

OATH OR AFFIRMATION

I, Hubert Daigle, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Rice, Voelker LLC, as of December 31, 21, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

Signature: Hubert Daigle
Title: COMPLIANCE OFFICER

Barbara Caldwell Daigle
Notary Public #060595

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

- (a) Statement of financial condition.
- (b) Notes to consolidated 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 cash flows.
- (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- (f) Statement of changes in liabilities subordinated to claims of creditors.
- (g) Notes to consolidated financial statements.
- (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (t) Independent public accountant's report based on an examination of the statement of financial condition.
- (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- (z) Other: _____

**To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.



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Report of Independent Registered Public Accounting Firm

To the Board of Members
Rice, Voelker, LLC

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Rice, Voelker, LLC as of December 31, 2021 and the related notes to the financial statement (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of Rice, Voelker, LLC as of December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of Rice, Voelker, LLC's management. Our responsibility is to express an opinion on Rice, Voelker, LLC's financial statement 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 Rice, Voelker, LLC 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 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 statement is 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 statement, 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 statement. 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 statement. We believe that our audit provides a reasonable basis for our opinion.

A Professional Accounting Corporation

We have served as the Company's auditor since 2003.

Covington, LA
February 22, 2022

LOUISIANA • TEXAS

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each is separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

RICE, VOELKER, L.L.C.
STATEMENT OF FINANCIAL CONDITION
December 31, 2021

	2021
Assets	
Cash and Cash Equivalents	\$ 2,320,375
Compensating Balance Held at Clearing Organization	150,000
Receivable from Clearing Broker	107,116
Furniture and Equipment, net	15,757
Other Assets	<u>28,662</u>
Total Assets	<u>\$ 2,621,910</u>
Liabilities and Members' Equity	
Liabilities	
Accrued Expenses	<u>\$ 599,986</u>
Total Liabilities	<u>599,986</u>
Members' Equity	<u>2,021,924</u>
Total Liabilities and Members' Equity	<u>\$ 2,621,910</u>

The accompanying notes are an integral part of this financial statement.

RICE, VOELKER, L.L.C.

Notes to Financial Statement

Note 1. Organization and Nature of Business

Organization

Rice, Voelker, L.L.C. (the Company) was organized in October 1995, as a limited liability company. The Company was formed with the primary purpose of entering into all phases of business as it relates to securities and investment advisory and counseling services. The Company shall continue in existence through, and dissolve in, December 2075. In January 1996, the Company began operations as a registered broker-dealer pursuant to the Securities Exchange Act of 1934. The Company is a member of the Financial Industry Regulatory Authority. The Company is a non-clearing broker and, as such, has an agreement with a third-party clearing organization to carry and clear its customers' margin, cash accounts, and transactions on a fully-disclosed basis.

The Company's profits and losses are allocated to the members in accordance with their respective percentage ownership interest. Loss allocations, which would result in capital account deficiencies, are allocated first to members who have positive capital account balances. Membership interests may be redeemed by the Company, subject to certain approvals in accordance with the operating agreement. The percentage interest of each member outstanding immediately following any redemption of interests is increased proportionately, as appropriate, to maintain the aggregate percentage interests of the members at 100%. During 2021, a member's interest was redeemed; and, accordingly, a distribution was made to the member of \$67,475, in accordance with the terms of the operating agreement.

Note 2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Compensating Balance Held at Clearing Organization

Compensating balance held at clearing organization is restricted cash which is required by the terms of the agreement with the clearing organization (See Note 4).

Receivable from Clearing Broker

Accounts receivable from clearing broker represents uncollected commissions and fees due from the clearing broker. See Note 4 for additional information regarding these receivables.

Furniture and Equipment, net

Furniture and equipment are stated at cost, less accumulated depreciation computed on straight-line methods over the estimated useful lives of the assets, which range from five to seven years. Depreciation charged to operations amounted to \$12,630 for the year ended December 31, 2021.

RICE, VOELKER, L.L.C.

Notes to Financial Statement

Note 2. Summary of Significant Accounting Policies (Continued)

Major components of furniture and equipment at December 31, 2021 are as follows:

Equipment	\$ 225,235
Furniture	107,051
Total	<u>332,286</u>
Accumulated Depreciation	(316,529)
Furniture, and Equipment, net	<u>\$ 15,757</u>

Leases

The Company accounts for its leases in accordance with FASB ASC 842, *Leases*. The Company has operating leases for office space. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable, otherwise the Company uses its incremental borrowing rate. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the premeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Company has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes lease cost associated with its short-term leases on a monthly basis over the lease term.

Income Taxes

The Company has elected to be treated as a partnership under the provisions of the Internal Revenue Code, which provides that the members are taxed on the Company's taxable income or loss. Similar provisions apply for state and local income tax reporting. Accordingly, no provision for income taxes is provided in the accompanying financial statements. The Company accounts for income taxes in accordance with the provisions of the *Income Taxes* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740. The Company files a U.S. federal income tax return and a Louisiana state income tax return. Returns filed in these jurisdictions for tax years ended on or after December 31, 2018, are subject to examination by the relevant taxing authorities. The Company is not currently under examination by any taxing authority.

At December 31, 2021, the Company had no uncertain tax positions.

Notes to Financial Statement

Note 2. Summary of Significant Accounting Policies (Continued)

Concentrations of Credit

The Company periodically maintains cash in bank accounts in excess of federally insured limits. The Company has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

A substantial portion of the Company's revenue was derived from two customers in 2021. The revenue derived from these customers was 27% of total revenue from customers for the year ended December 31, 2021. There were no accounts receivable outstanding from these customers as of December 31, 2021.

Use of Estimates

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

Revenue Recognition

Revenue from contracts with customers is recognized as the Company satisfies its performance obligations by transferring the promised services to the customers. A service is transferred to a customer as these are rendered to them. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time that the Company determines the customer obtains control over the promised service.

The following provides detailed information on the recognition of the Company's revenue from contracts with customers:

- Trading commission revenue: all customer securities transactions and related income are reported in the statement of operations on a trade date basis as it is when the performance obligation is met.
- Fee Income: Fee income consists of Investment banking private placement fees and other transaction advisory fees. Private placement fees are generally recognized at the point in time the transaction is completed (the closing date of the transaction). Other transaction advisory fees are earned over the period of the services provided as the performance obligation is met. Fee income includes: soliciting interest from potential investors; assisting with preparation of investor materials; attending meetings with potential investors; assisting with negotiations of letters of intent; evaluating and analyzing offers from potential investors; etc. Advisory related expenses are expensed as incurred. Advisory expenses are recognized within their respective expense category on the statement of operations and any expenses reimbursed by clients are recognized as fee income.

This revenue guidance does not apply to fee income related to research fees and other revenue sources including interest income and payroll protection program loan forgiveness as these sources of revenue do not have contracts with customers. The

RICE, VOELKER, L.L.C.

Notes to Financial Statement

Note 2. Summary of Significant Accounting Policies (Continued)

Company provides research services to customers. Research fee income is recognized when payment is reasonably assured which is when payment is received.

Payroll Protection Program Loan

The Company received a loan under the Paycheck Protection Program (PPP) pursuant to the CARES Act administered by the U.S. Small Business Administration (the SBA). In June 2020, the AICPA issued TQA 3200.18, *Borrower Accounting for a Forgivable Loan Received Under the Small Business Administration Paycheck Protection Program*. The TQA addresses accounting for nongovernmental entities that are not for profit's, i.e. business entities, that believe the PPP Loan represents, in substance, a grant that is expected to be forgiven, it may account for the PPP Loan as a deferred income liability. The TQA further indicates that, if such an entity expects to meet the PPP's eligibility criteria and concludes that the PPP Loan represents in substance, a grant that is expected to be forgiven, it may analogize to IAS 20 to account for the PPP Loan. The loan was accounted for in accordance with and recognized as income when the terms of forgiveness were met (See Note 6).

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13 to update the methodology used to measure current expected credit losses ("CECL"). This ASU applies to financial assets measured at amortized cost, including trade receivables as well as certain off-balance sheet credit exposures. This ASU replaces the current incurred loss impairment methodology with a methodology to reflect CECL and requires consideration of a broader range of reasonable and supportable information to explain credit loss estimates. The guidance must be adopted using a modified retrospective transition method through a cumulative-effect adjustment to retained earnings in the period of adoption. This ASU will be effective beginning January 1, 2023. The Company is in the process of adopting this ASU and does not expect this guidance to have a significant impact on the financial statements and related disclosures.

Note 3. Revenues

Disaggregated Revenue

The following table presents the Company's total revenues separated from revenues from contracts with customers and other sources of revenues for the year ended December 31, 2021:

Revenues from Contracts with Customers:

Commission income	\$ 1,465,013
Fee Income	3,551,193
Total	<u>\$ 5,016,206</u>

RICE, VOELKER, L.L.C.

Notes to Financial Statement

Note 3. Revenues (Continued)

Other Sources of Revenue:

Research fees	\$	2,961,950
Interest income		5,414
Other revenue		<u>336,860</u>
Total	\$	<u><u>3,304,224</u></u>

In some circumstances, significant judgment is needed to determine the timing and measure of progress appropriate for revenue recognition under a specific contract. Contract assets are recognized as receivables from customers and receivables from clearing broker on the accompanying statement of financial condition. The Company recorded contract assets of \$257,116 for the year ended December 31, 2021. Retainers and other fees received from customers prior to recognizing revenue are reflected as contract liabilities and recorded as deferred income on the accompanying statement of financial condition. There were no contract liabilities outstanding as of December 31, 2021.

Note 4. Agreement with Clearing Organization

The Company utilizes RBC Clearing & Custody as its clearing broker. Terms of the agreement with the clearing organization call for the Company to maintain compensating balances of \$150,000. At December 31, 2021, \$150,000 of cash is restricted for that purpose. In addition, terms of the agreement require the Company to maintain net capital equal to the greater of the amount required by the Securities and Exchange Commission (SEC) net capital rules applicable to a correspondent introducing broker or \$100,000. At December 31, 2021, the Company had net capital of \$1,977,505, which was \$1,877,505 in excess of its required net capital of \$100,000.

	Receivable	Payable
Receivable from clearing organization	\$ 107,116	\$ -
Payable to clearing broker	-	-
Fees and commissions receivable/payable	-	-
Deposits with clearing organizations	<u>150,000</u>	-
Total	<u><u>\$ 257,116</u></u>	<u><u>\$ -</u></u>

Note 5. Commitments and Contingencies

The Company clears all customers' securities transactions through a clearing broker, on a fully disclosed basis, which, in accordance with U.S. GAAP are not included on the statement of financial condition. These transactions are referred to as "off-statement of financial condition commitments" and differ from the Company's statement of financial condition activities in that they do not give rise to funded assets or liabilities. The Company receives a commission for initiating such transactions for its customers. Initiating these trades for its customers involves various degrees of credit and market risk in excess of amounts recognized on the statement of financial condition. The Company minimizes its

RICE, VOELKER, L.L.C.

Notes to Financial Statement

Note 5. Commitments and Contingencies (Continued)

exposure to loss under these commitments by subjecting the customer accounts to credit approval and monitoring processes.

Once a trade is executed, a customer is allowed two business days to settle the transaction by payment of the settlement price (when purchasing securities) or the delivery of the securities (when selling securities). The Company is required by law to immediately complete a securities transaction when a customer fails to settle. The Company is at risk for any loss realized in completing transactions for its customers. All unsettled transactions at December 31, 2021 were subsequently settled by customers without loss to the Company, or open commitments were adequately collateralized.

The Company has an obligation as a lessee for office space. The Company classifies this lease as an operating lease. The Company's lease was renewed on September 1, 2021 and expires on August 31, 2022. The total lease cost associated with this lease for the year ended December 31, 2021 was \$36,000 and was included in other operating and general administrative expenses presented in the accompanying statement of operations.

Future minimum lease payments under this operating lease expiring in 2022 totaled \$24,000.

Note 6. Paycheck Protection Program

In February 2021, the Company received a loan in the amount of \$333,600 under the Paycheck Protection Program (PPP) pursuant to the CARES Act and administered by the Small Business Administration (SBA).

The PPP provides for forgivable loans to qualifying organizations. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities and the borrower maintains specified levels of payroll and employment.

Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Monthly principal and interest payments on the loan commence on the date the SBA remits the borrower's loan forgiveness amount to the lender or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period through the loan maturity date of January 2027.

In September 2021, the Company formally received full forgiveness of the PPP loan from the SBA; therefore, the Company has reported the amount of \$333,600 as other revenue in the accompanying statement of operations.

Note 7. Related Party Transactions

The Company has an agreement with an entity, related through common ownership, to provide research services. During 2021, fee income included \$275,000, which the Company earned providing services to the related entity. As of December 31, 2021, no amount was owed to the Company for research services. The Company leases one of its offices from a related party on a month-to-month basis. Rent paid to the related party totaled \$78,000 for

RICE, VOELKER, L.L.C.

Notes to Financial Statement

Note 7. Related Party Transactions (Continued)

the year ended December 31, 2021. The Company did not have any outstanding receivables/payables to related parties as of December 31, 2021.

Note 8. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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. At December 31, 2021, the Company had net capital of \$1,977,505 which was \$1,877,505 in excess of its required net capital of \$100,000. The Company's aggregate indebtedness to net capital ratio was 0.30 to 1 at December 31, 2021.

Note 9. Defined Contribution Plan

The Company has a 401(k) plan (the "Plan") for employees over the age of 21 who elect to participate in the Plan. Participants in the Plan may make elective contributions up to the annual IRS limit. The Company makes nonelective safe harbor contributions of 3% of an employee's eligible compensation. The Company may also make discretionary profit-sharing contributions. The Company recorded 401(k) contributions expense for the year ended December 31, 2021 of \$13,261 which is included in employee compensation and benefits on the statement of operations.

Note 10. Risks and Uncertainties

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. While response to the COVID-19 outbreak continues to rapidly evolve, it has led to stay-at-home orders and social distancing guidelines that have seriously disrupted activities in large segments of the economy. Uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Company. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, government quarantine measures, including declarations of states of emergency and stay-at-home orders in the Company's service areas (ii) the effects on the financial markets, and (iii) the effects on the economy overall, all of which are uncertain.

Note 11. Evaluation of Subsequent Events

FASB ASC Topic 855, *Subsequent Events*, establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, it sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

Note 11. Evaluation of Subsequent Events (Continued)

The Company has performed an evaluation of events that have occurred subsequent to December 31, 2021, and through February 22, 2022, the date of the filing of this report. There have been no material subsequent events that occurred during such period that require disclosure in this report.