

YR SECURITIES, LLC
FINANCIAL STATEMENTS
JUNE 30, 2020

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
8-69578

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: YR SECURITIES, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

711 W 21ST Street Suite, 105

(No. and Street)

Norfolk

Virginia

23517

(City)

(State)

(Zip Code)

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

William Roach or Jenn Morelen 757-961-0067 X 103

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Meadows, Urquhart, Acree & Cook, LLP

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

1802 Bayberry Court, Suite 102 Henrico

Virginia

23226

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

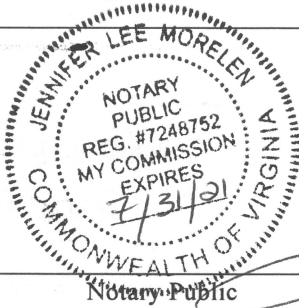
Accountant not resident in United States or any of its possessions.

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)

OATH OR AFFIRMATION

I, William T Roach, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of YR SECURITIES, LLC 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:



W-TR

Signature

Owner, Principal

Title

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

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (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).

YR Securities, LLC
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June 30, 2020

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Report of Independent Registered Public Accounting Firm

To the Members'
of YR Securities, LLC

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of YR Securities, LLC as of June 30, 2020, the related statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of YR Securities, LLC as of June 30, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of YR Securities, LLC's management. Our responsibility is to express an opinion on YR Securities, LLC's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to YR Securities, LLC 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.

Supplemental Information

The Computation of Net Capital and Aggregate Indebtedness and the Statement Regarding SEC Rule 15(c)3-3 have been subjected to audit procedures performed in conjunction with the audit of YR Securities, LLC's financial statements. The supplemental information is the responsibility of YR Securities, LLC'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.

We have served as YR Securities, LLC's auditor since 2019.



Henrico, Virginia
August 20, 2020

YR Securities, LLC
Statement of Financial Condition
June 30, 2020

ASSETS

Cash	\$	54,596
Commissions receivable		13,091
Prepaid assets		<u>5,529</u>
Total current assets		73,216
Fixed assets		3,974
Intangible asset		<u>60,000</u>

TOTAL ASSETS \$ 137,190

LIABILITIES & MEMBERS' EQUITY

Liabilities

Accrued expenses	\$	13,898
Note payable, current		<u>8,749</u>
Total current liabilities		22,647
Note payable, non-current		<u>11,090</u>
Total liabilities		33,737

Members' equity 103,453

TOTAL LIABILITIES & MEMBERS' EQUITY \$ 137,190

YR Securities, LLC
Statement of Operations
Year Ended June 30, 2020

OPERATING INCOME	
Commission income	\$ 8,369
Trail income	<u>173,836</u>
TOTAL OPERATING INCOME	<u>182,205</u>
OPERATING EXPENSES	
Payroll	118,964
Professional fees	23,000
Technology, data and communication	10,693
Insurance	9,828
Regulatory fees	5,124
Amortization	5,000
Occupancy and equipment	4,430
Travel and entertainment	3,248
Other	<u>1,663</u>
TOTAL OPERATING EXPENSES	<u>181,950</u>
NET INCOME	<u><u>\$ 255</u></u>

YR Securities, LLC
Statement of Changes in Members' Equity
Year Ended June 30, 2020

	<u>Total</u>
Balance at July 1, 2019	\$ 118,198
Distribution to member	(15,000)
Net income	<u>255</u>
Balance at June 30, 2020	<u><u>\$ 103,453</u></u>

YR Securities, LLC
Statement of Cash Flows
Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 255
Adjustments to reconcile net income to net cash used in operating activities	
Amortization	5,000
Increase in:	
Commissions receivable	(5,339)
Prepaid assets	(1,971)
Decrease in:	
Accrued expenses	<u>(2,441)</u>

NET CASH USED IN OPERATING ACTIVITIES (4,496)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	<u>(3,974)</u>
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NET CASH USED IN INVESTING ACTIVITIES (3,974)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from notes payable	19,839
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Distribution to member	<u>(15,000)</u>
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NET CASH PROVIDED BY FINANCING ACTIVITIES 4,839

NET DECREASE IN CASH (3,631)

CASH AT JUNE 30, 2019 58,227

CASH AT JUNE 30, 2020 \$ 54,596

(1) ORGANIZATION

YR Securities, LLC (“Firm”) is currently organized as an LLC Virginia partnership. As of September 23, 2015, the Firm became a registered broker/dealer with the Financial Industry Regulatory Authority (FINRA) and the Securities and Exchange Commission (SEC). The Firm is a limited service financial firm headquartered in Norfolk, Virginia. The Firm engages in application way business with various mutual fund and insurance companies. Revenue is earned through commission trails on transactions and fee trails based on a percentage of account values held with its customers. The majority of the Firm’s customers are located in the southeastern United States.

(2) ACCOUNTING AND REPORTING PRINCIPLES

The following is a summary of the significant accounting policies followed by the Firm:

a. BASIS OF ACCOUNTING

The accounting and reporting policies of the Firm are on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

b. USE OF ESTIMATES

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

c. REVENUE

This includes commission income and trail income. The Firm recognizes revenue from contracts with customers according to a five-step revenue recognition model: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The Firm’s contracts with customers generally contain a single performance obligation or separately identified performance obligations, each with a stated transaction price and generally do not involve a significant timing difference between satisfaction of the performance obligation and customer payment. Revenues are recognized over time or at a point in time as the performance obligations are satisfied. Recognition of these revenues does not involve significant estimates or constraints.

Commission income is recognized when a performance obligation is satisfied at a point in time. Commission income is recognized on a trade date basis. Trail income which is associated with annuity investments is recognized over time, as earned. Trail income is generally based on a percentage of the annuity premium or the account value of the investment. These revenues are shown disaggregated on the statement of operations.

d. COMMISSION RECEIVABLE

The Firm utilizes the allowance method to recognize potential losses on commissions receivable. There were no accounts which management considered uncollectible at June 30, 2020, accordingly, no allowance was considered necessary.

e. INCOME TAXES

The Firm is organized as an LLC, treated as a partnership for tax purposes and is not subject to income taxes in any jurisdiction. Each partner is responsible for the tax liability, if any, related to its proportionate share of the Partnership's taxable income. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Firm's management has evaluated the impact of this guidance to its financial statements. The Firm's income tax returns are subject to examination by taxing authorities, generally for a period of three years from the date the returns are filed. The Firm's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

(3) CONCENTRATIONS OF CREDIT RISK

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

(4) LIABILITIES SUBORDINATE TO CLAIMS OF GENERAL CREDITORS

The Firm has no subordination agreements.

(5) SUBSEQUENT EVENTS

The Firm has evaluated subsequent events to the balance sheet 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, which was August 20, 2020.

(6) TRANSACTIONS WITH RELATED PARTIES

The Firm pays rent expense to Dominion Capital Partners, LLC ("Dominion"), who holds the main rental agreement of the office building the Firm operates out of. Dominion is a related party through common ownership. The Firm has a sublease agreement in place with Dominion that outlines the details of these transactions. The Firm's total rent expense paid under this lease for July 1, 2019 through June 30, 2020 was \$4,430.

The Firm also shares expenses with WWI LLC, its' affiliated Registered Investment Advisory Firm, for a Customer Relationship Manager (CRM) system. The Firm's total CRM expense for the year ended June 30, 2020 was \$3,750.

(7) INTANGIBLE ASSETS

During the year ended June 30, 2018 the Firm purchased a customer list including Assets Under Management. The customer list does not have specific contract terms. As of June 30, 2020, management does not believe there are any current facts or circumstances indicating impairment of the asset. Based on industry experience management has estimated a 15-year useful life for the customer list. Total amortization expense of \$5,000 was recorded as an operating expense in the Firm's statement of operations for the year ended June 30, 2020.

(8) NOTE PAYABLE

On April 20, 2020, the Company received loan proceeds in the amount of \$19,800 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provided for loans to qualifying businesses for an amount up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after twenty-four weeks as a loan as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period.

The unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Company intends to use the proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it cannot assure that actions are not taken that could cause the Company to be ineligible for forgiveness of the loan, in whole or in part.

As a result, the loan has been classified as a note payable on the accompanying balance sheet with a current balance of \$8,749 as of June 30, 2020, which includes \$39 of accrued interest, and the remaining balance of \$11,090 classified as a note payable, non-current, due during the year ended June 30, 2022.

(9) NET CAPITAL REQUIREMENTS

The Firm is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1) ("Rule"), which requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital as defined by the Rule, shall not exceed 15 to 1. The rule also provides that equity capital may not be withdrawn, or cash distributions paid if the resulting net capital ratio would exceed 10 to 1.

At June 30, 2020, the Firm had net capital, as defined, of \$22,698, which was \$17,698 in excess of its required net capital of \$5,000. The Firm's aggregate indebtedness to net capital ratio was .61 to 1.00 at June 30, 2020.

SUPPLEMENTAL INFORMATION

YR Securities, LLC
Computation of Net Capital and Aggregate Indebtedness
Pursuant to Rule 15c3-1 of the Securities Exchange Act of 1934
June 30, 2020

Schedule I

NET CAPITAL COMPUTATION

Total Assets	\$	137,190
Total Liabilities		<u>(33,737)</u>
Total Ownership Equity		103,453
Less:		
Non-allowable Assets		<u>(80,755)</u>
NET CAPITAL		22,698
Net Capital Requirement		<u>5,000</u>
Excess Net Capital	\$	<u>17,698</u>

AGGREGATE INDEBTEDNESS

Total liabilities		
Aggregate Indebtedness	\$	<u>(13,898)</u>

PERCENTAGE OF AGGREGATE INDEBTEDNESS TO NET CAPITAL 61.23%

NOTE: The above computation does not differ materially from the Firm's computations, as shown on its (unaudited) FOCUS Report dated June 30, 2020.

YR Securities, LLC
Statement Regarding SEC Rule 15c3-3
June 30, 2020

COMPUTATION FOR DETERMINATION OF THE RESERVE REQUIREMENT UNDER RULE 15C3-3 OF THE SEC:

YR Securities, LLC is a limited broker dealer, exclusively dealing in the purchase, sale, and redemption of mutual funds, variable annuities, and variable insurance products and is exempt from SEC Rule 15c3-3. All funds received in connection with the activity of the Firm are promptly transmitted and are not held in the custody of the Firm.

All of the transactions of the Firm are in accordance with the provisions of exemption k(2)(i) under SEC Rule 15c3-3. The Firm was in compliance with this exemption.

INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15C3-3 OF THE SEC:

YR Securities, LLC is a limited broker dealer, exclusively dealing in the purchase, sale, and redemption of mutual funds, variable annuities, and variable insurance products and is exempt from SEC Rule 15c3-3. All funds received in connection with the activity of the firm are promptly transmitted and are not held in the custody of the Firm.

All of the transactions of the Firm are in accordance with the provisions of exemption k(2)(i) under SEC Rule 15c3-3. The Firm was in compliance with this exemption.