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Expires:	August 31, 2020
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Securities and Exchange

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

JUN 11 2018

SEC FILE NUMBER
8-66185

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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

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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **GWN SECURITIES, INC.**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**11440 NORTH JOG ROAD**

(No. and Street)

**PALM BEACH GARDENS FL 33418**  
(City) (State) (Zip Code)

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

BARRY R RITTMAN, Vice President & Chief Financial Officer

561-472-2048

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**LERNER & SIPKIN CPAs, LLP**

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

**132 NASSAU ST., SUITE 1023 NEW YORK, NY NY 10038**  
(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

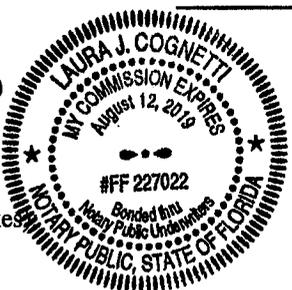
I, DENIS WALSH, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GWN SECURITIES, INC., as of December 31, 2017, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, member, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

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

*Denis Walsh*  
Signature

President  
Title

*[Signature]*  
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 Cash Flows
- (e) Statement of Changes in Stockholders' or Members' 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.
- (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).

**GWN Securities, Inc.**  
**(a wholly owned subsidiary of World Investment Network, Inc.)**  
**Index**  
**December 31, 2017 and 2016**

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	Page(s)
<b>Independent Auditors' Report</b> .....	1
<b>Financial Statement</b>	
Statements of Financial Condition as of December 31, 2017 and 2016 .....	2
Notes to Financial Statements.....	3-6



**LERNER & SIPKIN**  
CERTIFIED PUBLIC ACCOUNTANTS LLP

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Joseph G. Sipkin, C.P.A.  
jsipkin@lernerstpkin.com

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders of  
GWN Securities, Inc.  
11440 North Jog Road  
Palm Beach Gardens, FL 33418

**Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of GWN Securities, Inc. as of December 31, 2017, and the related notes (collectively referred to as the financial statement). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of GWN Securities, Inc. as of December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

The financial statement is the responsibility of GWN Securities, Inc.'s management. Our responsibility is to express an opinion on GWN Securities, Inc.'s financial statement 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 GWN 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 PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is 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 statement, 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.

*Lerner & Sipkin CPAs, LLP*  
Lerner & Sipkin CPAs, LLP  
Certified Public Accountants (NY)

We have served as GWN Securities, Inc.'s auditor since 2009.

New York, NY  
February 7, 2018

# GWN SECURITIES, INC.

(A Wholly Owned Subsidiary of World Investment Network, Inc.)  
STATEMENTS OF FINANCIAL CONDITION  
DECEMBER 31, 2017 AND 2016

## ASSETS

	<u>2017</u>	<u>2016</u>
Cash	\$ 3,199,228	\$ 2,393,324
Commissions receivable	7,274,502	6,600,678
Due from clearing broker (including a deposit of \$100,000)	208,613	114,250
Due from agents	100,000	-
Prepaid expenses	4,350	8,053
Deferred tax asset, net	175,197	115,983
Income tax receivable from parent	-	65,165
Investment in securities, at fair value	3,385	2,502
Total assets	<u>\$ 10,965,275</u>	<u>\$ 9,299,955</u>

## LIABILITIES AND STOCKHOLDER'S EQUITY

### Liabilities:

Commissions payable	\$ 6,495,103	\$ 5,876,787
Accounts payable and accrued expenses	709,605	339,549
Income tax payable to parent	382,816	-
Total liabilities	<u>7,587,524</u>	<u>6,216,336</u>

### Commitments and Contingencies

### Stockholder's equity

Common stock, \$0.01 par value; 1,000 shares authorized; 100 shares issued and outstanding	1	1
Additional paid-in capital	636,273	636,273
Retained earnings	2,741,477	2,447,345
Total stockholder's equity	<u>3,377,751</u>	<u>3,083,619</u>
Total liabilities and stockholder's equity	<u>\$ 10,965,275</u>	<u>\$ 9,299,955</u>

*The accompanying notes are an integral part of this statement.*

# **GWN SECURITIES, INC.**

(A Wholly Owned Subsidiary of World Investment Network, Inc.)

## **NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

### **1. Nature of operations**

GWN Securities, Inc. (The “Company”) is a broker-dealer and registered investment advisor registered with the Securities and Exchange Commission (the “SEC”) and is a member firm of the Financial Industry Regulatory Authority. The Company is a wholly owned subsidiary of World Investment Network, Inc. (the “Parent”).

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 in that the Company’s activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(ii). Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clears all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer.

### **2. Summary of Significant Accounting Policies**

#### **Basis of presentation**

These financial statements were prepared in conformity with accounting principles generally accepted in the United States of America which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the amounts of revenue and expenses.

#### **Cash**

All cash deposits are held at one financial institution and therefore are subject to the credit risk at that institution. At times the cash deposits may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe there to be any significant credit risk with respect to these deposits.

#### **Income taxes**

The Company files consolidated federal and state income tax returns with the Parent. The Company calculates income tax expense or benefit, and settles the current amount payable to or receivable from the parent as if it files a separate tax return.

The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years for differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes enactment date.

**GWN SECURITIES, INC.**  
(A Wholly Owned Subsidiary of World Investment Network, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

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

**Fair Value Measurements**

The Company follows Financial Accounting Standard Board (FASB) guidance on Fair Value Measurements which defines fair value and establishes fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. As of and for the year ended December 31, 2017 all of the Company's investments held and income on principal transactions were valued using Level 1 inputs.

The following table summarizes the valuation of the Company's investments by the above fair value hierarchy levels at December 31, 2017:

	Level 1	Level 2	Level 3	Total
Assets				
Equity Securities:				
Investments				
Securities	\$ 3,385	\$ -	\$ -	\$ 3,385
<b>Total assets</b>	<b>\$ 3,385</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,385</b>

## GWN SECURITIES, INC.

(A Wholly Owned Subsidiary of World Investment Network, Inc.)

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

#### 3. Income taxes

As of December 31, 2017 and 2016, the deferred tax asset resulted primarily from timing differences between book and tax. The tax effects of these differences at December 31, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Accrued expenses	\$ 65,102	\$ 11,017
Deferred revenue	109,678	104,347
Other	<u>417</u>	<u>619</u>
	175,197	115,983
Less valuation allowances	<u>-</u>	<u>-</u>
Net deferred tax asset	<u>\$ 175,197</u>	<u>\$ 115,983</u>

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences.

At December 31, 2017 and 2016, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. This determination will always be subject to ongoing reevaluation as facts and circumstances may require. The Parent remains subject to U.S. federal and state income tax audits for all periods subsequent to 2014.

#### 4. Commitments and contingencies

The Company, in the normal course of business, is party to various legal actions. Management believes that the potential exposure, if any, from these matters would not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

#### 5. Credit risk

As a securities broker, the Company is engaged in buying and selling securities for a diverse group of institutional and individual investors. The Company's transactions are collateralized and are executed with and on behalf of customers, banks, brokers and dealers and other financial institutions. The Company introduces these transactions for clearance to another broker/dealer on a fully disclosed basis.

**GWN SECURITIES, INC.**  
(A Wholly Owned Subsidiary of World Investment Network, Inc.)  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**6. Concentration**

A portion of the Company's assets are held at the clearing broker. The Company is subject to credit risk should the clearing broker be unable to fulfill its obligations. The Company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing broker's internal guidelines. The Company monitors its customers' activity by reviewing information it receives from its clearing broker on a daily basis, and requiring customers to deposit additional collateral, or reduce positions when necessary.

**7. Regulatory requirements**

The Company is subject to the SEC Uniform Net Capital 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. At December 31, 2017 and 2016, the Company had net capital of \$3,061,482 and \$2,859,517, respectively, which was \$2,555,647 and \$2,445,095, respectively in excess of its required net capital of \$505,835 and \$414,422, respectively. The Company's net capital ratio was 2.47:1 and 2.17:1, respectively.