

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8-50391

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 07/01/2019 AND ENDING 06/30/2020
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: James Fox Securities, Inc.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

2659 State Street, Suite 100

(No. and Street)

Carlsbad

CA

92008

(City)

(State)

(Zip Code)

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

James Fox

760-808-6716

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Jennifer Wray CPA PLLC

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

16418 Beewood Glen Dr.

Sugar Land

TX

77498

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



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

FOR OFFICIAL USE ONLY

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

Potential persons who are to respond to the collection of
information contained in this form are not required to respond

OATH OR AFFIRMATION

I, James Fox, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of James Fox Securities, Inc. of June 30, 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:

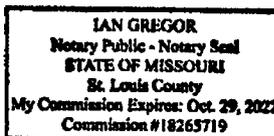
Handwritten signature of Ian Gregor

Signature

PRESIDENT

Title

Handwritten signature of Ian Gregor
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).

James Fox Securities, Inc

Report Pursuant to Rule 17a-5 (d)

Financial Statements

For the year ended June 30, 2020

James Fox Securities, Inc

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Jennifer Wray CPA PLLC

16418 Beewood Glen Dr Sugar Land, TX 77498 Tel: 281-923-7665 Email: jenniferwraycpa@yahoo.com PCAOB#6328

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the member of
James Fox Securities Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of James Fox Securities Inc. as of June 30, 2020, the related statements of income, changes in member's equity, and cash flows for the 2020 then ended, and the related notes and schedules. In our opinion, the financial statements present fairly, in all material respects, the financial position of James Fox Securities Inc. as of June 30, 2020 and the results of its operations and its cash flows for the 2020 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 James Fox Securities Inc.'s management. Our responsibility is to express an opinion on James Fox Securities Inc. 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 James Fox Securities Inc. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Auditor's Report on Supplemental Information

The supplementary information contained in Schedules I on the pages 8-9 has been subjected to audit procedures performed in conjunction with the audit of James Fox Securities Inc. financial statements. The supplemental information is the responsibility of James Fox Securities Inc. 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 Supplementary schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

Jennifer Wray CPA PLLC



We have served as James Fox Securities Inc.'s auditor since 2020.

Sugar Land, Texas

Aug 26, 2020

James Fox Securities, Inc.
Statement of Financial Condition
June 30, 2020

Assets

Cash	\$	1,054
Deposit with clearing broker		25,000
Commissions receivable		2,202
Prepaid expense		1,214
Deposits		<u>3,050</u>
Total assets	\$	<u>32,520</u>

Liabilities and Stockholder's Equity

Liabilities

Accounts payable and accrued expenses	\$	9,559
Income tax payable		<u>50</u>
Total liabilities		9,609

Commitments and contingencies

Contingent liability		<u>15,000</u>
Total commitments and contingencies		15,000

Stockholder's equity

Common stock, \$0.01 par value, 100,000 shares authorized, 80,000 shares issued and outstanding		800
Additional paid-in capital		35,950
Accumulated deficit		(8,839)
Treasury stock		<u>(20,000)</u>
Total stockholder's equity		<u>7,911</u>
Total liabilities and stockholder's equity	\$	<u>32,520</u>

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

James Fox Securities, Inc.
Statement of Operations
For the Year Ended June 30, 2020

Revenues

Commissions	\$ 47,244
Interest Income	<u>76</u>
Total revenues	47,320

Expenses

Commission expense	2,800
Professional fees	13,934
Communications	2,166
Occupancy expense	803
Interest expense	2,293
Other operating expenses	<u>18,525</u>
Total expenses	<u>40,521</u>

Net income (loss) before income tax provision 6,799

Income tax provision 850

Net income (loss) \$ 5,949

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

James Fox Securities, Inc.
Statement of Changes in Stockholder's Deficit
For the Year Ended June 30, 2020

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Treasury Stock</u>	<u>Total</u>
Balance at June 30, 2019	\$ 800	\$ 35,950	\$ (14,788)	\$ (20,000)	\$ 1,962
Net income (loss)	-	-	5,949	-	5,949
Balance at June 30, 2020	<u>\$ 800</u>	<u>\$ 35,950</u>	<u>\$ (8,839)</u>	<u>\$ (20,000)</u>	<u>\$ 7,911</u>

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

James Fox Securities, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2020

Cash flow from operating activities:

Net income (loss)		\$ 5,949
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in assets:		
Commissions receivable	\$ 823	
Prepaid expense	(750)	
Deposits	(25)	
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>(5,118)</u>	
Total adjustments		<u>(5,070)</u>
Net cash provided by (used in) operating activities		879
Net cash provided by (used in) in investing activities		-
Net cash provided by (used in) financing activities		<u>-</u>
Net increase (decrease) in cash		879
Cash at beginning of year		<u>175</u>
Cash at end of year		<u>\$ 1,054</u>

Supplemental disclosure of cash flow information:

Cash paid during the year for:

Interest		\$ 2,293
Income taxes		\$ 850

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

James Fox Securities, Inc.
Notes to Financial Statements
June 30, 2020

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

James Fox Securities, Inc. (the "Company") was incorporated in the State of Arizona on November 15, 1996 and operates an office in Carlsbad, California. The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934, a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Company is engaged in business as a securities broker dealer that provides several classes of services, including the retail sale of corporate equity securities, corporate debt securities, mutual funds, and government securities over the counter.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2)(ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession of control of customer assets and reserve requirements.

Summary of Significant Accounting Policies

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

Commissions receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Commissions revenues are primarily commissions earned on client transactions in equity securities, debt securities, and other exchange traded products. Commissions revenue and related clearing expenses are recorded on a trade-date basis, at which point all of the Company's performance obligations have been completed.

Office equipment is stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Repairs and maintenance to these assets are charged as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized. For the year ended June 30, 2020, office equipment was fully depreciated.

James Fox Securities, Inc.
Notes to Financial Statements
June 30, 2020

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The Company accounts for its income taxes in accordance with FASB ASC 740, Income Taxes. This standard requires the establishment of a deferred tax asset or liability to recognize the future tax effects of transactions that have not been recognized for tax purposes, including taxable and deductible temporary differences as well as net operating loss and tax carry forwards. Deferred tax expenses or benefits are recognized as a result of changes in the tax basis of an asset or liability when measured against its reported amount in the financial statements.

The Company has evaluated events subsequent to the statement of financial condition date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers: Topic 606, also referred to as Accounting Standards Codification Topic 606 (“ASC Topic 606”), supersedes nearly all existing revenue recognition guidance under GAAP. ASC Topic 606 requires a principle-based approach for determining revenue recognition. The core principle is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted ASC Topic 606 effective July 1, 2018, with no material impact on the Company’s financial statements.

Note 2: DEPOSIT WITH CLEARING BROKER

The Company has a brokerage agreement with Wedbush Securities, Inc. (“Clearing Broker”) to carry its account and the accounts of its clients on a fully disclosed basis as customers of the Clearing Broker. The Clearing Broker has custody of the Company's cash balances which serve as collateral for any amounts due to the Clearing Broker as well as collateral for securities sold short or securities purchased on margin. Interest is paid monthly on these cash deposits at the average overnight repurchase rate. The balance at June 30, 2020 was \$25,000.

James Fox Securities, Inc.
Notes to Financial Statements
June 30, 2020

Note 3: INCOME TAXES

The Company's income tax provision consists of the following:

Federal income tax	\$ --
State income taxes	<u>850</u>
Total income tax provision	<u>\$ 850</u>

At June 30, 2020, the Company had federal available net operating loss carryforwards of approximately \$3,395 which will expire in varying amounts beginning in 2035, resulting in a deferred tax benefit of approximately \$713. The Company has recorded an allowance against the deferred tax benefit, since it cannot determine if it is more likely than not, the benefit will be realized.

The Company is required to file income tax returns in both federal and state jurisdictions. The Company's tax returns are subject to examination by taxing authorities in the jurisdictions in which it operates in accordance with the normal statutes of limitations in the applicable jurisdiction. For federal purposes, the statute of limitations is three years. Accordingly, the Company is no longer subject to examination of federal returns filed more than three years prior to the date of these financial statements. The statute of limitations for state purposes is generally three years, but may exceed this limitation depending upon the jurisdiction involved. Returns that were filed within the applicable statute remain subject to examination. As of June 30, 2020, the IRS has not proposed any adjustment to the Company's tax position.

Note 4: CONCENTRATIONS OF CREDIT RISK

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

Note 5: COMMITMENTS AND CONTINGENCIES

The Company has a bank overdraft facility with Union Bank under which it may borrow up to \$1,000. Borrowing on the line of credit bears interest at a fixed rate of 16.8%. At June 30, 2020, there is no balance outstanding.

On March 18, 2016, the Company entered into a settlement agreement and release. This agreement effectively cancelled a purchase and option agreement between the sole shareholder to sell his stock ownership of the Company to a third party. The agreement called for the cancellation of 20,000 shares of the outstanding common stock. The agreement also established a \$15,000 non-current contingent liability that will only become payable if the sole shareholder sells his shares in the company. \$15,000 contingent liability can exclude from the aggregate indebtedness when calculating the net capital

James Fox Securities, Inc.
Notes to Financial Statements
June 30, 2020

according to FINRA SEA Rule 15c3-1(viii)/03-Fixed Liability remaining maturity of one year or more.

Note 6: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

For the year ended June 30, 2020, various ASUs issued by the FASB were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended.

The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which supersedes the existing guidance for lease accounting. Topic 842 requires lessees to recognize leases with terms longer than 12 months on their statements of financial condition. It requires different patterns of recording lease expense for finance and operating leases. It also requires expanded lease agreement disclosures. Lessor accounting is largely unchanged. ASC Topic 842 is effective for the Company beginning with its year ended June 30, 2020. The Company's lease is month-to-month, consequently ASC Topic 842 is not expected to have a material impact on the Company's financial statements and related disclosures.

Note 7: 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 equity capital 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. Net capital and aggregate indebtedness change day to day, but on June 30, 2020, the Company had net capital of \$18,647 which was \$13,647 in excess of its required capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$9,609) to net capital was .52 to 1, which is less than the 15 to 1 maximum allowed.

James Fox Securities, Inc.
Schedule I - Computation of Net Capital Requirements
Pursuant to SEC Rule 15c3-1
As of June 30, 2020

Computation of net capital

Common stock	\$ 800	
Additional paid-in capital	35,950	
Accumulated deficit	(8,839)	
Treasury stock	<u>(20,000)</u>	
Total stockholder's equity		\$ 7,911
Plus: Allowable Credit		
Contingent Liability	<u>15,000</u>	
Total allowable credit		<u>15,000</u>
Less: Non-allowable assets		
Prepaid expense	(1,214)	
Deposits	<u>(3,050)</u>	
Total non-allowable assets		<u>(4,264)</u>
Net capital		18,647

Computation of net capital requirements

Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	\$ 641	
Minimum dollar net capital required	<u>\$ 5,000</u>	
Net capital required (greater of above)		<u>(5,000)</u>
Excess net capital		<u><u>\$ 13,647</u></u>

Ratio of aggregate indebtedness to net capital .52: 1

There was no material difference between net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 Part IIA report dated June 30, 2020.

See report of independent registered public accounting firm

Jennifer Wray CPA PLLC

16418 Beewood Glen Dr Sugar Land, TX 77498 Tel: 281-923-7665 Email: jenniferwraycpa@yahoo.com PCAOB#6328

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
James Fox Securities, Inc.

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

Jennifer Wray CPA PLLC



Sugar Land, Texas.

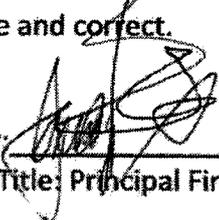
Aug 26, 2020

EXEMPTION REPORT

James Fox Securities, Inc. is a registered broker dealer subject to Rule 17 a – 5 promulgated by the Securities and Exchange Commission (17 C. F. R. 240. 17 a – 5, " Reports to be made by certain broker-dealers"). This Exemption Report was prepared as required by C. F. R. 240. 17 a – 5 (d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- The Company claimed an exemption from SEC rule 15 C – 3 under the provisions of (k)(2)(ii) throughout the fiscal year from July 1, 2019 to June 30, 2020, without exception.
- The Company met the identified exemption provisions in 17 C. F. R. 240.15c3-3 (k)(2)(ii) throughout the fiscal year from July 1, 2019 to June 30, 2020 without exception.

I, James C.H Fox swear or (affirm) that, to my knowledge and belief, this exemption report is true and correct.

By: 
Title: Principal Financial Officer and FinOp

Date: 8/25/2020