

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

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

OMB APPROVAL	
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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 01/01/16 AND ENDING 12/31/16
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Wheelhouse Securities Corporation

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

8235 Forsyth Blvd., Ste 200

(No. and Street)

Clayton

Missouri

63105

(City)

(State)

(Zip Code)

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

Robert Grunzinger 314-881-1850

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Brown Smith Wallace, LLC

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

6 City Place Drive, Ste 900

St. Louis

Missouri

63141

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒

Certified Public Accountant

☐

Public Accountant

☐

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

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

OATH OR AFFIRMATION

I, Robert J. Grunzinger, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Wheelhouse Securities Corporation, as of December 31st, 2016, 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:



ERIKA E. ZIMMERMAN
My Commission Expires
February 1, 2020
St. Charles County
Commission #12299087

Erika E. Zimmerman
Notary Public

[Signature]
Signature
Secretary
Title

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

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

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

WHEELHOUSE SECURITIES CORPORATION

STATEMENT OF
FINANCIAL CONDITION
WITH REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM
AND ACCOMPANYING INFORMATION

DECEMBER 31, 2016

TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm.....	1
 Financial Statements	
Statement of Financial Condition.....	2
Notes to Financial Statements	3
 Supplemental Schedules	
Schedule I – Computation for Determination of Reserve Requirement for Brokers and Dealers Pursuant to Rule 15c3-3 Under the Securities and Exchange Act of 1934.....	9
Schedule II – Information for Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 Under the Securities and Exchange Act of 1934.....	10

Report of Independent Registered Public Accounting Firm

Board of Directors
Wheelhouse Securities Corporation
St. Louis, Missouri

We have audited the accompanying statement of financial condition of Wheelhouse Securities Corporation (a Missouri corporation, the "Company") as of December 31, 2016, that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the statement of financial condition. Wheelhouse Securities Corporation's management is responsible for this statement of financial condition. Our responsibility is to express an opinion on the statement of financial condition based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above present fairly, in all material respects, the financial condition of Wheelhouse Securities Corporation as of December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.

The supplemental schedules included at pages 9 - 10 have been subjected to audit procedures performed in conjunction with the audit of Wheelhouse Securities Corporation's statement of financial condition. The supplemental information is the responsibility of Wheelhouse Securities Corporation's management. Our audit procedures included determining whether the supplemental information reconciles to the statement of financial condition 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 statement of financial condition as a whole.

Brown Smith Wallace, LLP

BROWN SMITH WALLACE, LLP
St. Louis, Missouri
February 21, 2017

WHEELHOUSE SECURITIES CORPORATION

Statement of Financial Condition

December 31, 2016

ASSETS

Cash and cash equivalents	\$247,047
Deposit with clearing organization	25,000
Receivables from clearing organization	3,609
Securities owned:	
Marketable, at fair value	11,776
Property and equipment, net of accumulated depreciation and amortization of \$33,761	1,641
Prepaid expenses and other assets	23,276
TOTAL ASSETS	\$312,349

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Accounts payable, accrued expenses, and other liabilities	\$17,411
Accrued salary and commissions	39,268
Total Liabilities	56,679

Stockholder's Equity

Common stock: \$0.01 par value; authorized 2,500,000 shares; 70,000 shares issued and outstanding	700
Additional paid-in capital	69,300
Retained earnings	185,670
Total Stockholder's Equity	255,670

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY

\$312,349

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

WHEELHOUSE SECURITIES CORPORATION

Notes to Financial Statements

December 31, 2016

Note A - Summary of Organization, Operations, and Significant Accounting and Reporting Policies

A summary of the Company's organization, operations, and significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Organization

Wheelhouse Securities Corporation, a Missouri S Corporation, commenced operations in July 2009. Wheelhouse Securities Corporation ("Wheelhouse" or "the Company") is a wholly-owned subsidiary of Wheelhouse Securities Holdings, LLC ("the Holding Company").

Nature of Operations

Wheelhouse is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). Wheelhouse primarily operates as an introducing broker-dealer clearing all customer transactions on a fully disclosed basis with Pershing, LLC ("Pershing"). Wheelhouse does not hold cash or securities for its customers.

Use of Estimates in Financial Statement Preparation

The preparation 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company's cash and cash equivalents are on deposit with a major domestic financial institution. At times, bank deposits may be in excess of federally insured limits.

Securities Owned

Securities owned consist of stocks, bonds, and other investments. Securities are bought and held principally as investments for the purpose of sales in the near term.

Securities owned are valued at fair value as determined by management (see Note C) and recorded on a trade date basis. The resulting differences between cost and estimated fair value are reflected in current period earnings. Fair values are generally based on prices from independent sources, such as listed market prices or broker or dealer price quotations.

WHEELHOUSE SECURITIES CORPORATION

Notes to Financial Statements - Continued

December 31, 2016

Note A - Summary of Organization, Operations, and Significant Accounting and Reporting Policies (Continued)

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Expenditures for maintenance, repairs and minor renewals are charged to operations as incurred; expenditures for betterments and major renewals are charged to the property and equipment accounts.

Depreciation of equipment is computed using the straight-line method over the estimated useful lives of the assets.

When assets are retired or otherwise disposed of, the costs and related accumulated depreciation is removed from the accounts; gains or losses resulting therefrom are included in the statement of operations.

Fair Value of Financial Instruments

Management estimates that the aggregate net fair market value of financial instruments recognized in the statement of financial condition approximates their carrying value (see also Note C).

At December 31, 2016, management considers all commissions receivable as collectible, therefore, an allowance for uncollectible amounts is not necessary.

Income Taxes

In 2013, the Company submitted Form 8869 qualified Subchapter S Subsidiary Election to the Internal Revenue Service ("IRS") to change the structure from a "C" Corporation to an "S" Corporation. The "S" corporation election status commenced January 1, 2013.

As a result of this election, the Company is not subject to income taxes as the "S" Corporation election passes the taxable income (loss) of the Company to its shareholders/partners and files a consolidated return with Wheelhouse Securities Holdings, the parent.

The Company has addressed the provisions of Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 740-10, *Accounting for Income Taxes*. In that regard, the Company has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings and believes that no provision for income taxes is necessary at this time to cover any uncertain tax positions.

WHEELHOUSE SECURITIES CORPORATION

Notes to Financial Statements - Continued

December 31, 2016

Note B - Clearing Broker-Dealer Deposits

The Company is contractually obligated to maintain a deposit account at Pershing. As designated by the terms of the agreement, the deposit account shall at all times contain cash, qualified securities, or a combination of both having a market value of at least \$25,000. This amount is included in deposit with clearing organization in the accompanying statement of financial condition.

Note C - Fair Value Measurement of Assets and Liabilities

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 – Valuation is based on quoted prices in active markets for identical instruments in active markets.
- Level 2 – Valuation is based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 – Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2016:

	Quoted Prices In Active Markets for Identical Assets/Liabilities (Level 1)
<u>Fair Value</u>	
<u>December 31, 2016</u>	
Assets:	
Securities:	
Stocks	<u>\$ 11,776</u>

December 31, 2016

WHEELHOUSE SECURITIES CORPORATION

Notes to Financial Statements - Continued

December 31, 2016

responsibility of the Company. As designated by the terms of the arrangement, the Company carries a deposit with the broker-dealer in the amount of \$25,000 (see Note B).

Note H - Employee Benefit Plan

The Company has a 401(k) profit-sharing plan for the benefit of its employees. Employees may begin elective deferrals immediately and are eligible for matching contributions after 6 months of service. The Company's matching contribution is 3% of employee's compensation. The Company's profit-sharing contribution to the plan, as determined by the Members of the Holding Company, is discretionary but cannot exceed certain defined limitations.

Note I - Related Party Transactions

The Company was involved in certain related party transactions during 2016. Related parties are defined as stockholders who own greater than 5% of the Holding Company's common stock.

Receivable from Holding Co.	<u>\$ 4,696</u>
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Note J – Expense Sharing Agreement

On January 30, 2015 the Holding Company entered into a new Operating Agreement with one of its members and Chrysalis Investment Management, LLC ("Chrysalis"). As a result of the transaction, Chrysalis is no longer a wholly-owned subsidiary of the Company. The Holding Company is now a minority partner in Chrysalis with the aforementioned member representing the majority interest.

Chrysalis will continue to operate within the office space provided by the Holding Company. As a result, the Company entered into an expense sharing agreement with Chrysalis that provides for payment of expenses by Chrysalis for rent, data, utilities and overhead as defined within this agreement.

Note K – Subsequent Events

The Company evaluated all subsequent events through February 21, 2017, the date the financial statements were available to be issued.

Supplemental Schedules

Schedule I – Computation for Determination of Reserve Requirements For Brokers and Dealers Pursuant to Rule 15c3-3 Under the Securities and Exchange Act of 1934

As of December 31, 2016

The Company operates on a “fully-disclosed basis” under an agreement with a nonaffiliated clearing broker. Accordingly, the Company claims exemption to SEC Rule 15c3-3 pursuant to Paragraph (k)(2)(ii) and therefore no “Computation for Determination of Reserve Requirements” under that rule have been provided.

Schedule II – Information for Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 Under the Securities and Exchange Act of 1934

As of December 31, 2016

The Company operates on a “fully-disclosed basis” under an agreement with a nonaffiliated clearing broker. Accordingly, the Company claims exemption to SEC Rule 15c3-3 pursuant to Paragraph (k)(2)(ii) and therefore no “Information for Possession or Control Requirements” under that rule have been provided.

WHEELHOUSE SECURITIES CORPORATION

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

DECEMBER 31, 2016

**Independent Accountant's Agreed-Upon Procedures Report
on General Assessment Reconciliation Form SIPC-7**

Board of Directors of
Wheelhouse Securities Corporation
St. Louis, Missouri

In accordance with Rule 17a-5(c)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2016, which were agreed to by Wheelhouse Securities Corporation and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and the SIPC, solely to assist you and the other specified parties in evaluating Wheelhouse Securities Corporation's compliance with the applicable instructions of Form SIPC-7. Wheelhouse Securities Corporation's management is responsible for Wheelhouse Securities Corporation's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries from the copy of the check paid, noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 (FOCUS Report) for the year ended December 31, 2016 with the amounts reported in Form SIPC-7 for the year ended December 31, 2016, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers such as the quarterly FOCUS reports, general ledger detail, and Pershing LLC settlement statements, noting no differences;
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers such as the quarterly FOCUS reports, general ledger detail, and Pershing LLC settlement statements supporting the adjustments, noting no differences; and
- 5) Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting none.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Brown Smith Wallace, LLP

BROWN SMITH WALLACE, LLP
St. Louis, Missouri
February 21, 2017