

OATH OR
AFFIRMATION

I, Richard Bowman, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of USI Securities, Inc., as of December 31, 2022, 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.

*Acknowledged before me this
23rd day of February 2023*

Signature:



Title:

Director of Operations, USI Securities, Inc.

Jessie L. Riser
Notary Public *My commission expires 05/31/2023*

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 40.15c3-3 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.

USI Securities, Inc.

**Report on Statement of Financial Condition
and
Report of Independent Registered Public Accounting Firm**

December 31, 2022

SEC Mail Processing

FEB 27 2023

Washington, DC

USI SECURITIES, INC.

Index

	<u>Page</u>
Facing Page	
Report of Independent Registered Public Accounting Firm	2
Statement of Financial Condition December 31, 2022	3
Notes to Financial Statement	4-7

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of USI Securities, Inc. as of December 31, 2022, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of USI Securities, Inc. as of December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of USI Securities, Inc.'s management. Our responsibility is to express an opinion on USI 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 USI 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 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.

Mahoney Sabol + Company, LLP

We have served as USI Securities, Inc.'s auditor since 2019.

Glastonbury, Connecticut

February 21, 2023

USI SECURITIES, INC.

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2022

	<u>2022</u>
Current assets:	
Cash	\$ 2,593,451
Commissions receivable	941,458
Other receivables	36,250
Prepaid expenses	43,669
Other current assets	4,933
Total current assets	<u>3,619,761</u>
Fixed assets	95,736
Less: accumulated depreciation	(44,254)
Fixed assets, net	<u>51,482</u>
Deferred tax asset	<u>6,560</u>
Total assets	<u>\$ 3,677,803</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:	
Accrued expenses	\$ 430,836
Income tax payable	35,204
Due to related party	636,124
Total liabilities	<u>1,102,164</u>
Stockholder's equity:	
Common stock, \$1 par value; 100 shares authorized, issued and outstanding	100
Additional paid-in capital	2,102,191
Retained earnings	473,348
Total stockholder's equity	<u>2,575,639</u>
Total liabilities and stockholder's equity	<u>\$ 3,677,803</u>

See Notes to Financial Statement.

USI SECURITIES, INC.

NOTES TO FINANCIAL STATEMENT DECEMBER 31, 2022

Note 1 - Nature of operations:

USI Securities, Inc. (the "Company") is a Delaware corporation that is a wholly-owned subsidiary of USIC Investment Group, Inc. ("USIC" or "Parent"), a Delaware corporation. USIC issued one share of Class A Voting Common Stock to USIR Management LLC ("USIR"), a holding company and ninety-nine shares of Class B Non-Voting Common Stock to USI Consulting Group, Inc. ("USICG"). USIR is owned by certain members of USI, Inc. ("USI") management. USICG is a wholly-owned subsidiary of USI Insurance Services, LLC which is a wholly-owned subsidiary of USI.

The Company is a FINRA (Financial Industry Regulatory Authority, Inc.) member broker-dealer, Securities and Exchange Commission ("SEC") registered investment advisor and licensed insurance agency. The Company, through its registered representatives, offers and sells mutual funds, variable annuities and variable life insurance contracts, primarily in the qualified plans market throughout the United States. The Company also has a limited amount of "constructive receipt" arrangements with other broker-dealers whereby the Company receives override commissions derived from the sale of securities products to customers of other related entities. The Company has an agreement with another broker-dealer (the "clearing broker") to clear transactions, carry customers' accounts on a fully-disclosed basis and perform record keeping functions and, consequently, operates under the exemptive provisions of SEC Rule 15c3-3k(2)(ii).

The accompanying financial statement has been prepared from the separate records maintained by the Company and, due to certain transactions and agreements with affiliated entities, may not necessarily be indicative of the financial condition that would have existed or the results that would have been obtained from operations had the Company operated as an unaffiliated entity.

Note 2 - Summary of significant accounting policies:

Cash and cash equivalents:

The Company considers all investment instruments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2022, there are no cash equivalents.

Commissions receivable and allowance for doubtful accounts:

Periodically, the Company evaluates its commissions receivable and provides for an allowance for doubtful accounts equal to the estimated uncollectible amounts if needed. The Company's estimate is based on a review of the current status of each account. At December 31, 2022, management of the Company determined an allowance for doubtful accounts was not required. The balance of Commissions receivable at December 31, 2022 and January 1, 2022 was \$941,458 and \$1,000,002, respectively.

Net capital requirements:

The Company is subject to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital as defined under such provisions and requires that the ratio of aggregate indebtedness to net capital be less than 15 to 1.

USI SECURITIES, INC.

**NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022**

Note 2 - Summary of significant accounting policies (continued):

Reserve requirements:

The Company is exempt from the requirements relating to cash reserves and possession or control of customers securities under Rule 15c3-3 of the Securities Exchange Act of 1934.

Property and equipment - depreciation:

The Company capitalizes all expenditures for property and equipment in excess of \$500. Depreciation of property and equipment is recorded on the straight-line basis over the estimated useful lives of the assets. Estimated lives are as follows:

<u>Assets</u>	<u>Estimated Lives</u>
Computer equipment and software	3 - 5 years
Furniture and fixtures	7 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in operations for the period.

Use of estimates:

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in operations for the period.

Income taxes:

The Company's U.S. Federal income tax returns are statutorily closed for all tax years through December 31, 2018 and all State income tax returns are closed for all tax periods through the 2018 tax year. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Company has no unrecognized tax benefits at December 31, 2022. The Company recognizes interest and penalties associated with uncertain tax positions as part of the income tax provision and includes accrued interest and penalties with the related tax liability in the Statement of Financial Condition.

USI SECURITIES, INC.

NOTES TO FINANCIAL STATEMENT DECEMBER 31, 2022

Note 2 - Summary of significant accounting policies (continued):

Recent accounting pronouncement on credit losses:

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-13, *Financial Instruments-Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*. Under the new guidance an entity is required to measure all credit losses on certain financial instruments, including trade receivables and various off-balance sheet credit exposures, using an expected credit loss model. This model incorporates experience, current conditions and reasonable and supportable forecasts affecting collectability of these instruments. The Company will be adopting this standard in 2023 and it is not expected to have a material impact on the financial statements.

Subsequent events:

The Company has evaluated events and transactions for potential recognition or disclosure through February 21, 2023, which is the date the financial statements were available to be issued.

Note 3 – Net capital requirements:

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c 3-1), 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 (and the rule of the “applicable” exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1).

At December 31, 2022, the Company has net capital of \$1,491,287 which is \$1,417,809 in excess of its required net capital of \$73,478. The Company’s ratio of aggregate indebtedness to net capital is 0.74 to 1 at December 31, 2022.

The Company’s non-allowable assets includes accounts receivable related to Registered Representatives dually employed by the Company and USICG that were not supported by a waiver of rights to these commissions by such Representatives until the revenue was received by the Company. As such, commissions and other receivables totaling \$977,708 and other assets totaling \$106,644 were considered non-allowable as of December 31, 2022.

Note 4 - Liabilities subordinated to claims of general creditors:

There are no borrowings under subordination agreements at December 31, 2022.

USI SECURITIES, INC.

**NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022**

Note 5 - Related party transactions:

In 2013, the Company entered into an Expense Sharing Agreement with USICG. This agreement includes charges to the Company based on proportionate usage for shared services paid for by USICG including staff compensation, overhead, systems usage, administrative support, rent and facility charges, accounting, payroll and other services

In addition, the Company's Registered Representatives are compensated by USICG for administrative convenience only.

Income taxes are paid on behalf of USI Securities by USI Insurance Services. The Due to Related Party liability for the year ended December 31, 2022 includes \$362,972 payable to USI Insurance services for payment of 2021 income taxes.

Note 6 - Concentrations of credit risk:

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and commissions receivable. The Company maintains its cash with high-credit quality financial institutions. At times, such amounts may exceed Federally insured limits. At December 31, 2022, the Company has uninsured cash in the amount of approximately \$2,345,000.

Note 7 - Income taxes:

For the year ended December 31, 2022, the Company is included in the consolidated tax returns with its Parent. The Company recorded a liability of \$25,493 for the year ended December 31, 2022 for its current federal tax liability.