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

SEC FILE NUMBER
8- 10938

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 01/01/2019 AND ENDING 12/31/2019
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Dupree & Company, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

(No. and Street)

Lexington KY 40507
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Allen E. Grimes, III (859) 254-7741
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Dean Dorton Allen Ford, PLLC

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

250 W Main St, Ste 1400 Lexington KY 40507
(Address) (City) (State) (Zip Code)

SEC
Mail Processing
Section
FEB 27 2020
Washington DC
415

CHECK ONE:

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

FOR OFFICIAL USE ONLY

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

OATH OR AFFIRMATION

I, Allen E. Grimes, III, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Dupree & Company, Inc., as of February 18, 2020, 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:

CEG

Signature

President

Title

Aut. Bond CL (KY Notary 565908)
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).



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
Dupree & Company, Inc.
Lexington, Kentucky

Opinion on the Financial Statements

We have audited the accompanying statements of financial condition of Dupree & Company, Inc. (the Company) as of December 31, 2019 and 2018, the related statements of income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements (collectively, the financial statements). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 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 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 audits 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 audits 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 supplementary information contained in Schedules I, II and III (the Supplemental Information) has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The Supplemental Information is the responsibility of the Company's management. Our audit procedures included determining whether the Supplemental Information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the Supplemental Information. In forming our opinion on the Supplemental Information, we evaluated whether the Supplemental Information, including its form and content is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Dean Dorton Allen Ford, PLLC

We have served as the Company's auditor since 2009.

Lexington, Kentucky
February 18, 2020

DUPREE & COMPANY, INC.

Statements of Financial Condition

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 299,197	\$ 308,959
Accounts receivable	599,986	570,389
Prepaid expenses	26,033	26,113
Trading securities, at market	32,130	24,471
Property and equipment, net	60,712	28,311
Right of use asset	<u>648,657</u>	<u>-</u>
 Total assets	 <u>\$ 1,666,715</u>	 <u>\$ 958,243</u>
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	\$ 59,097	\$ 37,778
Accrued expenses	12,623	19,531
Operating lease liability	<u>648,657</u>	<u>-</u>
 Total liabilities	 720,377	 57,309
Stockholders' equity:		
Common stock, no par value, 6,800 shares authorized, issued and outstanding, 68 shares voting and 6,732 shares nonvoting	68,000	68,000
Additional paid-in capital	4,406	4,406
Retained earnings	<u>873,932</u>	<u>828,528</u>
 Total stockholders' equity	 <u>946,338</u>	 <u>900,934</u>
 Total liabilities and stockholders' equity	 <u>\$ 1,666,715</u>	 <u>\$ 958,243</u>

See accompanying notes.

DUPREE & COMPANY, INC.

Statements of Income

Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue:		
Investment advisory and transfer agent fees	\$ 6,967,000	\$ 6,967,442
Interest and dividends	887	617
Unrealized gain on trading securities	<u>7,659</u>	<u>1,422</u>
Total revenue	6,975,546	6,969,481
Expenses:		
Salaries	2,220,336	2,289,309
Shareholder maintenance and dealer agreements	361,448	374,047
Professional fees	315,586	291,329
Taxes and licenses	208,103	220,921
Marketing	187,432	24,725
Insurance	138,988	119,973
Rent	100,726	105,080
Dues and subscriptions	96,484	86,652
Maintenance and repairs	88,582	96,349
Office supplies & expenses	84,333	30,837
Travel and entertainment	20,819	11,952
Depreciation	17,930	15,374
Regulatory fees	13,243	14,238
Bank service charges	11,450	10,248
Telephone	9,116	8,781
Contributions	7,000	4,900
Postage and shipping	5,051	6,911
Other operating expenses	<u>515</u>	<u>-</u>
Total expenses	<u>3,887,142</u>	<u>3,711,626</u>
Net income	<u>\$ 3,088,404</u>	<u>\$ 3,257,855</u>

See accompanying notes.

DUPREE & COMPANY, INC.

Statements of Changes in Stockholders' Equity

Years ended December 31, 2019 and 2018

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balances, December 31, 2017	\$ 68,000	\$ 4,406	\$ 623,103	\$ 695,509
Net income	-	-	3,257,855	3,257,855
Dividends	<u>-</u>	<u>-</u>	<u>(3,052,430)</u>	<u>(3,052,430)</u>
Balances, December 31, 2018	68,000	4,406	828,528	900,934
Net income	-	-	3,088,404	3,088,404
Dividends	<u>-</u>	<u>-</u>	<u>(3,043,000)</u>	<u>(3,043,000)</u>
Balances, December 31, 2019	<u>\$ 68,000</u>	<u>\$ 4,406</u>	<u>\$ 873,932</u>	<u>\$ 946,338</u>

DUPREE & COMPANY, INC.

Statements of Cash Flows

Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Net income	\$ 3,088,404	\$ 3,257,855
Adjustments to reconcile net income to net cash provided by operating activities:		
Unrealized gain on trading securities	(7,659)	(1,422)
Depreciation	17,930	15,374
Loss on disposal of property and equipment	372	-
Increase (decrease) in cash and cash equivalents due to changes in:		
Accounts receivable	(29,597)	44,953
Prepaid expenses	80	2,376
Accounts payable	21,319	(35,442)
Accrued expenses	<u>(6,908)</u>	<u>(8,341)</u>
Net cash provided by operating activities	3,083,941	3,275,353
Cash flows from investing activities:		
Purchase of property and equipment	<u>(50,703)</u>	<u>(6,210)</u>
Net cash used in investing activities	(50,703)	(6,210)
Cash flows from financing activities:		
Dividend distributions	<u>(3,043,000)</u>	<u>(3,052,430)</u>
Net cash used in financing activities	<u>(3,043,000)</u>	<u>(3,052,430)</u>
Net (decrease) increase in cash and cash equivalents	(9,762)	216,713
Cash and cash equivalents, beginning of year	<u>308,959</u>	<u>92,246</u>
Cash and cash equivalents, end of year	<u>\$ 299,197</u>	<u>\$ 308,959</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Income taxes	\$ 97,869	\$ 97,537

DUPREE & COMPANY, INC.

Notes to the Financial Statements

1. Description of the Organization

Dupree & Company, Inc. (the Company), a Kentucky corporation, was organized in 1962 for the purpose of being a securities broker. The Company is registered as a broker-dealer and registered investment adviser with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is exclusively engaged in investment advisory and transfer agent services for Dupree Mutual Funds (the Funds), a related party (see Note 6).

2. Summary of Significant Accounting Policies

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Company in the preparation of its financial statements:

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. At times, balances in the Company's cash accounts may exceed Federal Deposit Insurance Corporation insured levels. The Company has not experienced any losses on such accounts. Management believes the Company is not exposed to any significant risk on bank deposits.

Accounts Receivable

Accounts receivable consist of amounts due from the Funds, primarily for fees billed for investment advisory and transfer agent services and are generally unsecured. The Company's management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. If amounts become uncollectible, they will be charged to operations when the determination is made. If amounts previously written off are collected, they will be credited to income when received.

Trading Securities

Trading securities, which includes equity securities with readily determinable fair values, are measured at fair value in the statements of financial condition. Trading securities are bought and held primarily for purposes of selling them in the near term, reflect active and frequent buying and selling, and are generally used with the objective of generating profits on short-term differences in price.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using both the straight-line and accelerated methods over the estimated useful lives of the assets. Leasehold improvements are amortized over the life of the related asset or the life of the lease, whichever is shorter. The

DUPREE & COMPANY, INC.

Notes to the Financial Statements, continued

gain or loss on the sale of property and equipment is recorded in the year of disposition. Effective January 1, 2019, the Company changed its capitalization threshold from \$500 to \$2,500. Repairs and maintenance costs are expensed as incurred.

Depreciation expense during 2019 and 2018 was \$17,930 and \$15,374, respectively. The Company has no planned major maintenance activities.

Leases

Effective January 1, 2019, the Company accounts for its lease obligations in accordance with Accounting Standards Codification (ASC) Topic 842, *Leases* (ASC 842), which requires the recognition of both (i) a lease liability equal to the present value of the remaining lease payments and (ii) an offsetting right-of-use asset. The remaining lease payments are discounted using the rate implicit in the lease, if known, or otherwise the Federal Prime Rate. After lease commencement, right-of-use assets are amortized over the remaining lease term on an actual payment basis. These recognition requirements are not applied to short-term leases which are those with a lease term of 12 months or less. Instead, lease payments associated with short-term leases are recognized as payments are made over the lease term.

ASC 842 also provides a practical expedient which allows for consideration in a contract to be accounted for as a single lease component rather than allocated between lease and non-lease components. The Company has elected to apply this practical expedient to all lease contracts, where applicable.

Upon adoption of ASC 842 on January 1, 2019, the Company applied the transitional practical expedients to its outstanding lease and therefore the Company did not reassess (i) initial direct costs for any existing leases. The Company also elected to apply the new lease requirements at the effective date, rather than the beginning of the earliest comparative period presented.

Accrued Compensated Absences

Employees are required to use all their sick days, vacation days, and personal days during the year, with no carryover to the next business year. As such, no accrual for compensated absences is required.

Revenue Recognition

The majority of the Company's revenues are derived from providing investment advisory and transfer agent services on a daily basis to the Funds, which is an investment company organized under the Investment Company Act of 1940. The Company believes the performance obligation for providing these services is satisfied over time because the Funds are receiving and consuming the benefits as they are provided by the Company. Fee arrangements are based on a percentage applied to the assets under management and are received in arrears on a monthly basis. The income is recognized as revenue in the respective month for which the fees relate. Interest income is recorded in the year in which it is earned.

Marketing Expense

The Company expenses all costs associated with marketing shares of the Funds as they are incurred. Marketing expense was \$187,432 and \$24,725 for the years ended December 31, 2019 and 2018, respectively.

DUPREE & COMPANY, INC.

Notes to the Financial Statements, continued

Income Taxes

The Company, with the consent of its stockholders, has elected to be taxed under Subchapter S of the Internal Revenue Code. Accordingly, the stockholders report their respective shares of federal income or loss on their own tax returns. Because of the Company's tax status, the financial statements do not reflect a federal tax provision or any related tax assets and liabilities. Federal income taxes will be paid by the Company's stockholders. State and local taxes of \$12,623 and \$19,531, have been accrued as of December 31, 2019 and 2018, respectively.

Accounting principles generally accepted in the United States of America require management to evaluate the tax position taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax position taken by the Company and as of December 31, 2019, there are no uncertain tax positions that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Company is subject to routine audits by taxing jurisdictions; however there are no audits for any tax periods in progress. The Company's income is no longer subject to federal or state income tax examinations by tax authorities for tax years before 2016.

Subsequent Events

Subsequent events occurring after the date of this report have been evaluated for potential impact to this report through the date the financial statements were issued. There were no subsequent events to report that would have a material effect on the Company's financial statements.

3. Trading Securities

Trading securities consist of the following as of December 31, 2019 and 2018:

	<u>2019</u>		<u>2018</u>	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
NASDAQ Stock, 300 shares	<u>\$ 32,130</u>	<u>\$ 2,200</u>	<u>\$ 24,471</u>	<u>\$ 2,200</u>

The Company has determined the fair value of its trading securities through application of GAAP. Trading securities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Trading securities valued using Level 2 inputs are based primarily on quoted prices for similar trading securities in active or inactive markets. Trading securities valued using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the trading security. Valuation techniques utilized to determine fair value are consistently applied.

DUPREE & COMPANY, INC.

Notes to the Financial Statements, continued

Fair Value Measurements at Reporting Date Using

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
December 31, 2019				
Trading securities	\$ 32,130	\$ 32,130	\$ -	\$ -
December 31, 2018				
Trading securities	\$ 24,471	\$ 24,471	\$ -	\$ -

The following is a description of the valuation methodology used for assets measured at fair value. There were no changes in the methodology used to measure fair value during the year ended December 31, 2019.

Trading securities: Valued at the closing price reported on the active market on which the individual securities are traded.

4. Property and Equipment

Property and equipment consists of the following as of December 31, 2019 and 2018:

	2019	2018
Office furniture and equipment	\$ 325,612	\$ 294,233
Leasehold improvements	28,224	28,224
	353,836	322,457
Less accumulated depreciation	(293,124)	(294,146)
Property and equipment, net	\$ 60,712	\$ 28,311

5. Net Capital and Net Capital Requirements

The Company is subject to the Securities and Exchange Commission uniform net capital 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.

As of December 31, 2019, the Company had net capital as defined by Rule 15c3-1 of \$710,801, which was \$460,801 in excess of its required net capital of \$250,000. The Company's ratio of aggregate indebtedness to net capital ratio was 0.081 to 1.

As of December 31, 2018, the Company had net capital as defined by Rule 15c3-1 of \$706,237, which was \$456,237 in excess of its required net capital of \$250,000. The Company's ratio of aggregate indebtedness to net capital ratio was 0.211 to 1.

6. Investment Advisory and Transfer Agent Fees

The Company serves as the investment advisor pursuant to investment advisory agreements renewed November 1, 2019, which remain in effect until October 31, 2020 and thereafter for annual periods, if renewed, for the following funds:

DUPREE & COMPANY, INC.

Notes to the Financial Statements, continued

- Dupree Mutual Funds Kentucky Tax-Free Income Series
- Dupree Mutual Funds Kentucky Tax-Free Short-to-Medium Series
- Dupree Mutual Funds Intermediate Government Bond Series
- Dupree Mutual Funds Tennessee Tax-Free Income Series
- Dupree Mutual Funds Tennessee Short-to-Medium Series
- Dupree Mutual Funds North Carolina Tax-Free Income Series
- Dupree Mutual Funds North Carolina Short-to-Medium Series
- Dupree Mutual Funds Alabama Tax-Free Income Series
- Dupree Mutual Funds Mississippi Tax-Free Income Series
- Dupree Mutual Funds Taxable Municipal Bond Series

Subject to the direction of the trustees of the Funds, the Company is to provide the Funds with investment supervisory services, office space and facilities, sales and promotional expenses, and corporate administration. As compensation for services rendered, facilities furnished, and expenses paid or assumed, the Company is to receive a fee at the annual rate of 0.50% (0.20% for the Intermediate Government Bond Series) of the average daily net asset value up to \$100,000,000 in assets, 0.45% (0.20% for the Intermediate Government Bond Series) of the average daily net asset value from \$100,000,001 to \$150,000,000, 0.40% (0.20% for the Intermediate Government Bond Series) of the average daily net asset value from \$150,000,001 to \$500,000,000, 0.35% (0.20% for the Intermediate Government Bond Series) of the average daily net asset value from \$500,000,001 to \$750,000,000, 0.30% (0.20% for the Intermediate Government Bond Series) of the average daily net asset value from \$750,000,001 to \$1,000,000,000, and 0.25% (0.20% for the Intermediate Government Bond Series) of the average daily net asset value in excess of \$1,000,000,000. For 2019 and 2018, the Company waived investment advisory fees of \$232,071 and \$198,480, respectively, which are excluded from investment advisory and transfer agent fees in the accompanying statements of income.

The Company also serves as the transfer agent and dividend-disbursing agent for the Funds pursuant to an agreement dated November 1, 1997, and subsequently amended thereafter. The agreement may be terminated by either party by giving ninety days written notice. The fee for this service is calculated daily at a rate of 1/365 of 0.15% on the first \$20,000,000 of net assets and 1/365 of 0.12% of net assets over \$20,000,000. Additionally, the Funds reimburse the Company for out-of-pocket expenses incurred on behalf of the Funds. The expenses include, but are not necessarily limited to, postage, insurance, telephone charges, and cost of forms.

7. Revenues from Contracts with Customer

The following table presents the Company's total revenues from its contracts with the Funds:

	<u>2019</u>	<u>2018</u>
Asset management fees:		
Investment advisory fees	\$ 5,294,623	\$ 5,306,466
Transfer agent fees	<u>1,672,377</u>	<u>1,660,976</u>
Total	<u>\$ 6,967,000</u>	<u>\$ 6,967,442</u>

The Company recognizes revenues from contracts with its sole customer, the Funds, when the performance obligation is satisfied, which is when the promised goods or services are transferred to the Funds. A good or service is considered to be transferred when the Funds obtain control, which is represented by the transfer of rights with regard to the good or service. Transfer of control happens either over time or a point in time. When

DUPREE & COMPANY, INC.

Notes to the Financial Statements, continued

a performance obligation is satisfied over time, an entity is required to select a single method of measuring progress for each performance obligation that depicts the entity's performance in transferring control of goods or services to the customer.

Substantially all the Company's revenues from its contracts with the Funds are derived primarily from investment advisory and transfer agent agreements with related parties (See Note 6). These fees are recognized over time, are earned from the Funds and are calculated based on a percentage of the Funds' average daily net assets. There is no significant judgment in calculating amounts due which are invoiced monthly in arrears and are not subject to any potential reversal. Progress is measured using the practical expedient under the output method resulting in the recognition of revenue in the amount for which the Company has a right to invoice.

There are no contract assets or liabilities that arise in connection with the recognition of investment advisory and/or transfer agent fee revenue. In addition, there are no costs incurred to obtain or fulfill the contracts with the Funds, all of which are investment advisory and transfer agent agreements with related parties.

8. Employee Benefit Plan

The Company sponsors a 401(k) plan (the Plan) for all eligible employees. The Plan specifies that employees can make contributions of up to 25% of their compensation to a maximum contribution of \$19,000, plus any applicable catch-up contributions, in both 2019 and 2018. The Company does not match employee contributions.

9. Leases

On January 1, 2019, the Company recognized a right-of-use asset and lease liability of \$705,035, upon the implementation of Accounting Standards Update 2016-02, *Leases*. The Company leases its present office space under a non-cancelable lease which expires October 31, 2023. The lease includes an option to extend the term of the lease for two periods of twenty-four months each that would extend the term to October 31, 2027. It is reasonably certain that the extensions will be exercised; therefore, they have been recognized as part of the right-to-use asset and operating lease liability.

The following table provides additional information regarding the Company's leases:

	<u>2019</u>	<u>2018</u>
Lease cost:		
Operating lease cost	\$ 100,726	\$ 105,080
Short-term lease cost	<u>143</u>	<u>-</u>
Total lease cost	<u>\$ 100,869</u>	<u>\$ 105,080</u>
Other information:		
Cash paid for operating leases	<u>\$ 100,726</u>	<u>\$ 105,080</u>

DUPREE & COMPANY, INC.

Notes to the Financial Statements, continued

The following table discloses the undiscounted future payments at December 31, 2019 with reconciliation to the Company's operating lease liability included on the statement of financial condition:

Year ending December 31,	
2020	\$ 93,392
2021	95,576
2022	106,494
2023	106,494
2024	106,494
Thereafter	<u>303,708</u>
Total future minimum lease payments (undiscounted)	812,158
Less imputed interest at 5.25%	<u>(163,501)</u>
Total operating lease liability	<u>\$ 648,657</u>

10. Service Agreement

In June 2010, the Company entered into a service agreement with Fidelity National Information Services (FIS), formerly Sungard Shareholder Systems. The Company began utilizing FIS's transfer agent software once it became fully functional in 2011. The Company agreed to pay a minimum of \$9,333 per month for usage and processing fees associated with the technology system. The service agreement renews on a year-by-year basis.

11. Concentrations and Credit Risks

The Company derives a major portion of its revenue from the Funds. During 2019 and 2018, revenues from the Funds aggregated \$6,967,000 and \$6,967,442, respectively. As of December 31, 2019 and 2018, amounts due from the Funds included in accounts receivable were \$599,986 and \$570,389, respectively.

DUPREE & COMPANY, INC.

Schedule I - Computation of Net Capital
under SEC Rule 15c3-1

December 31, 2019

<u>Net Capital</u>	Computations per Part IIA Form X-17A-5 (Unaudited)	Computations per Audit
Stockholders' equity	\$ 946,338	\$ 964,338
Deductions/charges:		
Nonallowable assets:		
Furniture, equipment, and leasehold improvements, net	60,712	60,712
Other assets	<u>169,879</u>	<u>169,879</u>
Net capital before haircuts on securities positions	715,747	715,747
Haircuts on securities:		
Other securities	<u>4,945</u>	<u>4,945</u>
Net capital	710,801	710,801
Minimum net capital required:		
6 2/3% of aggregate indebtedness or \$250,000, whichever is greater	<u>250,000</u>	<u>250,000</u>
Excess net capital	<u>\$ 460,801</u>	<u>\$ 460,801</u>
<u>Aggregate Indebtedness</u>		
Items included in statement of financial condition:		
Other accounts payable and accrued expenses	\$ -	\$ 71,720
Total aggregate indebtedness	<u>\$ -</u>	<u>\$ 71,720</u>
Ratio of aggregate indebtedness to net capital	0 to 1	0.156 to 1

Except as noted above, there are no material differences between the preceding computations and the Company's corresponding unaudited part IIA of Form X-17A-5 as of December 31, 2019.

See report of independent registered public accounting firm.

DUPREE & COMPANY, INC.

Schedule II - Computation for Determination of Reserve
Requirements under SEC Rule 15c3-3

December 31, 2019

Dupree & Company, Inc. claims an exemption from Rule 15c3-3 under Section (k)(1).

See report of independent registered public accounting firm.

DUPREE & COMPANY, INC.

**Schedule III - Information Relating to Possession or
Control Requirements under SEC Rule 15c3-3**

December 31, 2019

Dupree & Company, Inc. claims an exemption from Rule 15c3-3 under Section (k)(1).



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
Dupree & Company, Inc.
Lexington, Kentucky

We have reviewed management's statements, included in the accompanying Management Exemption Report under SEC Rule 15c3-3, in which (a) Dupree & Company, Inc. (the Company) identified the following provisions of 17 C.F.R. § 240.15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3: Paragraph (k)(1) (the exemption provisions) and (b) the Company stated that the Company met the identified exemption provisions throughout the year ended December 31, 2019, 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)(1) of 17 C.F.R. § 240.15c3-3.

Dean Dotson Allen Ford, PLLC

Lexington, Kentucky
February 18, 2020

