

**Westminster Financial Securities, Inc.**  
**Financial Statement**  
**December 31, 2020**

**Westminster Financial Securities, Inc.**  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

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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 01/01/2020 AND ENDING 12/31/2020  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Westminster Financial Securities, Inc.

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

40 N. Main St., Suite 2400

(No. and Street)

Dayton

(City)

OH

(State)

45423

(Zip Code)

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

Angela Sweeney

(937) 898-5010

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Sanville & Company

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

1514 Old York Road

(Address)

Abington

(City)

PA

(State)

19001

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



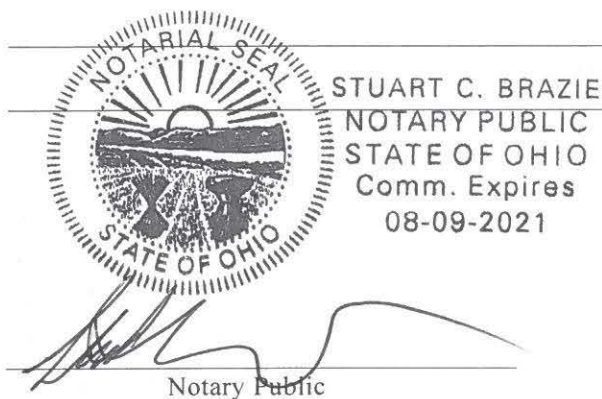
Accountant not resident in United States or any of its possessions.


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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, Angela C. Sweeney, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Westminster Financial Securities, Inc., as of December 31, 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:



  
Signature  
Principal Financial Officer  
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.
- ☐ (o) Exemption Report

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

# Sanville & Company

CERTIFIED PUBLIC ACCOUNTANTS

ROBERT F. SANVILLE, CPA  
MICHAEL T. BARANOWSKY, CPA  
JOHN P. TOWNSEND, CPA

1514 OLD YORK ROAD ABINGTON, PA 19001  
(215) 884-8460 • (215) 884-8686 FAX

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PENNSYLVANIA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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100 WALL STREET, 8th FLOOR  
NEW YORK, NY 10005  
(212) 709-9512

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of  
Westminster Financial Securities, Inc.

### Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Westminster Financial Securities, Inc. (the "Company") as of December 31, 2020, and the related notes (collectively referred to as the financial statement). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of the Company as of December 31, 2020 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 the Company'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 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 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.



We have served as the Company's auditor since 2011.  
Abington, Pennsylvania  
March 29, 2021



# Westminster Financial Securities, Inc.

## Statement of Financial Condition

December 31, 2020

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### Assets

Cash and cash equivalents	\$ 2,094,995
Receivables:	
Clearing broker	258,565
Commissions	204,951
Affiliates	486,136
Other	9,880
Deposit with clearing broker	100,000
Prepaid expenses	<u>19,282</u>
Total assets	\$ <u><u>3,173,809</u></u>

### Liabilities and Stockholder's Equity

#### Liabilities

Commissions payable	\$ 374,822
Accrued expenses	308,841
Income taxes payable	<u>53,719</u>
Total liabilities	<u>737,382</u>

#### Stockholder's Equity:

Common stock, no par value, authorized - 1,000 shares, issued and outstanding - 500 shares	50,000
Additional paid-in capital	233,250
Retained earnings	<u>2,153,177</u>
Total stockholder's equity	<u>2,436,427</u>

Total liabilities and stockholder's equity	\$ <u><u>3,173,809</u></u>
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The accompanying notes are an integral part of these financial statements.

**Westminster Financial Securities, Inc.**  
**Notes to Financial Statement**  
**December 31, 2020**

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**1. Organization**

Westminster Financial Securities, Inc. (the "Company") is a registered broker dealer with the Securities and Exchange Commission ("SEC") and all 50 states, the District of Columbia and Puerto Rico and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is a wholly-owned subsidiary of Westminster Financial Companies, Inc. (the "Parent"). The Company is headquartered in Dayton, Ohio, and has representatives located throughout the United States. The Company, like other broker dealers, is directly affected by general economic and market conditions, including fluctuations in volume and price level of securities, changes in interest rates and securities brokerage services, all of which have an impact on the Company's liquidity.

**2. Summary of Significant Accounting Policies**

*The following are the significant accounting policies followed by the Company:*

*Revenue* – Securities transactions (and related commission revenue and expense, if applicable) are recorded on a settlement date basis, generally the second business day following the transaction date. This is not materially different from trade date.

The Company records revenue from certain contracts with customers under ASC 606, *Revenue from Contracts with Customers*. Contracts in the scope of ASC 606 are often terminable on demand and the Company has no remaining obligation to deliver future services. For arrangements with a fixed term, the Company may commit to deliver services in the future. Revenue associated with these remaining performance obligations typically depends on the occurrence of future events or underlying asset values, and is not recognized until the outcome of those events or values are known.

*Income taxes* – Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets (use of different depreciation methods and lives for financial statements and income tax purposes) and loss and expense carryforwards. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses and tax credit that are available to offset future taxable income.

The Company is included in the consolidated federal income tax return filed by the Parent. Federal income taxes are calculated as if the companies filed on a separate return basis, and the amount of current tax or benefit calculated is either remitted to or received from the Parent. The Company reports its share of federal income tax liability or benefits at an effective rate of 12.90%.

*Cash and cash equivalents* – At times during the year, the Company's cash accounts exceeded the related amount of federal depository insurance. The Company has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk.

The Company considers financial instruments with a maturity of less than 90 days to be cash equivalents. The Company includes as cash and cash equivalents amounts invested in money market mutual funds.

**2. Summary of Significant Accounting Policies (Continued)**

*Receivables and Credit Policies* - Commissions receivable are uncollateralized obligations due under normal trade terms requiring payments within 30 days. The Company generally collects receivables within 30 days and does not charge interest on commissions' receivable with invoice dates over 30 days old.

Commissions receivable are stated at the amount billed.

The carrying amount of commissions receivable is reduced by a valuation allowance estimated by management. Management individually reviews all commissions receivable balances that exceed 90 days from the invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Additionally, management estimates an allowance for the aggregate remaining commissions receivable based on historical collectability. In the opinion of management, at December 31, 2020, all commissions were considered collectible and no allowance was necessary. There are no commissions receivables older than 90 days at December 31, 2020.

*Use of estimates* – The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") 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 may differ from those estimates and assumptions.

*Subsequent events* - Management has evaluated the impact of all subsequent events through March 29, 2021 the date the financial statements were available to be issued and has determined that there were no subsequent events requiring disclosure in these financial statements.

**3. Related Party Transactions**

The Company is a wholly-owned subsidiary of Westminster Financial Companies, Inc. (the "Parent"). Westminster Financial Advisory Corporation ("Advisory") and Westminster Financial Agencies, Inc. ("Agencies") are also wholly-owned subsidiaries of the Parent. All three subsidiaries share common office space, equipment, personnel, and certain other operating expenses.

At December 31, 2020, the Parent owes \$438,532, Advisory owes \$44,347 and Agencies owes \$3,257 to the Company. The receivables are unsecured and are included in receivables from affiliates on the statement of financial condition.

**4. Contingencies**

The Company, from time to time, is a defendant in various actions filed by individuals, companies and regulatory agencies. The ultimate outcome of these actions is not determinable; however, in the opinion of management, the ultimate outcome will have no material effect on the Company's financial position.



**5. Deposits with Clearing Broker**

The Company maintains a clearing agreement with National Financial Services, Inc. ("NFS"). Under the agreement the Company maintains a clearing deposit of \$100,000.

**6. Net Capital Requirements**

The Company is a member of the FINRA and is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule 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. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2020, the Company had net capital of \$1,896,583 which was \$1,846,583 in excess of its required net capital of \$50,000. The Company's aggregate indebtedness to net capital ratio was 0.39 to 1.

**7. Exemption From Rule 15c3-3**

The Company acts as an introducing broker or dealer, clearing most of its transactions with NFS. Furthermore it promptly transmits all funds and delivers all securities received in connection with its activities as a broker or dealer and does not otherwise hold funds or securities for or owe money or securities to customers. The Company operates under Sections (k)(2)(i) and (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934 and is therefore exempt from the requirements of Rule 15c3-3.

**8. Concentrations of Credit Risk**

The Company is engaged in brokerage activities in which counterparties primarily include other broker dealers. 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 counterparty or issuer of the financial product.

**9. Financial Instruments with Off-Balance-Sheet Risk**

In the normal course of business, the Company's customer activities involve various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

**10. COVID-19**

In March 2020, the outbreak of COVID-19 (coronavirus) caused by a novel strain of the coronavirus was recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States and abroad, including in each of the areas in which the Company operates. The Company has continued its operations throughout the coronavirus pandemic and management expects business operations to continue as is for the foreseeable future. The extent to which the COVID-19 (coronavirus) outbreak has impacted our operations has not been significant and the Company expects this to remain the case.

**11. PAYROLL PROTECTION PROGRAM**

In response to the COVID-19 pandemic, the Payment Protection Program (“PPP”) was established under the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). Companies that met the eligibility requirements set forth by the PPP may qualify for PPP loans. If the loan proceeds are fully utilized to pay qualified expenses over a covered period, the full principal amount of the PPP loan, along with any accrued interest, may qualify for loan forgiveness in whole or in part.

In May 2020, the Company received a Payroll Protection loan authorized by the Coronavirus Aid, Relief and Economic Security (“CARES”) in the amount of \$626,500 bearing an interest rate of 1% per annum.