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

SEC FILE NUMBER
8-37927

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 07/01/18 AND ENDING 06/30/19  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **SECU Brokerage Services, Inc.**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

**119 N. Salisbury Street, 6th Floor**

(No. and Street)

**Raleigh**

**North Carolina**

**27603**

(City)

(State)

(Zip Code)

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

Jennifer Kinlaw Pitts 919-839-5211

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**CliftonLarsonAllen, LLP**

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

**1966 Greenspring Dr., Suite 300 Timonium**

**Maryland**

**21093**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

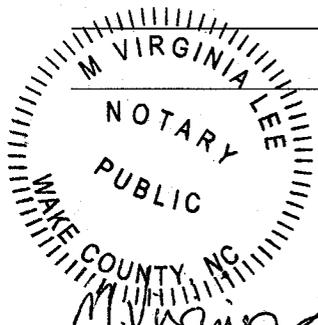
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

RMS

OATH OR AFFIRMATION

I, Jennifer Kinlaw Pitts, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SECU Brokerage Services, Inc. of June 30, 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:



Handwritten signature of Julie Watts

Signature

Chief Financial Officer

Title

Handwritten signature of M. Virginia Lee

Notary Public

My Commission Expires: November 20, 2021

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

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**SECU Brokerage Services, Inc.**  
**Financial Statements and Reports**  
**Pursuant to Rule 17a-5**  
**Under the Securities Exchange Act of 1934**  
**June 30, 2019 and 2018**

**Financial Statements**

**SECU Brokerage Services, Inc.**

**June 30, 2019 and 2018**

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CliftonLarsonAllen LLP  
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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders  
SECU Brokerage Services, Inc.  
Raleigh, North Carolina

### Opinion on the Financial Statements

We have audited the accompanying statements of financial condition of SECU Brokerage Services, Inc. (the Company) as of June 30, 2019 and 2018, the related statements of operations, changes in stockholders' equity, cash flows for the years then ended, and the related notes and schedules (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 June 30, 2019 and 2018, 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 Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures 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 audits provide a reasonable basis for our opinion.

### Supplemental Information

The supplemental information (Schedule I, Computation of Net Capital Under Rule 15c3-1; Schedule II, Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3 (Exemption); Schedule III, Information Relating to the Possession or Control Requirements Under Rule 15c3-3 (Exemption)), has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information

Board of Directors and Stockholders  
SECU Brokerage Services, Inc.

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 (Schedule I, Computation of Net Capital Under Rule 15c3-1; Schedule II, Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3 (Exemption); Schedule III, Information Relating to the Possession or Control Requirements Under Rule 15c3-3 (Exemption)), is fairly stated, in all material respects, in relation to the financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

We have served as the Company's auditor since 2014.  
Baltimore, Maryland  
August 28, 2019

**SECU Brokerage Services, Inc.**  
**Statements of Financial Condition**  
**June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 786,529	\$ 759,290
Restricted deposit with clearing organization	100,000	100,000
Receivable – other	28	22
Prepaid expenses	169,597	121,627
<b>Total Assets</b>	<u>\$ 1,056,154</u>	<u>\$ 980,939</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 23,320	\$ 22,916
Payable to affiliate	-0-	13,912
Income taxes payable	-0-	1,493
<b>Total Liabilities</b>	<u>23,320</u>	<u>38,321</u>
<b>Stockholder's Equity</b>		
Common stock, \$100 par value, 100,000 shares authorized, 1,000 shares issued and outstanding	100,000	100,000
Additional paid-in capital	840,000	840,000
Accumulated earnings	92,834	2,618
<b>Total Stockholder's Equity</b>	<u>1,032,834</u>	<u>942,618</u>
<b>Total Liabilities and Stockholder's Equity</b>	<u>\$ 1,056,154</u>	<u>\$ 980,939</u>

*The accompanying notes are an integral part of these financial statements.*

**SECU Brokerage Services, Inc.**  
**Statements of Operations**  
**Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Service fee income	\$ 1,500,000	\$ 1,200,000
Interest income	8,305	2,932
Other income	<u>777</u>	<u>3,657</u>
<b>Total Revenues</b>	1,509,082	1,206,589
 <b>Expenses</b>		
Account transaction fees	160,559	147,264
Account custodial fees	172,585	142,556
Salary expense	580,878	364,810
Occupancy	54,440	32,129
Regulatory and examination expenses	323,333	345,562
Professional fees	22,500	21,750
Liability insurance expense	24,559	24,445
Online system maintenance fees	44,138	35,603
Franchise tax expense	1,456	1,414
Other expenses	<u>28,585</u>	<u>19,722</u>
<b>Total Expenses</b>	1,413,033	1,135,255
Income before provision for income taxes	<u>96,049</u>	<u>71,334</u>
Current provision for income taxes	<u>\$ 5,833</u>	<u>23,077</u>
 <b>Net Income</b>	 <u>\$ 90,216</u>	 <u>\$ 48,257</u>

*The accompanying notes are an integral part of these financial statements*

**SECU Brokerage Services, Inc.**  
**Statements of Changes in Stockholder's Equity**  
**Years Ended June 30, 2019 and 2018**

	<b>Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Accumulated Earnings (Deficit)</b>	<b>Total</b>
<b>Balance at June 30, 2017</b>	\$ 100,000	\$ 840,000	\$ (45,639)	\$ 894,361
Net income	-0-	-0-	48,257	48,257
<b>Balance at June 30, 2018</b>	\$ 100,000	\$ 840,000	\$ 2,618	\$ 942,618
Net income	-0-	-0-	90,216	90,216
<b>Balance at June 30, 2019</b>	\$ 100,000	\$ 840,000	\$ 92,834	\$ 1,032,834

*The accompanying notes are an integral part of these financial statements.*

**SECU Brokerage Services, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 90,216	\$ 48,257
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Decrease (increase) in assets:		
Receivable – other	(6)	12
Prepaid expenses	(47,970)	27,859
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	404	(11,515)
Payable to affiliate	(13,912)	13,912
Income taxes payable	(1,493)	1,493
Total adjustments	(62,977)	31,761
<b>Net cash and cash equivalents provided by operating activities</b>	<b>27,239</b>	<b>80,018</b>
<b>Net increase in cash and cash equivalents</b>	<b>27,239</b>	<b>80,018</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>759,290</b>	<b>679,272</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 786,529</b>	<b>\$ 759,290</b>

*The accompanying notes are an integral part of these financial statements*

**SECU Brokerage Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**NOTE 1: ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

SECU Brokerage Services, Inc. (Company) is incorporated in the State of North Carolina as a broker/dealer under the Securities and Exchange Act of 1934. The Company is a wholly-owned subsidiary of Credit Union Investment Services, Inc. (Parent). The Company is registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC) and is therefore subject to certain regulatory requirements, including maintenance of specified levels of net capital.

Credit Union Investment Services, Inc. is a wholly-owned subsidiary of State Employees' Credit Union, a non-profit, member owned financial cooperative. State Employees' Credit Union is a state chartered, federally insured financial cooperative which was formed in 1937 and serves over 2.4 million members in North Carolina.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, the Company is exempt from the provisions of Rule 15c3-3. The Company has claimed exemption from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(ii) of Rule 15c3-3.

*Summary of Significant Accounting Policies*

*Use of Estimates*

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make

**SECU Brokerage Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

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 amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

*Cash and Cash Equivalents*

For purposes relating to the statement of cash flows, the Company considers all highly liquid debt instruments with a maturity of three months or less at acquisition, including money market accounts, to be cash equivalents. Certain cash equivalents are restricted and are recognized as a component of restricted deposit with clearing organization on the balance sheets.

*Securities Transactions*

Securities transactions are recorded on a trade date basis. Marketable securities owned by the Company are accounted for at fair value based on current published market prices.

*Income Taxes*

The operations of the Company are included in the consolidated federal income tax return filed by the Parent. Federal income taxes are calculated as if the Company filed on a separate basis and the amount of the current tax and/or benefit calculated is either remitted to or received from the Parent.

The Company accounts for deferred income taxes using the asset and liability method. Under this method, deferred income taxes are recognized, with certain exceptions, for temporary differences between the financial reporting basis and income tax basis of assets and liabilities based on enacted tax rates expected to be in effect when such amounts are realized or settled. The effects of changes in tax laws or rates on deferred tax assets and liabilities are recognized in the period that includes the enactment date.

**SECU Brokerage Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

*Fee Revenue*

Effective July 1, 2018, the Company adopted FASB Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09). Fee revenue from contracts includes monthly service fee at a rate agreed upon by the Company and Parent. The recognition and measurement of revenue is based on the assessment of individual contract terms. Judgment is required to determine whether performance obligations are satisfied; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events. There were no changes in judgments used to determine the time of the satisfaction of performance obligations or the judgements used to determine the transaction price made in applying the guidance in Topic 606.

The following provides detailed information on the recognition of our revenues from Company's one revenue contract. Company provides investment and brokerage services to Parent through a relationship as an Introducing Broker Dealer. Service fees are fixed and accrued monthly over the course of the engagement. The Company records servicing fees when the services are provided and earned based on contractual terms. The Company believes the performance obligation for service fees is satisfied over time because the customer is receiving and consuming the benefits as they are provided by the Company.

Company recognizes a receivable between the monthly due date and payment date, if any material interval of time passes. Because the parties are related, it is unlikely to have a gap between due date and payment. The receivable at year end was \$0 for June 30, 2019 and 2018. Because there were no service interruptions, there is no outstanding performance obligation at year end.

**SECU Brokerage Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

*Disaggregation of Revenue*

The following presents the Company's revenue from contracts. With only one contract, one performance obligation, and one customer - only one type of category is necessary.

	<u>2019</u>	<u>2018</u>
Service Fee Income	\$1,500,000	\$1,200,000

*Franchise Tax*

The Company is organized as a C corporation in the State of North Carolina and is subject to a franchise tax for the privilege of doing business in this state. The franchise tax rate is \$1.50 per \$1,000.00 of capital stock, surplus and undivided profits. The minimum franchise tax is \$200.00. For the years ended June 30, 2019 and 2018, the Company's franchise tax expenses were \$1,456 and \$1,414, respectively.

*Recently Issued Accounting Pronouncements*

There have been no other newly issued or newly applicable accounting pronouncements that have, or are expected to have, a significant impact on the Company's financial statements.

**NOTE 2: RESTRICTED DEPOSIT WITH CLEARING ORGANIZATION**

The Company has deposited cash with Pershing, LLC, a BNY Mellon subsidiary, as security for its transactions with them. As described in the fully disclosed clearing agreement with Pershing LLC, the Company is required to maintain a minimum of \$100,000 in a deposit account for the life of the agreement. Interest is paid monthly on the cash balances at the overnight repurchase agreement rate. The balances at June 30, 2019 and 2018 consist of cash and cash equivalents totaling \$100,000.

**SECU Brokerage Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**NOTE 3: RELATED PARTY TRANSACTIONS**

Credit Union Investment Services, Inc (Parent) provides brokerage services to the members of State Employees' Credit Union (SECU), which owns a 100% equity interest in the Parent.

The Company has entered into an expense sharing agreement with SECU. Certain costs of operation, including equipment use, are provided to the Company by SECU at no charge. The value of these operational costs provided to the Company by SECU under this agreement is not reflected in these financial statements. The Company has no obligation to reimburse SECU for these costs. Any expenses not identified in the agreement may be paid by SECU or passed on to the Company.

Staff members associated with the Company are employees of SECU. All employee medical benefits, retirement and post retirement plans are funded and managed by SECU. Beginning in 2015, the Company reimburses SECU for salaries and benefits on a full time equivalent basis as outlined in the expense sharing agreement. Beginning in 2018, the Company began including occupancy in the expense sharing agreement. The number of full time equivalents allocated to the Company will be evaluated on an annual basis by management. The Company paid \$580,878 and \$364,810 for salaries and benefits during the years ended June 30, 2019 and 2018, respectively. The Company paid \$54,440 and \$32,129 for occupancy during the years ended June 30, 2019 and 2018, respectively.

The Company has a services agreement with the Parent (see Note 1). The Company receives a monthly service fee at a rate agreed upon by the Company and Parent. During the years ended June 30, 2019 and 2018, the Company recognized \$1,500,000 and \$1,200,000, respectively, as income under this agreement

**SECU Brokerage Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

At June 30, 2019 and 2018, the Company owed the Parent \$0 and \$13,912, respectively for expenses paid on its behalf. At June 30, 2019 and 2018, the Company owed SECU \$0 for expenses paid on its behalf. At June 30, 2019 and 2018, the Company was owed \$0 by both the Parent and SECU. During the years ended June 30, 2019 and 2018, the Company incurred expenses totaling \$3,850 and \$0, respectively, which were paid by SECU.

**NOTE 4: PREPAID EXPENSES**

The Company has included prepaid insurance and registration fees in prepaid expenses. The balances are amortized over the term of the policy or registration fee. At June 30, 2019 and 2018, the Company had prepaid insurance of \$6,143 and \$6,130, respectively. At June 30, 2019 and 2018, the Company had prepaid registration fees of \$117,455 and \$112,055, respectively.

**NOTE 5: INCOME TAX**

Management considers whether it is more likely than not that all or some portion of the deferred tax asset will be realized. The ultimate realization of the deferred tax asset is based on consideration of available evidence, including tax planning strategies and other factors. As of June 30, 2019 and 2018, no deferred assets remained for valuation consideration. For the years ended June 30, 2019 and 2018, the Company recognized \$5,833 and \$23,077, respectively, for current income tax expense.

Management has evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax provisions that would require adjustments or disclosure in the Financial Statements to comply with the provisions of ASC Topic 740, Accounting for Uncertainty in Income Taxes.

**SECU Brokerage Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

By statute, the tax returns for the consolidated group that includes the Company are subject to U.S. federal or state tax examinations by taxing authorities for all fiscal years ended June 30, 2016 and later.

Provision for income tax differs from that computed by applying statutory rates as follows:

	2019	2018
Provision computed at statutory rates	\$21,827	\$14,600
Less: Prior year tax refund	(3,442)	-0-
Allocation for consolidation	(12,539)	9,079
NOL Carryforward	<u>-0-</u>	<u>(602)</u>
Income tax expense	<u>\$5,833</u>	<u>\$23,077</u>

**NOTE 6: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital of \$50,000 and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Net capital and aggregate indebtedness change day to day, but on June 30, 2019 and 2018, the Company's net capital of \$863,237 and \$820,991 exceeded the minimum net capital requirement of \$50,000 by \$813,237 and \$770,991, respectively. The Company's ratio of aggregate indebtedness (\$23,320 and \$38,321, respectively) to net capital was 0.03 to 1 and 0.05 to 1, respectively, which is less than the 15 to 1 maximum ratio allowed for a broker/dealer.

There were no reconciling differences between the audited Net Capital and Net Capital computed pursuant to Rule 15c3-1 as reported in the Company's June 30, 2019 and 2018 FOCUS Reports.

**SECU Brokerage Services, Inc.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**NOTE 7: CONCENTRATIONS**

The Company offers brokerage services to the members of SECU through Credit Union Investment Services, Inc., the Parent. The Company's cash deposits are maintained at three financial institutions. Balances on deposit at two of the institutions are insured by the National Credit Union Administration (NCUA) up to \$250,000. Balances in excess of the NCUA limit are uninsured. Uninsured deposits were \$399,146 and \$299,982 at June 30, 2019 and 2018, respectively. The total deposits held by these institutions were \$786,529 and \$759,290 at June 30, 2019 and 2018, respectively.

**NOTE 8: SUBSEQUENT EVENTS**

Management evaluated subsequent events through August 28, 2019, the date the financial statements were issued. Events or transactions occurring after June 30, 2019 but prior to August 28, 2019 that provided additional evidence about conditions that existed at June 30, 2019 have been recognized in the financial statements for the year ended June 30, 2019.

**NOTE 9: OFF-BALANCE SHEET RISK**

The Company operates as an introducing retail broker/dealer on a fully disclosed basis. The Company does not hold customer funds or securities. A clearing broker/dealer is responsible for execution, collection and payment of funds, and receipt and delivery of securities related to client 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 it incurs to the Company. The Company seeks to minimize this risk through procedures designed to collect and authenticate funds which are passed through to the clearing broker/dealer and verify that customer transactions are executed properly by the clearing broker/dealer.

**SECU Brokerage Services, Inc.**  
**Schedule I - Computation of Net Capital**  
**Under Exhibit A of Rule 15c3-1**  
**At June 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Stockholder's equity</b>		
Common stock	\$ 100,000	\$ 100,000
Additional paid-in capital	840,000	840,000
Accumulated earnings (deficit)	92,834	2,618
<b>Total stockholder's equity</b>	<b>1,032,834</b>	<b>942,618</b>
Less: Non allowable assets:		
Prepaid expenses	(169,597)	(121,627)
Total	(169,597)	(121,627)
<b>Net capital</b>	<b>\$ 863,237</b>	<b>\$ 820,991</b>
<b>Aggregate indebtedness</b>	<b>\$ 23,320</b>	<b>\$ 38,321</b>
<b>Computation of net capital requirements</b>		
Minimum net capital requirements:		
6 2/3 percent of net aggregate indebtedness	1,555	2,555
Minimum dollar net capital required	50,000	50,000
Net capital required (greater of above)	50,000	50,000
<b>Excess net capital</b>	<b>\$ 813,237</b>	<b>\$ 770,991</b>
Percentage of aggregate indebtedness to net capital	0.03 : 1	0.05 : 1

Note: There are no differences between the net capital calculation under SEC Rule 15c3-1 shown above and the June 30, 2019 and 2018 unaudited FOCUS reports Part IIA.

**SECU Brokerage Services, Inc.**  
**Schedule II – Computation for Determination of Reserve Requirements**  
**Under Exhibit A of Rule 15c3-3 (Exemption)**

A computation of reserve requirements is not applicable to SECU Brokerage Services, Inc. as the Company qualifies for exemption under Rule 15c3-3, section (k)(2)(ii). This rule exempts broker/dealers who clear all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer.

**SECU Brokerage Services, Inc.**  
**Schedule III – Information for Possession or Control Requirements**  
**Under Exhibit A of Rule 15c3-3 (Exemption)**

Information relating to possession or control requirements is not applicable to SECU Brokerage Services, Inc. as the Company qualifies for an exemption under Rule 15c3-3, section (k)(2)(ii). This rule exempts broker/dealers who clear all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer.



CliftonLarsonAllen LLP  
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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON APPLYING AGREED-UPON PROCEDURES

Board of Directors and Stockholders  
SECU Brokerage Services, Inc.  
Raleigh, North Carolina

We have performed the procedures enumerated below, which were agreed to by SECU Brokerage Services, Inc. (the Company) and the Securities Investor Protection Corporation (SIPC) and Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and other designated examining authorities related to the Company's compliance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, the SIPC Series 600 Rules, and the applicable instructions of the accompanying General Assessment Reconciliation (Form SIPC-7) for the year ended June 30, 2019. The Company's management is responsible for its compliance with those requirements. 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.

The procedures and the associated findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records by comparing the SIPC payments to the general ledger activity, sighting the endorsed check, and tracing the payment to the subsequent clearing on the bank statement, 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 June 30, 2019, as applicable, with the Total Revenue amount reported in Form SIPC-7 for the year ended June 30, 2019, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, as follows:
  - a. Compared the \$345,827 aggregate total of deductions reported on page 2, line 2c of Form SIPC-7 for the year ended June 30, 2019, to the Company's supporting schedule, 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 obtained in procedure 3, as follows:
  - a. Recalculated the mathematical accuracy of the SIPC Net Operating Revenues as of July 1, 2018 to June 30, 2019 on page 2, line 2d and the General Assessment of 0.0015 on page 2, line 2e of \$1,163,255 and \$1,745 respectively of the Form SIPC-7, noting no differences.

Board of Directors and Stockholders  
SECU Brokerage Services, Inc.

- b. Recalculated the Company's supporting schedule's arithmetical accuracy of the \$345,827 aggregate deductions report for the period of July 1, 2018 to June 30, 2019, on page 2, line 2c of Form SIPC-7, noting no differences.
5. Compared the amount of overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no difference.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 compliance with the specified requirements. 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 specified parties listed above and is not intended to be and should not be used by anyone other than the specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
August 28, 2019

Board of Directors and Stockholders  
SECU Brokerage Services, Inc.

**SECU BROKERAGE SERVICES INC.  
GENERAL ASSESSMENT RECONCILIATION  
Year Ended June 30, 2019**

<b>Total Revenue</b>	<b>\$ 1,509,082</b>
<b>Total Deductions</b>	<b><u>345,827</u></b>
<b>SIPC Net Operating Revenues</b>	<b><u>\$ 1,163,255</u></b>
<b>General Assessment @ .0015</b>	<b><u>\$ 1,745</u></b>
<b>Less Payments Made:</b>	

<u>Date Paid</u>	<u>SIPC Collection Agent</u>	<u>Interest on Late Payments</u>	<u>Amount</u>
07/28/18	SIPC-7 (overpayment)	\$ -	\$ 477
01/24/19	SIPC-6	-	420
07/19/19	SIPC-7	-	848
		<u>\$ -</u>	<u>\$ 1,745</u>



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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders  
SECU Brokerage Services, Inc.  
Raleigh, North Carolina

We have reviewed management's statements, included in the accompanying SEC Rule 17a-5 Exemption Report, in which (1) SECU Brokerage Services, Inc. (the Company) identified the following provisions of 17 C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3, paragraph (k)(2)(ii) (the "exemption provisions") and (2) SECU Brokerage Services, Inc. stated that SECU Brokerage Services, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
August 28, 2019



July 25, 2019

Securities and Exchange Commission  
Registrations Branch  
Mail Stop 8031  
100 F Street, NE  
Washington, DC 20549

Re: SEC Rule 17a-5 Exemption Compliance

To Whom It May Concern:

The following information details our exemption compliance with SEC Rule 17a-5 reporting requirements:

- SECU Brokerage Services, Inc. is an introducing broker/ dealer who clears all transactions with and for customers on a fully disclosed basis with a clearing broker, Pershing, LLC. SECU Brokerage Services, Inc. promptly transmits all customer funds and securities to the clearing broker and claims exemption from Rule 15c3-3 under provisions of paragraph (k)(2)(ii).
- SECU Brokerage Services, Inc. met the above identified exemption provision throughout the most recent fiscal year ended June 30, 2019 with no exceptions.

Please contact me if you have any further questions or concerns. Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer Kinlaw Pitts'.

Jennifer Kinlaw Pitts  
Chief Financial Officer

119 N. Salisbury Street, 6<sup>th</sup> Floor, Raleigh, NC 27603 • Post Office Box 26807, Raleigh, NC 27611-6807 • 919.839.5112 • Fax 919.834.5836

*"Equal Employment/Affirmative Action Employer, M/F/Disability/Vet"*

Investment advisory services offered through Credit Union Investment Services. Securities products offered through SECU Brokerage Services. Member FINRA, SIPC. Securities products are not credit union deposits and are not insured by the NCUA or any federal government agency. They are not obligations of, or guaranteed by, a credit union or its affiliates, and are subject to investment risks, including possible loss of principal. Investment representatives are also credit union employees, who may accept deposits.