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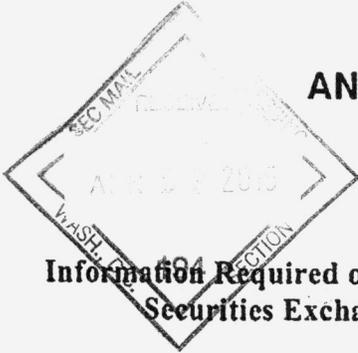


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**ANNUAL AUDITED REPORT
FORM X-17A-5 / A
PART III**

SEC FILE NUMBER
8-66137

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 01/01/14 AND ENDING 12/31/14
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Donegal Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

20 Walnut Street, #12

(No. and Street)

Wellesley

MA

02481

(City)

(State)

(Zip Code)

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

Gilbert Moreira

(781) 431-1003

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Samet & Company, PC

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

1330 Boylston Street

Chestnut Hill

MA

02467

(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)

Potential 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.

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4/23/15

OATH OR AFFIRMATION

I, Gilbert Moreira, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Donegal Securities, Inc., as of December 31, 2014, 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:

Gilbert Moreira
Signature

FIWOP
Title

[Signature]
Notary Public 9/19/2016
Amc more Walden

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).

DONEGAL SECURITIES, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2014

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Certified Public Accountants

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of
Donegal Securities, Inc.

We have audited the accompanying financial statements of Donegal Securities, Inc. (a Massachusetts corporation) (the "Company") which comprise the statement of financial condition as of December 31, 2014, and the related statements of income, changes in stockholder's equity, 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 and supplemental information. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included 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 condition of Donegal Securities, Inc. as of December 31, 2014, 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.

The Computation of Net Capital Pursuant to Uniform Net Capital Rule 15c3-1 has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Rule 17a-5 of the Securities Exchange Act of 1934. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Samet & Company PC".

Chestnut Hill, Massachusetts

February 25, 2015

- 1 -

Samet & Company PC
1330 Boylston Street
Chestnut Hill, MA 02467

617.731.1222
617 734.8052 fax

www.samet-cpa.com

DONEGAL SECURITIES, INC.

STATEMENT OF FINANCIAL CONDITION

December 31, 2014

ASSETS

Cash	\$ 206,755
Commissions receivable	80,000
Prepaid expenses	<u>4,674</u>
	\$ <u>291,429</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:

Commissions payable	\$ 80,000
Accrued expenses	<u>9,706</u>
	<u>89,706</u>

Stockholder's equity:

Common stock, no par value, 200,000 authorized shares, issued and outstanding 10,000 shares	11,000
Retained earnings	<u>190,723</u>

201,723

\$ 291,429

DONEGAL SECURITIES, INC.

STATEMENT OF INCOME
Year Ended December 31, 2014

Revenues:	
Commission income	\$ 1,729,037
Miscellaneous income	302
Interest income	<u>135</u>
	<u>1,729,474</u>
Operating expenses:	
Commissions	1,540,674
Accounting fees	9,550
Bank fees	550
Consulting fees	23,383
Dues and licensing	1,159
Education	1,230
Insurance	12,998
Office services	696
Regulatory fees	12,956
Rent	34,404
Corporate excise tax	<u>456</u>
	<u>1,638,056</u>
Net income	\$ <u>91,418</u>

DONEGAL SECURITIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
Year Ended December 31, 2014

	<u>Common Stock</u>		<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Earnings</u>	
Balance, January 1, 2014	10,000 \$	11,000 \$	99,305 \$	110,305
Net income	<u>-</u>	<u>-</u>	<u>91,418</u>	<u>91,418</u>
Balance, December 31, 2014	<u>10,000 \$</u>	<u>11,000 \$</u>	<u>190,723 \$</u>	<u>201,723</u>

DONEGAL SECURITIES, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2014

Cash flows from operating activities:	
Net income	\$ 91,418
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Commissions receivable	35,000
Prepaid expenses	3,893
Accounts payable and accrued expenses	<u>(27,950)</u>
Net cash provided by operating activities	<u>102,361</u>
Net increase in cash during the year	102,361
Cash, beginning of year	<u>104,394</u>
Cash, end of year	\$ <u>206,755</u>

DONEGAL SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

Note 1

Organization and nature of business

Donegal Securities, Inc. (the "Company") is a Massachusetts Corporation incorporated on June 4, 2003. The Company is a service organization primarily engaged in providing advice and other services with respect to employee retirement benefit plans. The Company does business on a fully disclosed basis and, therefore, does not hold or maintain any customer accounts. The Company is a registered broker under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

Note 2

Summary of significant accounting policies

Revenue recognition

The Company enters into contracts with customers for management fees to be paid during the term of the arrangement based on a fixed percentage of assets under management. Accordingly, the Company recognizes monthly commission revenue in the month earned when persuasive evidence of an arrangement exists, the services outlined in the contract have been performed, the price of the contract is fixed or determinable, and collectability is reasonably assured.

Commissions receivable

Commissions receivable represent amounts due from customers based on a fixed percentage of assets under management. The Company provides an allowance for doubtful collections which is based on a review of outstanding receivables, historical collection information, and existing economic conditions. At December 31, 2014 there was no reserve for uncollectible receivables.

Income taxes

The Company has elected to be taxed as an S corporation and, therefore, in lieu of corporate income taxes, the stockholders are taxed on their proportionate share of the Company's taxable income. Consequently, no provision or liability for federal or Massachusetts income taxes has been included in the accompanying financial statements. The Company, however, is liable for certain state corporate taxes.

DONEGAL SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

Note 2

Summary of significant accounting policies (continued)

Income tax positions

The Financial Accounting Standards Board ("FASB") has issued a standard that clarifies the accounting and recognition of income tax positions taken or expected to be taken in the Company's income tax returns. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions. If the Company incurs interest or penalties as a result of unrecognized tax positions the policy is to classify interest accrued with interest expense and penalties thereon with operating expenses. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company's federal and state income tax returns are generally open for examination for the past three years.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Subsequent events

The Company has evaluated subsequent events through February 25, 2015, which is the date the financial statements were available to be issued.

Note 3

Net capital requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital equal to the greater of 6.67% of its aggregate indebtedness or \$5,000, and requires that the Company's aggregate indebtedness to net capital ratio, as defined, shall not exceed 15 to 1.

At December 31, 2014 the Company's net capital was \$197,049, which was \$191,069 in excess of its required net capital of \$5,980. The Company's aggregate indebtedness to net capital was 0.46 to 1.

DONEGAL SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2014

Note 4 Concentrations

The Company maintains its cash at financial institutions which may exceed federally-insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risk with respect to cash.

Note 5 Related party transactions

For the year ended December 31, 2014, commission fee income earned by the Company was generated through fees charged to clients for assets under management. These clients are also clients of Kraematon Group, Inc. ("Kraematon"), a related company through common ownership. Kraematon provides various consulting services to these clients and their employees.

The Company has a contract with its sole shareholder, a registered sales representative, which calls for commission payments to be paid in accordance with the agreement. During the year ended December 31, 2014, \$1,560,000 of commissions were paid under this agreement. Further, the Company had accrued commissions due to this shareholder of \$80,000 as of December 31, 2014.

DONEGAL SECURITIES, INC.

COMPUTATION OF NET CAPITAL PURSUANT TO
UNIFORM NET CAPITAL RULE 15c3-1

Year Ended December 31, 2014

Net capital	
Stockholder's equity	\$ 201,723
Deductions and charges:	
Nonallowable assets:	
Prepaid expenses	<u>(4,674)</u>
Net capital	\$ <u>197,049</u>
Aggregate indebtedness	
Accounts payable and accrued expenses	\$ <u>89,706</u>
Computation of basic net capital requirement	
Minimum net capital required	\$ 5,980
Minimum dollar net capital required	5,000
Net capital requirement	5,980
Excess net capital	\$ <u>191,069</u>
Net capital less 10% of aggregate indebtedness	\$ <u>188,078</u>
Percentage of aggregate indebtedness to net capital	46%
Reconciliation with Company's computation (included in part II of form X-17A-5 as of December 31, 2014)	
Net capital, as reported in Company's part II (unaudited) focus report	\$ <u>197,049</u>
Net capital per above	\$ <u>197,049</u>

DONEGAL SECURITIES, INC.

REPORT UNDER THE EXEMPTIONS CONTAINED IN RULE 15c3-3

Period Ended December 31, 2014

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Report Under Exemptions Contained in Rule 15c3-3	2



Certified Public Accountants

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Donegal Securities, Inc.

We have reviewed management's statements, included in the accompanying Report Under the Exemptions Contained in Rule 15c3-3, in which (1) Donegal Securities, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Donegal Securities, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3(k)(2)(i) and (k)(1) (the "exemption provisions") and (2) Donegal Securities, Inc. stated that Donegal Securities, Inc. met the identified exemption provisions throughout the period ended December 31, 2014, without exception. Donegal Securities, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Donegal Securities, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraphs (k)(2)(i) and (k)(1) of Rule 15c3-3 under the Securities Exchange Act of 1934.

A handwritten signature in cursive script that reads "Samet & Company PC".

Chestnut Hill, Massachusetts

February 25, 2015

Donegal Securities, Inc.

20 Walnut Street, Suite 12, Wellesley, MA 02481-2104 Tel (781) 431-1003 • Fax (781) 431-1063

Assertions Regarding Exemption Provisions

I, as the managing member of Donegal Securities, Inc. (“the Company”), am responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with the Securities Exchange Commission (SEC) and the broker or dealer’s designated examining authority (DEA). One of the reports to be included in the annual filing is an exemption report prepared by an independent public accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, the management of the Company hereby makes the following assertions:

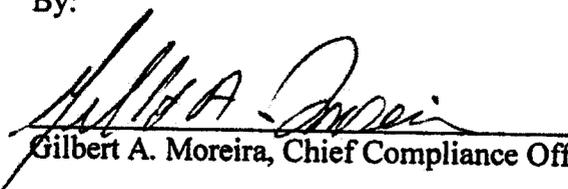
Identified Exemption Provisions:

The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemptions provided by Rule 15c3-3, Paragraphs (k)(2)(i) and (k)(1).

Statement Regarding Meeting Exemption Provisions:

The Company met the identified exemption provisions without exception throughout the period from June 1, 2014 to December 31, 2014.

By:


Gilbert A. Moreira, Chief Compliance Officer

4-16-15
(Date)