



17005982

RMS

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	May 31, 2017
Estimated average burden hours per response.....	12.00

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

SEC Processing Section
 FEB 28 2017

SEC FILE NUMBER
8-69483

FACING PAGE Washington DC
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 01/01/16 AND ENDING 12/31/16
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: AFS Securities, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
404 Wyman Street, Suite 100

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)
Waltham MA 02451
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Steve C Bender (646) 290-7248
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Breard & Associates, Inc., Certified Public Accountants

(Name - if individual, state last, first, middle name)
9221 Corbin Avenue, Suite 170 Northridge CA 91324
(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)

OATH OR AFFIRMATION

I, Daniel 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 AFS Securities, LLC of December 31, 2016, 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:

N/A

[Handwritten Signature]

Signature

CEO

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 15c3-1 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).

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of Massachusetts
County of Middlesex

Subscribed and sworn to (or affirmed) before me on this 15th day of February, 2017 by Daniel Johnson proved to me on the basis of satisfactory evidences to be the person who appeared before me.

Notary Public

[Handwritten Signature: Megan Roschen]



MEGAN ROSCHEN

Notary Public

Commonwealth of Massachusetts

My Commission Expires

June 10, 2022

My Commission Expires 6/10/22



BREARD & ASSOCIATES, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Registered Public Accounting Firm

To the Member of
AFS Securities, LLC:

We have audited the accompanying statement of financial condition of AFS Securities, LLC (the Company) as of December 31, 2016, and the related statements of income, changes in member's equity, and cash flows for the year then ended. 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 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. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AFS Securities, LLC as of December 31, 2016, 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.

The information contained in the Schedules I, II, III, and IV (supplemental information) has been subjected to audit procedures performed in conjunction with the audit of AFS Securities, LLC's financial statements. The supplemental information is the responsibility of AFS Securities, LLC'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 17 C.F.R. § 240.17a-5. In our opinion, Schedules I, II, III, and IV, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Breard & Associates, Inc.
Certified Public Accountants

New York, New York
February 8, 2017

AFS SECURITIES, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2016

ASSETS

Cash and cash equivalents	\$	158,678
Accounts receivable, net		144,561
Accrued revenue		14,491
Prepaid expenses and other assets		13,442
Total assets		<u>331,172</u>

TOTAL ASSETS \$ 331,172

LIABILITIES AND MEMBER'S EQUITY

LIABILITIES

Accounts payable and accrued expenses	\$	63,840
Total liabilities		<u>63,840</u>

Member's equity 267,332
TOTAL LIABILITIES AND MEMBER'S EQUITY \$ 331,172

AFS SECURITIES, LLC
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

Revenue	
Underwriting income	\$ 462,389
Total Revenue	<u>462,389</u>
Expenses	
Commissions paid to Broker/Dealers	56,260
Professional fees	45,200
Rent	15,306
Regulatory	13,399
Insurance	16,350
Technology and communications	4,089
Other operating expenses	270
Total Expenses	<u>150,874</u>
Net Income	<u><u>\$ 311,515</u></u>

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

AFS SECURITIES, LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Member's Equity
Balance at January 1, 2016	\$ 104,817
Member distributions	(180,000)
Net Income	311,515
Capital Contributions	<u>31,000</u>
Balance at December 31, 2016	<u>\$ 267,332</u>

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

AFS SECURITIES, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

Cash flows from operating activities:	
Net Income	\$ 311,515
Adjustments to reconcile net income to net cash flows used in operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable, net	(144,561)
Accrued revenue	(14,491)
Prepaid expenses and other assets	(2,024)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(51,639)
Total adjustments	(212,715)
Net cash provided in operating activities	<u>98,800</u>
Cash flows from financing activities:	
Member contributions	31,000
Member withdrawals	(180,000)
Net cash used by financing activities	<u>(149,000)</u>
Net increase in cash and cash equivalents	(50,200)
Cash and cash equivalents, January 1, 2016	208,878
Cash and cash equivalents, end of year	<u>\$ 158,678</u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest expense	<u>\$ -</u>
Income taxes	<u>\$ -</u>

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

AFS Securities, LLC
Notes to Financial Statements
December 31, 2016

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

AFS Securities, LLC (the "Company") was organized in the Commonwealth of Massachusetts on April 2, 2014. The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934, a member of the Financial Industry Regulatory Authority ("FINRA"), and the Securities Investor Protection Corporation ("SIPC"). The Company was approved for FINRA membership on February 6, 2015.

The Company is a subsidiary of American Financial Systems, Inc. ("Parent").

The Company is engaged in business as a securities broker-dealer that provides several classes of services, including earning commissions on variable COLI life insurance placed with institutional customers.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2)(i), the Company does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

Summary of Significant Accounting Policies

The presentation 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 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

The Company recognizes its advisory fees when earned, usually after completion of the assignment or upon invoicing of non-refundable retainers or fee payments, in accordance with written terms of its engagement agreements.

AFS Securities, LLC
Notes to Financial Statements
December 31, 2016

Note 2: INCOME TAXES

The Company, with the consent of its Members, has elected to be a Delaware Limited Liability Company. For tax purposes the Company is considered a disregarded entity, therefore in lieu of business income taxes, the Members are taxed on the Company's taxable income. Accordingly, no provision or liability for Federal Income Taxes is included in these financial statements.

The Company is required to file income tax returns in state tax jurisdictions. The Company's tax returns are subject to examination by taxing authorities in the jurisdictions in which it operates in accordance with normal statutes of limitations in the applicable jurisdiction. The statute of limitations for state purposes is generally three years, but may exceed this limitation depending upon the jurisdiction involved. Returns that were filed within the applicable statute remain subject to examination. As of December 31, 2016, the state taxing authorities have not proposed any adjustment to the Company's tax position.

Note 3: RELATED PARTY TRANSACTIONS

The Company and Parent share personnel, administrative expenses, and office space. All costs incurred for such shared expenses are paid by the Parent and reimbursed by the Company in accordance with an administrative services agreement. For the period ended December 31, 2016, these expenses amounted to \$18,899 which the Company has paid the Parent.

It is possible that the terms of certain of the related party transactions are not the same as those that would result for transactions among wholly unrelated parties.

Note 4: COMMITMENTS & CONTINGENCIES

In the normal course of business, the Company could be threatened with, or named as a defendant in, lawsuits, arbitrations, and administrative claims. Such matters that are reported to regulators such as the SEC or FINRA and investigated by such regulators, may, if pursued, result in formal arbitration claims being filed against the Company and/or disciplinary action being taken against the Company by regulators. Any such claims or disciplinary actions that are decided against the Company could harm the Company's business. The Company is also subject to periodic regulatory audits and inspections which could result in fines or other disciplinary actions. Unfavorable outcomes, in such matters, may result in a material impact to the Company's financial position, statement of income or cash flows. As of December 31, 2016, management is not aware of any commitments or contingencies that could have a material impact on the financial statements.

AFS Securities, LLC
Notes to Financial Statements
December 31, 2016

Note 5: GUARANTEES

FASB ASC 460, Guarantees, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying factor (such as an interest rate or foreign exchange rate, security or commodity price, and index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees or indebtedness of others.

The Company has issued no guarantees at December 31, 2016 or during the year then ended.

Note 6: NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission 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. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. Net capital and aggregate indebtedness change day to day, but on December 31, 2016, the Company had net capital of \$94,838 which was \$89,838 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$63,840) to net capital was 0.67 to 1, which is less than the 15 to 1 maximum allowed.

Note 7: SUBSEQUENT EVENTS

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

Note 8: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Company management has reviewed the accounting standards updates issued by the FASB that were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year ending December 31, 2016. Based upon this review, the Company has implemented the pronouncements that require adoption (if any) and disclosed them in an appropriate footnote. They have also concluded that the remaining pronouncements have either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

AFS SECURITIES, LLC
SCHEDULE I - COMPUTATION OF NET CAPITAL FOR BROKERS
AND DEALERS UNDER SEC RULE 15c3-1
DECEMBER 31, 2016

Total member's equity	\$ 267,332
Non-allowable assets, deductions and charges:	
Accounts receivable, net	\$ 144,561
Accrued revenue	14,491
Prepaid expenses	13,442
Total non-allowable assets, deductions and charges	<u>172,494</u>
Net capital	<u><u>\$ 94,838</u></u>
Computation of basic net capital requirements	
Minimum net capital required (6 2/3% of aggregate indebtedness of \$63,840)	\$ 4,256
Minimum dollar net capital requirement	<u>5,000</u>
Minimum capital required	<u>5,000</u>
Excess net capital	<u><u>\$ 89,838</u></u>
Excess net capital at 1000% (net capital less 10% of total aggregate indebtedness)	<u><u>\$ 88,454</u></u>
Computation of aggregate indebtedness	
Total aggregate indebtedness in the statement of financial condition	<u><u>\$ 63,840</u></u>
Percentage of aggregate indebtedness to net capital	67%
Ratio of aggregate indebtedness to net capital	<u><u>0.67 to 1</u></u>

AFS SECURITIES, LLC
SCHEDULE II - RECONCILIATION OF NET CAPITAL PER FOCUS REPORT
WITH AUDIT REPORT
DECEMBER 31, 2016

Net capital, as reported in Company's Part IIA unaudited Focus Report \$ 89,838

Net capital, per report pursuant to Rule 17a - 5(d) \$ 89,838

Reconciliation With The Company's Computations:

A reconciliation is not necessary pursuant to rule 17a-5(d)(4) since there were no material differences between the computations of aggregate indebtedness and net capital as computed above and the computation by the Company included in Form X-17A-5 as of December 31, 2016, filed on January 26, 2017.

AFS SECURITIES, LLC
SCHEDULE III - INFORMATION RELATING TO POSSESSION OR CONTROL
REQUIREMENTS UNDER SEC RULE 15c3-3
DECEMBER 31, 2016

The Company is exempt from SEC Rule 15c3-3 under paragraph (k)(2)(i) of that rule.

AFS SECURITIES, LLC
SCHEDULE IV - COMPUTATION FOR DETERMINATION OF THE RESERVE
REQUIREMENTS UNDER SEC RULE 15c3-3
DECEMBER 31, 2016

The Company is exempt from SEC Rule 15c3-3 under paragraph (k)(2)(i) of that rule.

AFS Securities, LLC
Report Pursuant to Rule 17a-5 (d)
Report on Exemption Provisions
For the Year Ended December 31, 2016



BREARD & ASSOCIATES, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Registered Public Accounting Firm

We have reviewed management's statements, included in the accompanying Assertions Regarding Exemption Provisions, in which (1) AFS Securities, LLC identified the following provisions of 17 C.F.R. § 15c3-3(k) under which AFS Securities, LLC claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(i) (the "exemption provisions") and (2) AFS Securities, LLC stated that AFS Securities, LLC met the identified exemption provisions throughout the year ended December 31, 2016, without exception. AFS Securities, LLC'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 AFS Securities, LLC'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 paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Breard & Associates, Inc.
Certified Public Accountants

New York, New York
February 8, 2017



AFS Securities, LLC

Assertions Regarding Exemption Provisions

We, as members of management of AFS Securities, LLC ("the Company"), are 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:

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

The Company met the identified exemption provision without exception throughout the year ended December 31, 2016.

AFS Securities, LLC

By:

A handwritten signature in black ink that reads "Daniel Johnson". The signature is written in a cursive, flowing style.

(Daniel Johnson, CEO)

Feb. 8, 2017

(Date)