

Forward Securities, LLC

**Statement of Financial Condition and
Report of Independent Registered Public Accounting Firm
December 31, 2021**

(This report is deemed public in accordance with rule 17a-5 (e)(3))

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

ANNUAL REPORTS
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PART III

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Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING Jan 1, 2021 AND ENDING Dec 31, 2021
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Forward Securities, LLC

TYPE OF REGISTRANT (check all applicable boxes):

- ☒ Broker-dealer ☐ Security-based swap dealer ☐ Major security-based swap participant
☐ Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

244 California Street, Suite 200

(No. and Street)

San Francisco, CA. 94111

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Laura Lang

310-441-2300

llang@salientpartners.com

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Weaver & Tidwell, LLP

(Name – if individual, state last, first, and middle name)

24 Greenway Plaza, Suite 1800, Houston, TX. 77046

(Address)

(City)

(State)

(Zip Code)

10/14/2003

410

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

FOR OFFICIAL USE ONLY

* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Laura Lang, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Forward Securities, LLC, as of February 18, 2022, 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.

See Attached Certificate

Signature: 

Title:
CFO

Notary Public

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.

CALIFORNIA JURAT

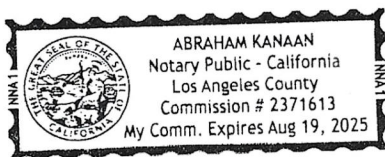
GOVERNMENT CODE § 8202

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles

Subscribed and sworn to (or affirmed) before me on

this 18 day of FEB, 2022, by
Date Month Year(1) Laura Lang(and (2) _____),
Name(s) of Signer(s)proved to me on the basis of satisfactory evidence to
be the person(s) who appeared before me.

Place Notary Seal and/or Stamp Above

Signature

[Signature]
Signature of Notary Public**OPTIONAL**

Completing this information can deter alteration of the document or
fraudulent reattachment of this form to an unintended document.

Description of Attached DocumentTitle or Type of Document: Annual Reports Form X-17A-5

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____



Report of Independent Registered Public Accounting Firm

To the Member of
Forward Securities, LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Forward Securities, LLC (the Company) as of December 31, 2021, and the related notes (collectively referred to as the financial statement). In our opinion, the financial statement presents fairly in all material respects, the financial position of the Company 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 the Company's management. Our responsibility is to express an opinion on this 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 the Company 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 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 of the financial statement provides a reasonable basis for our opinion.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

We have served as the Company's auditor since 2015.

Houston, Texas
February 18, 2022

Weaver and Tidwell, L.L.P.
24 Greenway Plaza, Suite 1800 / Houston, Texas 77046
Main: 713.850.8787

CPAs AND ADVISORS | WEAVER.COM

Forward Securities, LLC
Statement of Financial Condition
December 31, 2021

Assets

Cash and cash equivalents	\$ 270,915
Accounts receivable	53,913
Prepaid expenses	<u>18,336</u>
Total assets	<u>\$ 343,164</u>

Liabilities and Member's Equity

Accounts payable and accrued liabilities	\$ 144,797
Payable to affiliates	<u>4,814</u>
Total liabilities	<u>149,611</u>
Contributions, net	2,415,000
Accumulated deficit	<u>(2,221,447)</u>
Total member's equity	<u>193,553</u>
Total liabilities and member's equity	<u>\$ 343,164</u>

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

Forward Securities, LLC

Notes to Financial Statement

December 31, 2021

1. Organization

Forward Securities, LLC (the “Company”) was organized on August 11, 2006 under the laws of Delaware. The Company is registered with the SEC as a broker-dealer and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). The Company is wholly owned by Forward Management, LLC (“FM”), a registered investment advisor with the Securities and Exchange Commission.

FM acts as investment advisor and provides other business-related services to Forward Funds, a Delaware statutory trust, (the “Funds”) and other investment products. The Funds are an open-end management investment company registered under the Investment Company Act of 1940, as amended.

The Company was approved by FINRA to operate as a limited purpose broker-dealer that does not engage in proprietary trading, market-making, exchange floor activity, securities clearing or underwriting. The Company’s sole function is to market and distribute the Funds throughout the United States, Puerto Rico, Virgin Islands, and Guam. Since April 15, 2012, the Company operates as the Funds’ principal distributor. The Company has entered into distribution agreements with other brokers for the purpose of distributing the Funds’ shares.

The Company does not carry customer accounts and does not otherwise hold funds or securities for, or owe money or securities to, customers and, accordingly, claims exemption from Rule 15c3-3 of the Securities Exchange Act of 1934 (the “Act”) under paragraph (k)(1) of that Rule.

Liquidity

At December 31, 2021, the Company had an accumulated net deficit of \$2,221,447. During the year, FM provided cash funding via periodic capital contributions. The Company expects this net deficit to increase in the foreseeable future and will rely on FM for additional capital contributions to maintain the operations of the Company.

2. Summary of Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America using the accrual method of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company’s 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. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and money market accounts. The Company’s cash and cash equivalents are on deposit with major U.S. banking institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. The Company periodically assesses the financial condition of these institutions and assesses credit risk.

Forward Securities, LLC

Notes to Financial Statement

December 31, 2021

Accounts Receivable

The Company has adopted ASC Topic 326, *Financial Instruments – Credit Losses*. An allowance for credit loss is based on the Company's expectation of the collectability of financial instruments carried at amortized cost. The need for an allowance for doubtful accounts is based on management's assessment of the collectability of specific accounts, the aging of the receivable, historical experience, and other currently available evidence. The Company's expectation is that credit risk is not significant until receivables are more than 90 days past due. The Company's receivables arise primarily from 12b-1 distribution fees due from the Funds. These receivables are generally due and collected within 30 days. The Company does not require collateral. Based on historical losses and the short-term nature of the Company's accounts receivable, management has determined that no allowance is necessary as of December 31, 2021.

Fair Value Measurements

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities, which are recorded at amounts that approximate fair value due to their liquid or short-term nature.

Income Taxes

For the year ended December 31, 2021, the Company did not recognize any tax liability for unrecognized tax benefits in connection with Financial Accounting Standards Board ("FASB") ASU 2019-12 Income Taxes (Topic 740), "*Income Taxes*", as it relates to uncertain tax positions. A reconciliation is not provided herein, as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions, or settlements. As a limited liability company, the Company is not subject to income taxes. Tax liabilities are instead paid by FM. Income and losses are included in FM's tax return. Accordingly, no provision for income taxes is included in the accompanying financial statement.

As a pass-through entity for tax purposes, the Company has minimal exposure to uncertain tax positions, limited to whether the Company is taxable in a particular jurisdiction. FM's management has evaluated the Company's exposure and has determined there are no uncertain tax positions where the Company's liability is probable and reasonably estimable, and therefore, no liabilities have been accrued at December 31, 2021.

Member's Equity and Limited Liability Company Agreement

The Company's operating agreement sets forth the respective rights and obligations of FM and provides for terms of its management and conduct of its affairs. The Company's Management Board is responsible for the management affairs of the Company.

3. Related Parties

The Expense Sharing Agreement entered into with FM requires FM to provide certain administrative and other services to the Company for a monthly fee determined annually. The Company does not have its own employees. Periodically, the Company and FM review the monthly fee calculation to ensure the fee is commensurate with the level of services provided, including time worked by allocated FM employees.

During 2012, the Company entered into a Shareholder Servicing Agreement ("SSA") and an Unencumbered 12b-1 Agreement ("12b-1 Agreement") with FM whereby, FM performs certain services for the Funds. Under the SSA, the fee paid to FM shall not exceed on an annual basis 0.10% on certain Institutional Class shares of the Funds. Under the 12b-1 Agreement, the excess 12b-1 payments not otherwise paid to third parties will be paid to FM for eligible 12b-1 expenses.

Forward Securities, LLC

Notes to Financial Statement

December 31, 2021

Underwriting concessions received by the Company are periodically reimbursed to FM as all distribution-related expenditures are incurred by FM.

Affiliate payables and receivables represents administrative service fees, unencumbered 12b-1, underwriting concessions, collected contingent deferred sales charges, and any expenses to be reimbursed or refunds to be received by the Company from FM or Salient Partners, L.P. The fees and expenses may not represent the actual cost and expenses incurred by the Company if operated on a stand-alone basis. As of December 31, 2021, the total payable to affiliates was \$4,814.

4. Receivable from and Payable to Intermediary Broker-Dealers and FM

Amounts receivable from and payable to intermediary broker-dealers and FM as it relates to the distribution agreements are detailed in the below table:

	December 31, 2021	December 31, 2020
Receivables from	\$53,913	\$68,242
Payables to	\$53,475	\$67,130

5. Regulatory Requirements

The Company, as a broker-dealer registered with the SEC, is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital. The minimum net capital requirement is the greater of \$5,000 or 6^{2/3}% of aggregate indebtedness. Additionally, member's equity may not be withdrawn, or cash dividends paid, if the resulting net capital would be less than 120%. As of December 31, 2021, the Company's net capital was \$121,304, which was \$111,330 above its minimum requirement of \$9,974. The ratio of aggregate indebtedness to net capital was 123.34%.

The Company claims exemption from the provisions of Rule 15c3-3 under the Act in that the Company's activities are limited to those set forth in the conditions for exemption in accordance with paragraph (k)(1) of that rule.

6. Subordinated Debt Obligations

During the year ended December 31, 2021, there were no liabilities subordinated to the claims of general creditors. Accordingly, a statement of changes in liabilities subordinated to claims of general creditors has not been included in these financial statements.

7. Subsequent Events

The Company has evaluated subsequent events through February 18, 2022, the date the financial statements were available to be issued and determined that no events have occurred after December 31, 2021 that would require additional disclosure.