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

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

SEC  
Processing  
Section  
MAR 04 2014

SEC FILE NUMBER  
**8- 67052**

MA  
3/21

**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 01/01/2013 AND ENDING 12/31/2013  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER - DEALER:  
LFC Securities, LLC

OFFICIAL USE ONLY  
FIRM ID. NO.

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

1250 Connecticut Ave NW, Suite 310  
(No. and Street)

Washington, DC 20036  
(City) (State) (Zip Code)

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

Christopher Johnson (314) 512-8712  
(Area Code - Telephone No.)

**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 Abington PA 19001  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

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).

SEC 1410 (06-02)

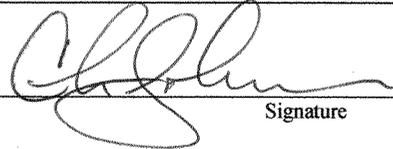
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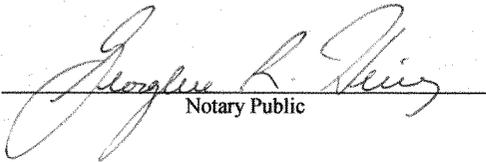
OATH OR AFFIRMATION

I, Christopher Johnson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of LFC Securities, LLC, as of December 31, 2013, 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

  
Notary Public



GEORGENE R. HEINZ  
My Commission Expires  
April 21, 2017  
Jefferson County  
Commission #13482582

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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.
- N/A  (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  (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent Auditor's Report on Internal Accounting Control.

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

\*Less than \$500,000 in revenue.

**LFC SECURITIES, LLC**  
**Financial Statements**  
**and**  
**Supplemental Schedules Pursuant**  
**to SEC Rule 17a-5**  
**December 31, 2013**

**LFC Securities, LLC**  
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**December 31, 2013**

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# Sanville & Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
LFC Securities, LLC

### *Report on the Financial Statements*

We have audited the accompanying financial statements of LFC Securities, LLC (the "Company") which comprise the statement of financial condition as of December 31, 2013, and the related statements of income, changes in member's equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

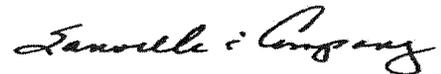
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LFC Securities, LLC as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Emphasis of Matter*

As further discussed in Notes 1 and 7 to the financial statements, the Board of Directors of LFC Securities, LLC voted to close the Company. Our opinion is not modified with respect to this matter.

*Other Matter*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in Schedules I and II has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in Schedules I and II is fairly stated in all material respects in relation to the financial statements as a whole.



Abington, Pennsylvania  
February 27, 2014

**LFC Securities, LLC**  
**Statement of Financial Condition**  
**December 31, 2013**

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**Assets**

Cash and cash equivalents	\$	124,448
Prepaid expenses		<u>2,397</u>
Total assets	\$	<u><u>126,845</u></u>

**Liabilities and Member's Equity**

**Liabilities**

Accrued expenses	\$	<u>777</u>
Total liabilities		<u>777</u>

**Member's equity**

Member's equity		<u>126,068</u>
Total member's equity		<u>126,068</u>
Total liabilities and member's equity	\$	<u><u>126,845</u></u>

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

**LFC Securities, LLC**  
**Statement of Operations**  
**For the Year Ended December 31, 2013**

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**Revenue**

Interest Income \$ 21

**Expenses**

Professional fees 10,581  
Office expense 16,903  
Travel and entertainment 1,275  
Insurance 905

Total expenses 29,664

Net loss before income taxes (29,643)

Income tax benefit -current -

Net loss \$ (29,643)

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

**LFC Securities, LLC**  
**Statement of Changes in Member's Equity**  
**For the Year Ended December 31, 2013**

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Member's equity at January 1, 2012	\$ 155,711
Net loss for the year	<u>(29,643)</u>
Member's equity at December 31, 2012	<u><u>\$ 126,068</u></u>

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

**LFC Securities, LLC**

**Statement of Changes in Liabilities Subordinated to Claims of General Creditors**

**For the Year Ended December 31, 2013**

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Subordinated borrowings at January 1, 2013	\$	-
Increases:		-
Decreases:		-
Subordinated borrowings at December 31, 2013	\$	-

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

**LFC Securities, LLC**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2013**

---

Cash flows from operating activities:	
Net loss	\$ ( 29,643)
Adjustments to reconcile net income to net cash used in operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Deposit with clearing broker	75,000
Prepaid expenses	936
Increase (decrease) in liabilities	
Accrued expenses	<u>777</u>
Net cash provided by operating activities	<u>47,070</u>
Net increase in cash	47,070
Cash and cash equivalents at beginning of year	<u>77,378</u>
Cash and cash equivalents at end of year	<u><u>\$ 124,448</u></u>
Supplemental disclosures of cash flow information	
Cash paid (received) during the year for:	
Interest	\$ -
Income taxes	\$ -

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

**1. Organization**

LFC Securities, LLC ("the Company") was a registered broker dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). On December 28, 2013 the sole member of the Company, Love Savings Holding Company, adopted a plan of Liquidation and the Company ceased doing business as a broker dealer effective December 31, 2013. The Company filed form BDW (Uniform Request Withdrawal from Broker Dealer Registration) with FINRA on January 8, 2014.

A notice of withdrawal filed by a broker or dealer shall become effective on the 60<sup>th</sup> day after the filing thereof with the Securities and Exchange Commission or within such shorter period of time as the Commission may determine.

**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 third business day following the transaction date. This is not materially different from trade date.

*Income taxes* – The Company is included in the consolidated federal tax return filed by the Parent. The Company is considered as a disregarded entity for tax purposes, recognizing no tax liability or benefit.

On April 5, 2012 the Company became directly owned by its previously indirect owner Love Savings Holding Company. After this date the Company was considered as a disregarded entity, recognizing no tax liability or benefit.

The Company recognizes and discloses uncertain tax positions in accordance with accounting principles generally accepted in the United States of America (GAAP). As of, and during the year ended December 31, 2013 the Company did not have liability for unrecognized tax benefits.

*Cash and cash equivalents* – The Company includes as cash and cash equivalents amounts invested in money market mutual funds.

*Concentration of Credit Risk* - The Company was engaged in underwriting activities in which the counterparties primarily include other broker-dealers, banks and other financial institutions. In the event the 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.

*Use of estimates* – The preparation of financial statements in conformity with U. S. generally accepted accounting principles 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.

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

*Subsequent events* - Management has evaluated the impact of all subsequent events through February 27, 2014 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. Deposit with Clearing Broker**

On November 14, 2013 the clearing agreement between Southwest Securities and the Company was terminated. The clearing deposit of \$125,763 was returned to the Company.

**4. Computation for Determination of Reserve Requirements**

The Company operated in accordance with the exemptive provisions of paragraph (k)(2)(ii) of SEC Rule 15c3-3.

**5. Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which 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, 2013 the Company had net capital of \$123,671 which was \$23,671 in excess of its required net capital of \$100,000. The Company's net capital ratio was 0.01 to 1.

**6. Related Party Transactions**

Through December 31, 2013 the Company leased its office space from Love Funding Corporation, an affiliate, under a sublease for \$777 per month on a month to month basis. Total rent expense for 2013 was \$9,327.

**7. Subsequent Events**

Pursuant to the Plan of Liquidation adopted December 28, 2013 the Company has made application for various membership assets and fidelity bonds to be refunded on a pro rata basis. As a result, the net assets of the Company have been distributed to the sole member on March 8, 2014.

**LFC Securities, LLC**  
**Computation of Net Capital Under Rule 15c3-1**  
**of the Securities and Exchange Commission**  
**December 31, 2013**

**Schedule I**

COMPUTATION OF NET CAPITAL

Total member's equity	\$ 126,068
Deduct member's equity not allowable for Net Capital:	<u>-</u>
Total member's equity qualified for Net Capital	<u>126,068</u>
Deductions and/or charges:	
Non-allowable assets:	
Prepaid expenses	<u>2,397</u>
Total non-allowable assets	<u>2,397</u>
Net Capital before haircuts on securities positions	123,671
Trading and investment securities:	
Total haircuts	<u>-</u>
Net Capital	<u><u>\$ 123,671</u></u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total aggregate indebtedness liabilities from Statement of Financial Condition	
Total aggregate indebtedness	<u><u>\$ 777</u></u>
Percentage of aggregate indebtedness to Net Capital	1%
Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	-

**LFC Securities, LLC**  
**Computation of Net Capital Under Rule 15c3-1**  
**of the Securities and Exchange Commission**  
**December 31, 2013**

**Schedule I (continued)**

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COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum Net Capital (6 2/3% of \$777)	\$	52
Minimum dollar Net Capital requirement of reporting broker or dealer and minimum Net Capital requirement	\$	100,000
Net Capital requirement	\$	100,000
Excess Net Capital	\$	23,671
Net Capital less greater of 10% of aggregate indebtedness or 120% of minimum net capital	\$	3,671

RECONCILIATION BETWEEN COMPUTATION OF ANNUAL AUDIT REPORT  
AND COMPUTATION IN COMPANY'S UNAUDITED FOCUS REPORT

Computation of Net Capital Under Rule 15c3-1

No material difference exists between the broker's most recent, unaudited,  
Part IIA filing and the Annual Audit Report.

**LFC Securities, LLC**  
**Computation for Determination of Reserve Requirements**  
**Under Rule 15c3-3 of the Securities and Exchange Commission**  
**December 31, 2013**

**Schedule II**

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The Company is exempt from the provisions of Rule 15c3-3 in accordance with Section (k)(2)(ii).

**RECONCILIATION BETWEEN COMPUTATION OF ANNUAL AUDIT REPORT  
AND COMPUTATION IN COMPANY'S UNAUDITED FOCUS REPORT**

Computation for Determination of Reserve Requirements Under  
Exhibit A of Rule 15c3-3

No material difference exists between the broker's most recent, unaudited, Part IIA filing and the Annual Audit Report.

# Sanville & Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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Board of Directors of  
LFC Securities, LLC

In planning and performing our audit of the financial statements of LFC Securities, LLC (the Company) as of and for the year ended December 31, 2013 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (SEC) we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included 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. 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 and recordation of differences required by Rule 17a-13.
- 2) 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 previously 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 the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and 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, as described in the second paragraph of this report, were adequate at December 31, 2013, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, FINRA, 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.

*Ernst & Young*

Abington, Pennsylvania  
February 27, 2014