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

Mail Processing Section

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FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

Washington DC

REPORT FOR THE PERIOD BEGINNING 01/31/17 AND ENDING 12/31/17  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: JOHNSON SECURITIES, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

GREENTREE OFFICE PLAZA 40 LLOYD AVENUE SUITE 102

(No. and Street)

MALVERN

PA

19355

(City)

(State)

(Zip Code)

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

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

MOREY, NEE, BUCK & OSWALD, LLC

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

2571 BAGLYOS CIRCLE, SUITE B20 BETHLEHEM

PA

18020

(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)

DB

JOHNSON SECURITIES, INC.

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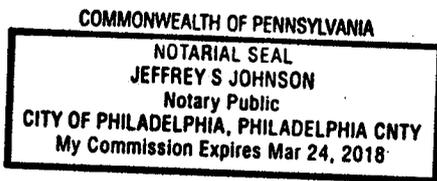
Statement Pursuant to Exemption from the Computation for  
Determination of Reserve Requirements Pursuant to Rule 15c3-3

Statement Pursuant to Exemption from Information Relating to  
the Possession or Control Requirements Under to Rule 15c3-3

OATH OR AFFIRMATION

I, John C. Johnson, Jr., affirm that, to the best of my knowledge and belief the accompanying financial statements and supplementary information pertaining to the firm of Johnson Securities, Inc. as of December 31, 2017, are true and correct. I further 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.

Sworn to before me on the <sup>21</sup>23 day of February, 2018



John C Johnson Jr  
Signature  
PRESIDENT  
Title

Notary Public, State of Pennsylvania

Commission expires

Jeffrey S Johnson  
Notary Public

# Morey, Nee, Buck & Oswald, LLC

Certified Public Accountants and Advisors

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder  
of Johnson Securities, Inc.

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Johnson Securities, Inc. as of December 31, 2017, the related statements of operations, changes in shareholder's equity, and cash flows for the year then ended, and the related notes and Computation of Net Capital Under SEC Rule 15c3-1, Computation for Determination of Reserve Requirements Under SEC Rule 15c3-3, and Information Relating to Possession or Control Requirements Under SEC Rule 15c3-3 (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of Johnson Securities, Inc. as of December 31, 2017, 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.

### Basis for Opinion

These financial statements are the responsibility of Johnson Securities, Inc.'s management. Our responsibility is to express an opinion on Johnson Securities, Inc.'s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Johnson Securities, Inc. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### Supplemental Information

The Computation of Net Capital Under SEC Rule 15c3-1, Computation for Determination of Reserve Requirements Under SEC Rule 15c3-3, and Information Relating to Possession or Control Requirements Under SEC Rule 15c3-3 has been subjected to audit procedures performed in conjunction with the audit of Johnson Securities, Inc.'s financial statements. The supplemental information is the responsibility of Johnson Securities, Inc.'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, the Computation of Net Capital Under SEC Rule 15c3-1, Computation for Determination of Reserve Requirements Under SEC Rule 15c3-3, and Information Relating to Possession or Control Requirements Under SEC Rule 15c3-3 is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Morey, Nee, Buck & Oswald, LLC*

Morey, Nee, Buck & Oswald, LLC  
We have served as Johnson Securities, Inc.'s auditor since 2016.  
Bethlehem, Pennsylvania  
February 21, 2018

1120 N. Bethlehem Pike • Suite 107 • PO Box 459 • Spring House, PA 19477 • Phone: 610-882-1000  
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[www.moreycpa.com](http://www.moreycpa.com)

JOHNSON SECURITIES, INC.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2017

ASSETS

Cash	\$ 18,339
Commissions and fees receivable	1,170
Securities owned, marketable, at market value	<u>261,222</u>
 TOTAL ASSETS	 <u>\$ 280,731</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

LIABILITIES:

Commissions payable	\$ 8,977
Other payables and accrued expenses	4,325
Deferred income taxes	<u>48,100</u>
Total Liabilities	61,402

SHAREHOLDER'S EQUITY:

Common stock, authorized 5,000 shares \$1 par value, 1,000 shares issued and outstanding	1,000
Capital in excess of par value	7,900
Retained earnings	<u>210,429</u>
Total Shareholder's Equity	<u>219,329</u>

TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>\$ 280,731</u>
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See Accompanying Notes

JOHNSON SECURITIES, INC.  
STATEMENT OF INCOME  
YEAR ENDED DECEMBER 31, 2017

<b>REVENUE:</b>	
Commissions and fees	\$ 41,762
Gain on securities	37,482
Dividends and interest	4,972
	<u>84,216</u>
<b>EXPENSES:</b>	
Commissions	31,322
Management fees	17,500
Occupancy	14,400
General and administrative	21,525
	<u>84,747</u>
<b>NET LOSS BEFORE INCOME TAXES</b>	<b>(531)</b>
<b>INCOME TAX PROVISION (BENEFIT):</b>	
State	(500)
Federal	8,600
	<u>8,100</u>
<b>NET LOSS</b>	<b><u>\$ (8,631)</u></b>

See Accompanying Notes

JOHNSON SECURITIES, INC.  
 STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
 YEAR ENDED DECEMBER 31, 2017

	<u>Common stock</u>	<u>Capital in excess of par value</u>	<u>Retained earnings</u>	<u>Total Shareholder's Equity</u>
BEGINNING BALANCE	\$ 1,000	\$ 7,900	\$ 219,060	\$ 227,960
Net Loss	_____	_____	<u>(8,631)</u>	<u>(8,631)</u>
ENDING BALANCE	<u>\$ 1,000</u>	<u>\$ 7,900</u>	<u>\$ 210,429</u>	<u>\$ 219,329</u>

See Accompanying Notes

JOHNSON SECURITIES, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2017

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Commissions and fees received	\$ 42,208
Interest received	8
Dividends received	4,964
Proceeds from sale of securities	78,300
Commissions paid	(53,174)
Management fees paid	(17,500)
Occupancy costs paid	(25,875)
Administrative expenses paid	(28,725)
Net Cash Provided by Operating Activities	<u>206</u>
NET INCREASE IN CASH	206
CASH AT BEGINNING OF YEAR	<u>18,133</u>
CASH AT END OF YEAR	<u>\$ 18,339</u>
<b>RECONCILIATION OF NET LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Net Loss	\$ (8,631)
Adjustment to reconcile net loss to net cash provided by operating activities:	
Deferred income tax	8,100
Change in current assets and liabilities:	
Decrease in commissions receivable	446
Decrease in securities owned	40,818
Decrease in commissions payable	(21,852)
Decrease in other payables and accrued expense	(18,675)
Net Cash Provided by Operating Activities	<u>\$ 206</u>

See Accompanying Notes

JOHNSON SECURITIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Entity and Nature of Operations

Johnson Securities, Inc. (the Company), located in Malvern, Pennsylvania, commenced operations in 1984 when it became a registered broker/dealer. The Company acts as agent for customers who purchase mutual funds and variable life insurance and annuities, and receives commissions and fees directly from the mutual funds and insurance companies.

Commissions and Fees Receivable

The Company considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus or minus the change in deferred income tax assets and liabilities. Deferred income tax assets and liabilities are computed annually for the temporary differences between the financial statement basis and income tax basis of assets and liabilities that will result in taxable or deductible amounts in future years.

The Company recognizes and measures its unrecognized tax benefits in accordance with the Income Taxes Topic of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC). Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on facts, circumstances and other available information. There were no unrecognized tax benefits at December 31, 2017. Generally, the Company's tax returns for the previous three years are subject to examination by taxing authorities. Interest and penalties, if any, on the underpayment of income taxes are classified as income tax expense.

JOHNSON SECURITIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of Cash Flows

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Management's Review of Subsequent Events

The Company has evaluated all events subsequent to the balance sheet date of December 31, 2017 through February 21, 2018, which is the date the financial statements were available to be issued.

NOTE 2 SECURITIES OWNED, MARKETABLE, AT MARKET VALUE

Securities owned consist of Nasdaq, Inc. common stock. Fair value of the stock is measured on a recurring basis based on quoted price in an active market for identical assets (Level 1). At December 31, 2017 the fair value of the stock was \$261,222 and the cost basis was \$43,600. Gain on securities of \$37,482 reported in the statement of income consisted of a realized gain of \$54,100 and unrealized loss of \$16,618. The Company's concentration of investment securities makes it vulnerable to the risk of severe loss.

JOHNSON SECURITIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 3 RELATED PARTY TRANSACTIONS

The Company has a sales agreement with its sole stockholder (Johnson) whereby the Company pays Johnson a percentage of all commissions generated by Johnson. As part of the agreement, Johnson has agreed that his commission is payable solely from the proceeds of the receivables and waives his right to payment until the Company is in receipt of the commission. The Company recognized commission expense to Johnson in the amount of \$16,580 in 2017 and commissions of \$4,987 were payable to Johnson at December 31, 2017. Additionally, Johnson was paid management fees of 17,500 in 2017.

The Company has an agreement with John C. Johnson, Jr., Inc., a company owned by Johnson, to share the office space and clerical staff of John C. Johnson, Inc. The term of the agreement is month-to-month. Total costs incurred in 2017 under the agreement were \$14,400, of which \$525 was payable to John C. Johnson, Jr., Inc. at December 31, 2017.

NOTE 4 INCOME TAXES

Deferred tax assets arise from payables which will be deductible in future years because the cash method of accounting is used for income tax purposes and from net operating loss carryovers.

Deferred tax liabilities arise from investment securities that have a greater financial statement basis due to the recognition of unrealized gains for financial statement purposes and from receivables which will be taxable in future years. Total deferred tax assets and liabilities are as follows:

	<u>Total</u>	<u>State</u>	<u>Federal</u>
Assets	\$ 15,000	\$ 5,200	\$ 9,800
Liabilities	<u>(63,100)</u>	<u>(21,800)</u>	<u>(41,300)</u>
Net liability	<u>\$ (48,100)</u>	<u>\$ (16,600)</u>	<u>\$ (31,500)</u>

JOHNSON SECURITIES, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

NOTE 4 INCOME TAXES (CONTINUED)

The components of the income tax provision (benefit) are as follows:

	<u>Total</u>	<u>State</u>	<u>Federal</u>
Current	\$ -	\$ -	\$ -
Deferred tax	<u>8,100</u>	<u>(500)</u>	<u>8,600</u>
	<u>\$ 8,100</u>	<u>\$ (500)</u>	<u>\$ 8,600</u>

The Company has federal and state net operating losses of \$38,427 and \$38,515, respectively, which expire in 2037. The Company expects to fully utilize the net operating losses.

The income tax provision (benefit) differs from the provision (benefit) that would result from applying statutory rates to the net loss before income taxes due to an allowable dividend deduction of \$3,475 and an enacted change in the federal corporate tax rate effective for tax years beginning in 2018. The new tax law replaces the tiered corporate tax rate structure with a flat tax rate of 21%. Previously, the Company calculated its federal tax provision (benefit) using a tax rate of 15%, which was the lowest corporate tax rate under the tiered system. The increase in the federal tax rate resulted in an increase in deferred taxes of \$9,300, which was offset by a \$700 deferred tax benefit recognized for the current year loss.

NOTE 5 NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's 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, as defined, shall not exceed 15 to 1. Essentially, net capital is defined as shareholder's equity plus subordinated liabilities less certain deductions for assets that are not readily convertible into cash.

JOHNSON SECURITIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 5 NET CAPITAL REQUIREMENTS (CONTINUED)

The Company's ratio of aggregate indebtedness to net capital, as defined, at December 31, 2017 was .42 to 1.

At December 31, 2017, the Company had net capital, as defined, of \$146,725 and excess net capital of \$141,725.

NOTE 6 EXEMPTION FROM SECURITIES AND EXCHANGE COMMISSION RULE  
15c3-3

The company operates pursuant to SEC Rule 15c3-3(K)(1) limiting business to the distribution of mutual funds and variable life insurance or annuities and therefore, is exempt from the computation for determination of reserve requirements pursuant to SEC Rule 15c3-3.

NOTE 7 SALE OF BUSINESS

In December 2017 Johnson (Note 3) entered into an agreement with American Global Wealth Management, Inc. (AGWM), a registered broker-dealer located in McDonough, Georgia, to transfer all of Johnson's customer accounts to AGWM in return for Johnson's right to become a registered representative of AGWM and receive compensation based on revenue generated from the transferred customer accounts. In February 2018 the Company received the approval of FINRA for the transfer of customer accounts.

Additionally, Johnson has entered negotiations with an unrelated entity to sell the Company after all the customer accounts have been transferred. Any agreement to sell the Company would require FINRA approval.

**SUPPLEMENTARY INFORMATION**

JOHNSON SECURITIES, INC.  
SECURITIES AND EXCHANGE COMMISSION SUPPLEMENTARY INFORMATION  
AS OF DECEMBER 31, 2017

<u>Line*</u>	<u>Computation of Net Capital</u>	
1	Total ownership equity from Statement of Financial Condition	\$ 219,329
5	Total capital and allowable subordinated Liabilities	219,329
8	Net capital before haircuts on securities positions	219,329
9	Haircuts on securities	
	C. Trading and investment securities:	
	4. Other securities	39,183
	D. Undue concentration	33,421
		<u>72,604</u>
10	Net capital	<u>\$ 146,725</u>
	<u>Computation of Net Capital Requirement</u>	
11	Minimum net capital required (6 2/3% of aggregate indebtedness)	<u>\$ 4,093</u>
12	Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000</u>
13	Net capital requirement	<u>\$ 5,000</u>
14	Excess net capital	<u>\$ 141,725</u>
15	Net capital less greater of 10% of aggregate indebtedness or 120% of line 12	<u>\$ 140,585</u>
	<u>Computation of Aggregate Indebtedness</u>	
16	Total A.I. liabilities from Statement of Financial Condition	<u>\$ 61,402</u>
19	Total aggregate indebtedness	<u>\$ 61,402</u>
20	Percentage of aggregate indebtedness to net capital	<u>42 %</u>

\*Line references are to FOCUS report, Part IIA

JOHNSON SECURITIES, INC.  
SECURITIES AND EXCHANGE COMMISSION SUPPLEMENTARY INFORMATION  
AS OF DECEMBER 31, 2017

Statement Pursuant to Paragraph (d) (4) of Rule 17a-5

There are no material differences between the preceding computation of net capital and the Company's corresponding computation included in the unaudited FOCUS report, Part IIA filed as of December 31, 2017.

Statement Pursuant to Exemption from the Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3

The company operates pursuant to SEC Rule 15c3-3(K)(1) limiting business to the distribution of mutual funds and variable life insurance or annuities and therefore, is exempt from the computation for determination of reserve requirements pursuant to SEC Rule 15c3-3 and is exempt from information relating to possession or control requirements under SEC Rule 15c3-3.

Statement Pursuant to Exemption from Information Relating to the Possession or Control Requirements Under Rule 15c3-3

The company operates pursuant to SEC Rule 15c3-3(K)(1) limiting business to the distribution of mutual funds and variable life insurance or annuities and therefore, is exempt from information relating to possession or control requirements under SEC Rule 15c3-3.



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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholder  
of Johnson Securities, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report Under Rule 17a-5(d), in which (1) Johnson Securities, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Johnson Securities, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: paragraph(k)(1) (exemption provisions) and (2) Johnson Securities, Inc. stated that Johnson Securities, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Johnson 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 Johnson 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 paragraph (k)(1) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Morey, Nee, Buck & Oswald, LLC*

Morey, Nee, Buck & Oswald, LLC

Bethlehem, Pennsylvania

February 21, 2018

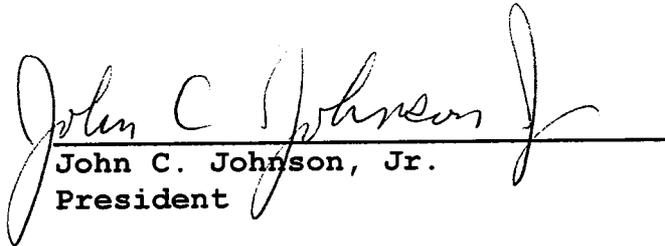
***Johnson Securities, Inc.***

FINRA Member Firm

Greentree Office Plaza  
40 Lloyd Avenue  
Suite 102  
Malvern, PA 19355  
Office (610) 644-6616  
Fax (610) 251-9939  
Email Johnsonsec1@aol.com

**EXEMPTION REPORT**

To our best knowledge and belief Johnson Securities, Inc. operates under the exemptive provisions of 17 C.F.R. § 240.15c3-3(K)(1) limiting business to the distribution of mutual funds and variable life insurance or annuities and therefore, is exempt from the computation for determination of reserve requirements pursuant to 17 C.F.R. § 240.15c3-3. Johnson Securities, Inc. met the exemptive provisions of 17 C.F.R. § 240.15c3-3(K)(1) throughout the year ended December 31, 2017 without exception.

  
John C. Johnson, Jr.  
President

February 21, 2018