH, TX 76102**

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.
Kathy Parker 304.476.6002

2. A. General Assessment (item 2e from page 2)	\$ <u>1174</u>
B. Less payment made with SIPC-6 filed (exclude interest) <u>11/20/2018</u> Date Paid	(<u>554</u>)
C. Less prior overpayment applied	(_____)
D. Assessment balance due or (overpayment)	<u>620</u>
E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum	<u>0</u>
F. Total assessment balance and interest due (or overpayment carried forward)	\$ <u>620</u>
G. PAYMENT: <input checked="" type="checkbox"/> the box Check mailed to P.O. Box <input checked="" type="checkbox"/> Funds Wired <input type="checkbox"/> ACH <input type="checkbox"/> Total (must be same as F above)	\$ <u>620.00</u>
H. Overpayment carried forward	\$(_____)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):
NONE

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.

Rhodes Securities, Inc.



(Authorized Signature)

Dated the 28 day of June, 2019

President

(Title)

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 5/1/2018
and ending 4/30/2019

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

Eliminate cents
2759990
\$ _____

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above. _____
 - (2) Net loss from principal transactions in securities in trading accounts. _____
 - (3) Net loss from principal transactions in commodities in trading accounts. _____
 - (4) Interest and dividend expense deducted in determining item 2a. _____
 - (5) Net loss from management of or participation in the underwriting or distribution of securities. _____
 - (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. _____
 - (7) Net loss from securities in investment accounts. _____
- 0**
- Total additions _____

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. **1257798**
 - (2) Revenues from commodity transactions. _____
 - (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions. **53552**
 - (4) Reimbursements for postage in connection with proxy solicitation. _____
 - (5) Net gain from securities in investment accounts. _____
 - (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. _____
 - (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). _____
 - (8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C). **652373**
- Reimbursed Expenses** _____
- (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. \$ ~~1679~~ **1693**
- (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). \$ **13722**

Enter the greater of line (i) or (ii)

Total deductions

13722

1977445

782545

1174

2d. SIPC Net Operating Revenues

\$ _____

2e. General Assessment @ .0015

\$ _____

(to page 1, line 2.A.)