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Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 11/01/20 AND ENDING 10/31/21  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Arlington Securities Inc

TYPE OF REGISTRANT (check all applicable boxes):

- Broker-dealer
- Security-based swap dealer
- Major security-based swap participant
- Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

140 Marine Lane  
(No. and Street)

St. Louis MO 63146  
(City) (State) (Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Robert E. Hillard 314-878-1954 bobhillard@arlingtonsecurities.us  
(Name) (Area Code - Telephone Number) (Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

Devila Advisory LLC  
(Name - if individual, state last, first, and middle name)

10135 Manchester Rd Ste 206 St. Louis, MO 63122  
(Address) (City) (State) (Zip Code)

6667  
(Date of Registration with PCAOB)(if applicable) (PCAOB Registration Number, if applicable)

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\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

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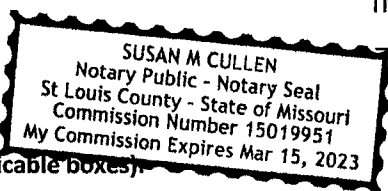
OATH OR AFFIRMATION

I, Robert E. Hillard, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Arlington Securities Inc, as of October 31, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

Signature: Robert Hillard

Title: President

Susan M Cullen  
Notary Public



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

- (a) Statement of financial condition.
- (b) Notes to consolidated statement of financial condition.
- (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- (d) Statement of cash flows.
- (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- (f) Statement of changes in liabilities subordinated to claims of creditors.
- (g) Notes to consolidated financial statements.
- (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (t) Independent public accountant's report based on an examination of the statement of financial condition.
- (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- (z) Other: \_\_\_\_\_

\*\*To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.



## DAVILA ADVISORY

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors  
Arlington Securities, Inc.

#### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Arlington Securities, Inc. (the "Company") as of October 31, 2021, and the related statements of income, changes in shareholder's equity and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of Arlington Securities, Inc. as of October 31, 2021, 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 the Company's management. Our responsibility is to express an opinion on the Company'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 the Company 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.

#### **Auditor's Report on Supplemental Information**

The information in Schedule I, II, & III (the "supplemental information") 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 17 C.F.R. §240.17a-5. In our opinion, the supplemental information in Schedule I, II, & III is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as Arlington Securities, Inc.'s auditor since 2020.

*Davila Advisory, LLC*

Saint Louis, Missouri  
December 22, 2021

T : (314) 965-9775 F : (314) 476-9660 W : [www.davilaadvisory.com](http://www.davilaadvisory.com)

A : 10135 Manchester Rd, Suite 206, St. Louis, MO 63122

**Arlington Securities Inc.**

**Statement of Financial Condition**

**October 31, 2021**

**ASSETS**

**Assets:**

Checking Account	\$148,834
Marketable Equity Securities	183,555
Receivables:	
Clearing Organization	10,118
Concessions Receivable	217,559
Other	468
Prepaid Expenses	18,334
Deferred Tax Benefit	<u>9,158</u>
<b>Total Assets</b>	<b><u>\$588,026</u></b>

**LIABILITIES AND SHAREHOLDER'S EQUITY**

**Liabilities:**

Wages and Commissions Payable	\$339,977
Other Payables and Accrued Expenses	<u>14,127</u>
<b>Total Liabilities</b>	<b><u>354,104</u></b>

**Shareholder's Equity:**

Capital Stock (\$1 Par Value, 23,850 shares issued, authorized & outstanding)	23,850
Retained Earnings	<u>210,072</u>
<b>Total Shareholder's Equity</b>	<b><u>233,922</u></b>
<b>Total Liabilities and Shareholder's Equity</b>	<b><u>\$588,026</u></b>

See Independent Auditors' Report and Notes to the Financial Statements

**Arlington Securities Inc.**

**Statement of Income**

**Year Ended October 31, 2021**

Revenues:

Concession: Mutual Fund and Insurance	\$ 2,348,962
Commission: Stocks & Bonds	14,410
Investment Advisory Fees	196,820
Other Income (Loss)	<u>40,768</u>
	<u>2,600,960</u>

Expenses:

Commissions Expense	1,407,714
Officer Compensation & Benefits	858,332
Employee Compensation	108,000
Payroll Tax Expense	34,277
Errors Insurance & Fidelity Bonds	31,993
Regulatory and Registration Expense	33,180
Clearing Expenses	14,020
Other Expenses	<u>58,820</u>
	<u>2,546,336</u>

Income (Loss) Before Income Taxes 54,624

Income Tax Expense 13,936

Net Income (Loss) \$ 40,688

See Independent Auditors' Report and Notes to the Financial Statements

**Arlington Securities Inc.**

**Statement of Changes in Shareholder's Equity**

**Year Ended October 31, 2021**

	<u>Capital Stock</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
Balances at November 1, 2020	\$23,850	\$169,384	\$193,234
Net Income (Loss)	<u>--</u>	<u>40,688</u>	<u>40,688</u>
Balances at October 31, 2021	<u>\$23,850</u>	<u>\$210,072</u>	<u>\$233,922</u>

See Independent Auditors' Report and Notes to the Financial Statements

**Arlington Securities Inc.**

**Statement of Cash Flows**

**Year Ended October 31, 2021**

<u>Cash from Operating Activities</u>	
Net Income (Loss)	\$40,688
Adjustments to reconcile net income to net cash provided by operating activities:	
Investment (Gains)/Losses	(40,768)
Decrease (increase) in assets:	
Receivables:	
Clearing Organization	(1,407)
Concessions	(59,061)
Other	539
Prepaid Expenses	(584)
Non-cash Deferred Tax Benefit	13,936
Increase (decrease) in liabilities:	
Wages and Commissions Payable	40,363
Income Tax Payable	-
Other Payables and Accrued Expenses	193
Net Cash Provided by Operating Activities	<u>34,667</u>
 <u>Cash from Investing Activities</u>	
Net cash from (used in) investing activities	<u>(40,768)</u>
Net increase in cash	(6,101)
Cash at beginning of year	<u>154,935</u>
Cash at end of year	<u>\$148,834</u>
 <u>Supplemental Cash Flow Information</u>	
Cash Paid for Interest	\$0
Cash Paid for Income Taxes	\$116
Non-cash Investing and Financing Activity	\$0

See Independent Auditors' Report and Notes to the Financial Statements

**Arlington Securities Inc.**  
**Notes to Financial Statements**  
**Year Ended October 31, 2021**

Note 1 - **Nature of Operations:** Arlington Securities, Inc., (the company) is a broker-dealer formed primarily to sell mutual funds and variable contracts. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is a member of Securities Investors Protection Corporation (SIPC) and has an insurance license in several states. The Company does not hold funds or securities for customers, owe money for securities to customers and does not carry customer accounts. Accordingly, The Company is exempt from SEC Rule 15c3-3 under the K(2)(ii) exemption and the non-covered firm provision.

Note 2 - **Revenue Recognition:** The Company follows the revenue recognition guidance that requires an entity to follow a five step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies the performance obligation.

Commissions - The Company generates two types of commission revenue: sales-based commission revenue that is recognized on the trade date, an industry standard, and trailing commission revenue that is recognized over time as earned. Sales-based commission revenue varies by investment product and is based on a percentage of an investment product's current market value at the time of purchase. Trailing commission revenue is generally based on a percentage of the current market value of clients' investment holdings in trail-eligible assets, and is recognized over the period during which services, such as ongoing support, are performed. As trailing commission revenue is based on the market value of clients' investment holdings, this variable consideration is constrained until the market value is determinable.

Advisory fees – Advisory fees are charged to client accounts maintained by a third party custodian. The company provides ongoing investment advise and provides administrative services for these accounts. Advisory fees are calculated based on the value on the last day of the month and paid in arrears.

Securities Transactions – Stock and bond trades, including commission revenue and related expense, are recorded on the trade date.

Note 3 - **Concentrations of Credit Risk:** The Company is not engaged in activities with counterparties such as banks and other financial institutions. There is no credit risk.

Note 4 - **Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results will differ from those estimates.

See Independent Auditors' Report

**Arlington Securities Inc.**  
**Notes to Financial Statements**  
**Year Ended October 31, 2021**

- Note 5 - **Cash and Securities Segregated Under Federal and Other Regulations:** No cash has been segregated in a special account for the benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission. The Company does not hold any customer funds. A reserve account is not required.
- Note 6 - **Advertising Costs:** The Company did not incur any direct-response advertising costs during the period.
- Note 7 - **Fair Value of Financial Instruments:** The Company has certain investments reported in the accompanying statement of financial condition. *FASB ASC 820-10-50-1 through 50-3* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Financial assets and liabilities valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability.

The following schedule details the level of the Company's financial instruments measured on a recurring basis:

Fair Value Measurement at Reporting Date Using Description

	10/31/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable Equity Securities	<u>\$183,555</u>	<u>\$183,555</u>	\$ -	\$ -

See Independent Auditors' Report

**Arlington Securities Inc.**  
**Notes to Financial Statements**  
**Year Ended October 31, 2021**

Note 8 - **Net Capital Requirement:** 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 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1, or \$5,000, whichever is greater. At October 31, 2021, Arlington Securities had net capital of \$176,770, which was \$153,163 in excess of its minimum required net capital of \$23,607.

Note 9 - **Income Taxes:** The difference between tax expense and taxes currently payable is reflected in the balance sheet as deferred tax benefit. A capital loss carryover of \$33,976 to fiscal year ending October 31, 2021 is calculated to provide \$9,158 (per TB) deferred tax benefit assuming a 21% federal and 6.25% state income tax rate.

The Company is taxed as a C Corporation and has never been examined by an income tax authority. The federal and state income tax returns are subject to examination by the respective taxing authorities generally for three years after they are filed. The Company feels it is more likely than not that all tax positions will be fully recognized; therefore, provision for potential interest or penalties has not been made.

Note 10 - **Financial Instruments with Off-Balance Sheet Risk:** In the normal course of business, the Company purchases and sells securities as agent on behalf of its cash or margin customers. If either the customer or counter-party fails to perform the Company may be required to discharge the obligations of the non-performing party. In such circumstances, the Company may sustain a loss if the market value of the security or futures contract is different from the contract value of the transaction.

Note 11 - **Commitments and Contingencies:** The Company is not involved in any lawsuits and is not party to any asserted or unasserted claims. The Company did not engage the services of an attorney during the fiscal year ended October 31, 2021.

Note 12 - **Subsequent Events:** In preparing these financial statements, management of the Company has evaluated events and transactions for potential recognition or disclosure. Management concluded that no such events or disclosures existed through December 22, 2021, the date the financial statements were available to be issued.

See Independent Auditors' Report

**Schedule I**  
**Arlington Securities Inc.**

**Calculation of Net Capital Reported and Required**

**As of October 31, 2021**

**CALCULATION OF NET CAPITAL**

Total shareholder's equity	\$233,922
Deductions and charges	-
Non-allowable assets	<u>29,619</u>
Net capital before haircuts on securities positions	204,303
Haircuts on securities	<u>27,533</u>
 Net Capital	 <u>\$ 176,770</u>

**AGGREGATE INDEBTEDNESS**

Liabilities shown on Statement of Financial Condition	<u>\$ 354,104</u>
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Calculated Requirement (6.67% of Aggregate Indebtedness)	<u>\$23,607</u>
Statutory Requirement	<u>5,000</u>
Net Capital Requirement (Creater of Above)	<u>23,607</u>
 Excess net capital	 <u>\$153,163</u>
 Percentage of Aggregate indebtedness to net capital	 <u>200%</u>

**RECONCILIATION**

Net capital, as reported in Company's Part IIA (Unaudited) Form X-17A-5 as of October 31, 2021	<u>\$176,770</u>
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Note: There are no material differences between the computations above and the computations included in the Company's corresponding unaudited Form X-17A-5 PartIIA filing.

See Independent Auditors' Report

**Schedules II & III  
Arlington Securities Inc.**

**Computation for Determination of Reserve Requirements and Information Relating to  
Possession or Control Requirement for Brokers and Dealers to Rule 15c3-3**

**Year Ended October 31, 2021**

The Company is exempt from the provisions of Rule 15c3-3. Therefore, the computation for determination of the reserve requirements under Exhibit A of Rule 15c-3 and the information relating to the possession or control requirements under Rule 15c3-3 have not been provided.



DAVILA ADVISORY

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors  
Arlington Securities, Inc.

We have reviewed management's statements, included in the accompanying exemption report, in which (1) Arlington Securities, Inc. identified the following provisions of 17 C.F.R. section 15c3-3(k) under which Arlington Securities, Inc. claims an exemption from 17 C.F.R. section 240.15c3-3(k)(2)(ii) (the "exemption provisions") and (2) Arlington Securities, Inc. stated that Arlington Securities, Inc. met the identified exemption provisions throughout the most recent fiscal year ended October 31, 2021 without exception. Arlington 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 Arlington 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)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Davila Advisory, LLC*

Saint Louis, Missouri  
December 22, 2021

# Arlington Securities Incorporated

## Rule 15c3-3 Exemption Report

This is to certify that, to the best of my knowledge and belief:

Arlington Securities, Inc. is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. section 240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. section 240.17a-5(d)(1) and (4). To the best of its knowledge and belief Broker-Dealer states the following:

Arlington Securities, Inc. claimed an exemption under provision 17 C.F.R. section 240.15c3-3(k)(2)(ii) as the company is a non-carrying broker-dealer which promptly transmits all funds received to carrying broker-dealer. Arlington Securities, Inc does not hold funds, securities, or money of or for customers.

Arlington Securities, Inc. claimed an exemption as a non-covered firm for its direct subscription-way sale of mutual funds and variable annuities. Arlington Securities, (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers, other than checks to third parties received and promptly transmitted in compliance with paragraph (a) or (b)(2) or Rule 15c2-4; (2) did not carry accounts of or for customers; and (3) did not carry PAB accounts (as defined in Rule 15c3-3).

Arlington Securities, Inc. met the identified provision throughout the most recent fiscal year without exceptions.



Robert E. Hillard  
CEO