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

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 01/01/05 AND ENDING 12/31/05  
 MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **BFP Securities, LLC**

OFFICIAL USE ONLY  
 FIRM I.D. NO.

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

12800 Corporate Hill Drive, Suite 300

(No. and Street)

St. Louis

(City)

Missouri

(State)

63131

(Zip Code)

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

Daniel F. Nickel

(314) 729-2237

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Anders, Minkler & Diehl, LLP

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

705 Olive Street 10th floor

(Address)

St. Louis

(City)

Missouri

(State)

63101

(Zip Code)

CHECK ONE:

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

PROCESSED  
 APR 27 2006  
 THOMSON  
 FINANCIAL

SEC MAIL RECEIVED  
 FEB 27 2006  
 WASH., D.C. 203 SECTION

**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)

Handwritten initials/signature

OATH OR AFFIRMATION

I, Daniel F. Nickel, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BFP Securities, LLC, as of December 31, 2005, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Daniel F. Nickel*  
Signature,

President & COO  
Title



*Susan M. Fletcher*  
Notary Public

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).

# Contents

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	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Condition	2
Statement of Income	3
Statement of Changes in Member's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8
<b>Supplementary Information Required by the Securities and Exchange Commission</b>	
Schedule 1 - Computation of Net Capital, Aggregate Indebtedness, and Ratio of Aggregate Indebtedness to Net Capital Under Rule 15c3-1	9
Schedule 2 - Exemptive Provision Under Rule 15c3-3	10
Independent Auditors' Supplementary Report on Internal Control	11 - 12

**AMD**

anders minkler &amp; diehl llp

**CPAs + Consultants****Independent Auditors' Report**

Member  
BFP Securities, LLC  
St. Louis, Missouri

We have audited the accompanying statement of financial condition of BFP Securities, LLC as of December 31, 2005, and the related statements of income, changes in member's equity and cash flows for the year then ended that you are filing 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 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 financial statements, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BFP Securities, LLC as of December 31, 2005, 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 Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Anders Minkler & Diehl LLP*

February 4, 2006

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**FINANCIAL  
STATEMENTS**

BFP Securities, LLC  
**STATEMENT OF FINANCIAL CONDITION**  
December 31, 2005

**ASSETS**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,293,437
Accounts receivable	2,208
Wholesaler compensation receivable	422,188
Prepaid commissions	10,506,013
Other assets	<u>3,300</u>
 Total Assets	 <u>\$ 12,227,146</u>

**LIABILITIES AND MEMBER'S EQUITY**

<b>LIABILITIES</b>	
Accounts payable	\$ <u>2,632</u>
 Total Liabilities	 2,632
 <b>MEMBER'S EQUITY</b>	 <u>12,224,514</u>
 Total Liabilities and Member's Equity	 <u>\$ 12,227,146</u>

BFP Securities, LLC  
**STATEMENT OF INCOME**  
For The Year Ended December 31, 2005

REVENUES

Wholesaler compensation	\$ 6,837,336
Distribution fees	386,184
Interest income	116,052
Other income	<u>18,774</u>
Total Revenues	<u>7,358,346</u>

EXPENSES

Commission expense	3,692,356
Placement costs	1,703,295
Other expenses	<u>139,234</u>
Total Expenses	<u>5,534,885</u>

NET INCOME

\$ 1,823,461

BFP Securities, LLC  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
For The Year Ended December 31, 2005

Balance - December 31, 2004	\$ 18,401,053
Net income	1,823,461
Distributions	<u>(8,000,000)</u>
Balance - December 31, 2005	<u>\$ 12,224,514</u>

BFP Securities, LLC  
**STATEMENT OF CASH FLOWS**  
For The Year Ended December 31, 2005

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income	\$ 1,823,461
Adjustment to reconcile net income to net cash provided by operating activities:	
Amortization of prepaid commission expense	3,292,913
Changes in assets and liabilities:	
Increase in accounts receivable	(2,208)
Increase in wholesaler compensation receivable	(131,288)
Increase in prepaid commissions	(445,024)
Decrease in accounts payable	<u>(34,139)</u>
Net Cash Provided by Operating Activities	<u>4,503,715</u>
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Distributions	<u>(8,000,000)</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(3,496,285)
 <b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>4,789,722</u>
 <b>CASH AND CASH EQUIVALENTS, End of year</b>	<u><u>\$ 1,293,437</u></u>
 <b>SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITY</b>	
Wholesaler compensation	\$ (1,703,295)
Placement costs	1,703,295

BFP Securities, LLC  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2005

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

BFP Securities, LLC, (the Company) is a limited liability company organized under the laws of the State of Delaware. The Company is a wholly-owned subsidiary of Benefit Finance Partners, LLC (Benefit Finance Partners). The Company is registered with the Securities and Exchange Commission (SEC) as a broker-dealer distributing public and private variable insurance contracts and is a member of the National Association of Securities Dealers, Inc. (NASD). The Company operates under the exemptive provisions of SEC Rule 15c3-3(k)(1).

**Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid investments with an initial maturity of three months or less. At December 31, 2005, all of the Company's cash equivalents were held in money market funds. The money market funds are maintained at financial institutions considered to be highly credit-worthy.

**Revenue Recognition**

Wholesaler compensation fees are calculated based on the investment value of separate account assets of the variable insurance contracts sold by retail broker-dealers pursuant to a selling group agreement between the Company and such broker-dealer who maintains the relationship with the ultimate buyer. These revenues are recognized on the accrual method of accounting. Certain wholesaler compensation fees earned by the Company are remitted by the payor to an affiliate, and the expense related to such items is recorded as placement costs (see below).

Distribution fee revenue is earned by the Company based on the variable insurance contract premiums paid by certain policy holders. It is recognized at the time the insurance company issuing the variable insurance contract receives the premium.

**Placement Costs**

The Company incurs placement costs pursuant to agreements with an affiliate. The Company records such costs as incurred.

BFP Securities, LLC  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2005

**Commission Expense**

Commissions are incurred and paid to retail broker-dealers related to the sale of variable insurance contracts.

The Company capitalizes and amortizes most commissions incurred on a straight-line basis over a seven-year period commencing twelve months subsequent to the date of premium receipt, rather than fully expensing the commissions as paid to retail broker-dealers. The amortization period is consistent with the typical charge-back period contained in selling agreements that the Company has with its retail broker-dealers.

Commissions which are not capitalized are expensed as incurred. Such commissions relate to distribution fee revenue earned by the Company.

**Estimates and Assumptions**

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 amounts reported in the financial statements and accompanying footnotes. Actual results could differ from these estimates.

**Income Taxes**

The Company, with the consent of its member, has elected to be taxed as a limited liability company under the Internal Revenue Code. Under this election, earnings of the Company are taxed at the member level. Accordingly, no provision, has been made for income taxes.

**B. REGULATORY NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum regulatory net capital and requires that the ratio of aggregate indebtedness to regulatory net capital, both as defined, shall not exceed 15 to 1. At December 31, 2005, the Company had regulatory net capital of \$1,264,936 and minimum net capital requirements of \$5,000. The Company's aggregate indebtedness to net capital ratio at December 31, 2005 was .002 to 1.

BFP Securities, LLC  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2005

**C. RELATED PARTY TRANSACTIONS**

For the year ended December 31, 2005, the Company recorded wholesaler compensation of \$4,281,333, and distribution fees of \$386,184 from affiliates.

For the year ended December 31, 2005, the Company recorded placement costs to an affiliate totaling \$1,703,295.

During 2005 the Company incurred commission costs, net of commission chargebacks, of \$86,346 with Benefit Finance Securities, LLC, an affiliate of Bancorp Services, LLC, a 50% member of Benefit Finance Partners.

Benefit Finance Partners pays certain indirect expenses and/or obligations on behalf of the Company, and pursuant to an informal agreement, charges the Company a fee of \$10,000 per month for these costs. Included in other expenses in the Statement of Income is \$120,000 related to this agreement. Management believes this is an appropriate charge for such expenses. Management periodically analyzes the indirect expenses, and if necessary, the monthly charge may be modified.

**D. COMMITMENTS AND CONTINGENCIES**

Changes to the Internal Revenue Code and other factors may affect the the demand for variable insurance contracts. At present, it is not possible to determine the probability or extent of any such changes.

**SUPPLEMENTARY INFORMATION  
REQUIRED BY  
THE SECURITIES AND EXCHANGE COMMISSION**

BFP Securities, LLC  
**COMPUTATION OF NET CAPITAL, AGGREGATE INDEBTEDNESS, AND RATIO OF  
 AGGREGATE INDEBTEDNESS TO NET CAPITAL UNDER RULE 15c3-1**  
 Schedule 1  
 December 31, 2005

Member's equity	<u>\$ 12,224,514</u>
Less non-allowable assets:	
Accounts receivable	2,208
Wholesaler compensation receivable	422,188
Prepaid commissions	<u>10,506,013</u>
Total non-allowable assets	<u>10,930,409</u>
Net Capital Before Haircuts	1,294,105
Less haircut charge on cash equivalent	<u>29,169</u>
Net Capital	<u>\$ 1,264,936</u>
Aggregate Indebtedness	<u>\$ 2,632</u>
Computation of Basic Net Capital Requirement	
Minimum net capital required (6 2/3% of total aggregate indebtedness)	<u>\$ 175</u>
Minimum dollar net capital requirement	<u>\$ 5,000</u>
Minimum capital requirement (greater of above)	<u>\$ 5,000</u>
Excess net capital	<u>\$ 1,259,936</u>
Excess net capital at 1000%	<u>\$ 1,264,673</u>
Ratio of aggregate indebtedness to net capital	<u>.002 to 1</u>

There are no differences between the audited Computation of Net Capital above and the Company's corresponding computation in the unaudited Part IIA Focus Report.

BFP Securities, LLC  
**EXEMPTIVE PROVISION UNDER RULE 15c3-3**  
Schedule 2  
December 31, 2005

An exemption from Rule 15c3-3 is claimed as the broker-dealer does not hold customer funds or securities. All accounts are on a fully disclosed basis.

Therefore the schedules of "Computation for Determination of Reserve Requirements Under Rule 15c3-3" and "Information Relating to Possession or Control Requirements Under Rule 15c3-3" are not applicable.

**Independent Auditors' Supplementary  
Report on Internal Control**

Member  
BFP Securities, LLC  
St. Louis, Missouri

In planning and performing our audit of the financial statements of BFP Securities, LLC for the year ended December 31, 2005, 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 internal control.

Also, as required by Rule 17a-5(g)(1) 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 (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. 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 above-mentioned 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 or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in accordance 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 or 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 that 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 on our study, we believe that the Company's practices and procedures were adequate at December 31, 2005, to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, 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 should not be used by anyone other than these specified parties.

Andrew Urken & Dick LLP

February 4, 2006