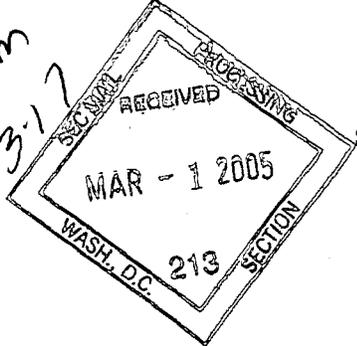


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OMB APPROVAL
OMB Number: 3235-0123
Expires: January 31, 2007
Estimated average burden
hours per response..... 12.00

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

SEC FILE NUMBER
8-45403

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 01/01/04 AND ENDING 12/31/04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Valmark Securities Inc

OFFICIAL USE ONLY
FIRM I.D. NO.

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

130 Springside Drive

(No. and Street)

Akron

(City)

OH

(State)

44333

(Zip Code)

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

David K. Critzer

800-765-5201

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Moore Stephens Apple

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

1540 West Market Street

(Address)

Akron

(City)

OH

(State)

44313

(Zip Code)

CHECK ONE:

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

PROCESSED
MAR 18 2005
THOMSON FINANCIAL

FOR OFFICIAL USE ONLY

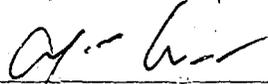
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

KIA

OATH OR AFFIRMATION

I, David K. Critzer, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Valmark Securities Inc., as of December 31, 2004, 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:

Carl Knorr
Notary Public, State of Ohio
Recorded in Summit County
My Commission Expires June 6, 2007



Notary Public

D. K. Critzer
Signature
CFO
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 15c3-3 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).

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2004



MOORE STEPHENS APPLE
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

ValMark Securities, Inc.

Financial Statements December 31, 2004

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Independent Auditors' Report

Board of Directors
ValMark Securities, Inc.

We have audited the accompanying statement of financial condition of ValMark Securities, Inc. (the "Company") as of December 31, 2004, and the related statements of income, changes in shareholder's equity, and cash flows for the year then ended that you are filing in pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note C to the financial statements, the Company has not recorded a provision for income taxes for financial reporting purposes. In our opinion, accounting principles generally accepted in the United States of America require income taxes to be reported for subsidiaries' ratable share of consolidated income taxes. If the financial statements were corrected for this departure from accounting principles generally accepted in the United States of America, net income would be decreased by approximately \$300,000 for the year ended December 31, 2004 and retained earnings would be unaffected as of December 31, 2004.

In our opinion, except for the effects of not recording a tax provision, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of ValMark Securities, Inc. as of December 31, 2004, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Moore Stephens Apple

Akron, Ohio

February 11, 2005

STATEMENT OF FINANCIAL CONDITION

December 31, 2004

ASSETS

Cash and cash equivalents	\$ 394,344
Deposit at clearing firm	25,000
Commissions receivable	973,370
Accounts receivable - other	71,092
Due from affiliates	420,376
Other assets	3,546
TOTAL ASSETS	<u><u>\$ 1,887,728</u></u>

LIABILITIES AND SHAREHOLDER'S EQUITY

LIABILITIES

Commissions payable	\$ 1,074,982
Due to affiliates	58,980
Total Liabilities	<u><u>1,133,962</u></u>

SHAREHOLDER'S EQUITY

Common stock, \$1 par value, 750 shares authorized, 100 shares issued	100
Paid - in - capital	47,424
Retained earnings	706,242
Total shareholder's equity	<u><u>753,766</u></u>

TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u><u>\$ 1,887,728</u></u>
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The accompanying notes are an integral part of these financial statements.

STATEMENT OF INCOME

	Year Ended December 31,	<u>2004</u>
Revenues:		
Commissions		\$ 23,324,301
Other		381,094
		<u>23,705,395</u>
Commission and other clearing firm expenses		<u>19,896,384</u>
		<u>3,809,011</u>
Operating expenses		<u>2,946,866</u>
Net income		<u>\$ 862,145</u>

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

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Year Ended December 31,	<u>2004</u>
COMMON STOCK		<u>\$ 100</u>
PAID-IN CAPITAL		<u>\$ 47,424</u>
RETAINED EARNINGS		
Balance, beginning of year		\$ 660,097
Dividends		(816,000)
Net income		862,145
Balance, end of year		<u>\$ 706,242</u>
TOTAL SHAREHOLDER'S EQUITY		<u>\$ 753,766</u>

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

STATEMENT OF CASH FLOWS

Year Ended December 31, 2004

Cash flows from operating activities

Net Income	<u>\$ 862,145</u>
Adjustments to reconcile net income to net cash provided by operating activities	
Commissions receivable	(280,821)
Accounts receivable - other	27,212
Other assets	4,233
Commissions payable	327,382
Due from/to affiliates - net	<u>(423,262)</u>
Total adjustments	<u>(345,256)</u>
Net cash provided by operating activities	<u>516,889</u>

Cash flows from financing activities

Payment of dividends on common stock	<u>(816,000)</u>
Net cash used financing activities	<u>(816,000)</u>

Net decrease in cash and cash equivalents	(299,111)
Cash and cash equivalents, beginning of year	<u>693,455</u>
Cash and cash equivalents, end of year	<u><u>\$ 394,344</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of ValMark Securities, Inc. (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity.

1. Business Description

ValMark Securities, Inc. is a wholly-owned subsidiary of ValMark Investments, LLC ("VI") (a single member limited liability company). The Company derives commission income both by representing insurance carriers and their representatives who sell variable insurance and annuity contracts and by introducing customers to stock and mutual fund brokerage firms who clear trading transactions. Customers remit funds directly to the insurance carriers and brokers, and no funds or securities are held by the Company. Commissions income on the sale of variable insurance and annuity contracts are recognized upon the effective date of the contract. Commissions income on trading transactions are recognized on a trade date basis.

2. Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

3. Receivables and Credit Policies

Commissions receivable are uncollateralized carrier obligations due under normal trade terms requiring payments within 30 days from the report date. 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 to the carrier. Payments of commissions receivable are allocated to the specific invoices identified on the customer's remittance advance or, if unspecified, are applied to the earliest unpaid invoices.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2004

The carrying amount of commissions receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. 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 collectibility. In the opinion of management, at December 31, 2004 all commissions were considered collectible and no allowance was necessary.

Two customers accounted for approximately 30% of commission income for the year ended December 31, 2004 and approximately 56% of year-end commissions receivable. Further one of the two major customers is an affiliate of an indirect owner of the Company and therefore is a related party. The related party accounted for approximately 20% of commission income for the year ended December 31, 2004 and approximately 45% of year-end commissions receivable balance at year-end.

4. *Cash and Cash Equivalents*

At times during the year, the Company's cash amounts 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.

5. *Commission and Other Clearing Firm Expense*

Included in commission and other clearing firm expense is approximately \$313,000 paid to a clearing firm for miscellaneous fees and charges.

NOTE B – CONCENTRATION OF CREDIT RISK

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, and other financial institutions. 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 instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2004

NOTE C – INCOME TAXES

The Company files a consolidated tax return with its parent company. A portion of the dividends paid to the parent company were in lieu of income taxes. The accompanying financial statements do not include a provision for income taxes for the Company's share of income taxes as consolidated with its parent. Accounting principles generally accepted in the United States of America require such provision for the subsidiary's ratable share of consolidated income taxes in accordance with Statement of Financial Accounting Board Statement No. 109, *Accounting for Income Taxes*. If the financial statements were corrected for this departure from accounting principles generally accepted in the United States of America, net income would be decreased by approximately \$300,000 for the year ended December 31, 2004 and retained earnings would be unaffected as of December 31, 2004.

NOTE D – RELATED PARTY TRANSACTIONS

The Company shares office, administrative and occupancy expenses with VI and three affiliated entities. In the past ValMark Insurance Agency, LLC assumed all administrative and occupancy expenses of the Company through November 30, 2003. Commencing December 1, 2003, the Company is absorbing certain operating and payroll costs. Operating costs allocated to the Company approximated \$3,300,000 for fiscal year ending December 31, 2004.

At December 31, 2004 due from affiliates included amounts due from related companies for commissions received on behalf of the Company. In the opinion of management, such amounts are expected to be repaid prior to December 31, 2005.

NOTE E – NET CAPITAL PROVISION OF RULE 15c3-1

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital balance, as defined, under such provisions.

The Company's minimum capital requirement is the greater of \$50,000 or 6 2/3% of aggregate indebtedness, as defined, under Securities and Exchange Commission Rule 15c3-1(a)(1). Net capital may fluctuate on a daily basis. At December 31, 2004 the Company had net capital of \$258,752, which was \$183,155 in excess of its required net capital of \$75,597.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2004

In addition to the minimum net capital provisions, Rule 15c3-1 requires that the Company maintain a ratio of aggregate indebtedness, as defined to net capital, of not more than 15 to 1. At December 31, 2004 the ratio was 4.38 to 1.

SUPPLEMENTAL INFORMATION

VALMARK SECURITIES, INC.

Schedule I - Computation of Net Capital December 31, 2004

Net Capital:

Total Shareholder's equity from statement of financial condition	\$ <u>753,766</u>
Deductions and/or changes:	
Nonallowable assets:	
Accounts receivable - other	(71,092)
Due from affiliates	(420,376)
Other Assets	<u>(3,546)</u>
	<u>(495,014)</u>
Net Capital	\$ <u><u>258,752</u></u>
Computation of aggregate indebtedness	\$ <u><u>1,133,962</u></u>
Computation of basic net capital requirement 6 2/3% of aggregate indebtedness	\$ <u><u>75,597</u></u>
Minimum required net capital	\$ <u><u>50,000</u></u>
Net capital requirement	\$ <u><u>75,597</u></u>
Excess net capital	\$ <u><u>183,155</u></u>
Ratio of aggregate indebtedness to net capital	<u><u>4.38 to 1</u></u>

No material difference exists between the computation of net capital presented herein and the computation included in the Company's unaudited Focus report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC
RULE 17a-5**

Board of Directors
ValMark Securities, Inc.

In planning and performing our audit of the financial statements and supplemental schedule of ValMark Securities, Inc. (the "Company") for the year ended December 31, 2004, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(11) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3(e). Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's abovementioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use of disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions of that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and the practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and our study, we believe that the Company's practices and procedures were adequate at December 31, 2004, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers and is not intended to be and should not be used by anyone other than these specified parties.

Moore Stephens Apple

Akron, Ohio
February 11, 2005