



10035688

ES  
E COMMISSION  
20549

CM

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response.....	12.00

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

SEC FILE NUMBER
8- 66872

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 01/01/09 AND ENDING 12/31/09  
MM/DD/YY MM/DD/YY

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: DILWORTH SECURITIES, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

61 NORRANS RIDGE DRIVE

(No. and Street)

RIDGEFIELD

(City)

CT

(State)

06877

(Zip Code)

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

JOHN GONZALEZ

813-877-9609

(Area Code - Telephone Number)

### B. ACCOUNTANT IDENTIFICATION

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

SEC Mail Processing  
Section

FERLITA, WALSH & GONZALEZ, PA

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

MAR 01 2010

3302 AZEELE STREET TAMPA, FL 33609

(Address)

(City)

(State)

Washington, DC  
110

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

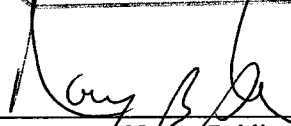
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

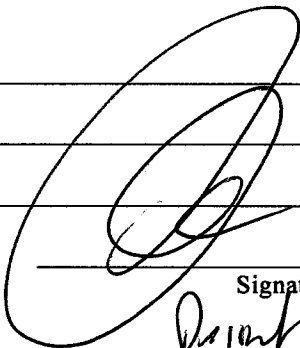
OATH OR AFFIRMATION

I, JAMES K. DILWORTH, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DILWORTH SECURITIES, INC., as of DECEMBER 31, 20 09, 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:

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

Nancy B. Bruhn  
Notary Public, Connecticut  
My Commission Expires July 31, 2012

  
\_\_\_\_\_  
Notary Public

  
\_\_\_\_\_  
Signature  
\_\_\_\_\_  
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).



SAM S. FERLITA, C.P.A.  
VINCENT E. WALSH, C.P.A.  
FROMENT JOHN GONZALEZ, III, C.P.A.  
DON F. RODRIGUEZ, C.P.A.

SEC Mail Processing  
Section

MAR 07 2010

Washington, DC  
110

MEMBERS:  
AMERICAN INSTITUTE OF C.P.A.'S  
S.E.C. AND PRIVATE COMPANIES  
PRACTICE SECTIONS  
FLORIDA INSTITUTE OF C.P.A.'S

Board of Directors  
Dilworth Securities, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Dilworth Securities, Inc. (The Company), for the year ended December 31, 2009, in accordance with the standards of the Public Company Oversight Board (United States), we considered the Company's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining an internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that

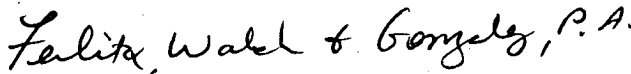
adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

  
Ferlita, Walsh & Gonzalez, P.A.  
Certified Public Accountants  
Tampa, Florida

January 27, 2010

**DILWORTH SECURITIES, INC.**

**FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2009 and 2008**

TABLE OF CONTENTS

Page No.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM . . . . . 1

FINANCIAL STATEMENTS

Statements of Financial Condition . . . . . 2

Statements of Operations . . . . . 3

Statements of Changes in Stockholder's Equity . . . . . 4

Statements of Cash Flows . . . . . 5

Notes to the Financial Statements . . . . . 6

SUPPLEMENTARY INFORMATION

Schedule I - Computation of Net Capital Under Rule 15c3-1 of the  
Securities and Exchange Commission . . . . . 8

Schedule II - Information Relating to Possession or Control Requirements  
for Brokers and Dealers Pursuant to Rule 15c3-3 . . . . . 9



SAM S. FERLITA, C.P.A.  
VINCENT E. WALSH, C.P.A.  
FROMENT JOHN GONZALEZ, III, C.P.A.  
DON F. RODRIGUEZ, C.P.A.

MEMBERS:  
AMERICAN INSTITUTE OF C.P.A.'S  
S.E.C. AND PRIVATE COMPANIES  
PRACTICE SECTIONS  
FLORIDA INSTITUTE OF C.P.A.'S

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors  
Dilworth Securities, Inc.  
Ridgefield, Connecticut

We have audited the accompanying statements of financial condition of Dilworth Securities, Inc. as of December 31, 2009 and 2008, and the related statements of operations, changes in stockholder's equity, and cash flows for the years ended December 31, 2009 and 2008 that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 Dilworth Securities, Inc. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years ended December 31, 2009 and 2008 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II are presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ferlita, Walsh & Gonzalez, P.A.  
Certified Public Accountants  
Tampa, Florida

January 27, 2010

3302 Azeele St. • Tampa, FL 33609  
(813) 877-9609 • Fax: (813) 875-4477

**DILWORTH SECURITIES, INC.**  
**STATEMENTS OF FINANCIAL CONDITION**  
**December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 18,119	\$ 72,210
Due from Affiliate	21,722	-
Deposits and other assets	<u>-</u>	<u>624</u>
<b>TOTAL CURRENT ASSETS</b>	<b>39,841</b>	<b>72,834</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>622</u>	<u>870</u>
	<u><b>\$ 40,463</b></u>	<u><b>\$ 73,704</b></u>
 <b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 999	\$ 4,388
Due to affiliate	<u>1,400</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,399</b>	<b>4,388</b>
<b>STOCKHOLDER'S EQUITY</b>		
Common stock, \$.01 par value, authorized 10,000 shares, 1,000 shares issued and outstanding	10	10
Additional paid-in capital	504,406	438,703
Retained earnings (deficit)	<u>(466,352)</u>	<u>(369,397)</u>
	<u>38,064</u>	<u>69,316</u>
	<u><b>\$ 40,463</b></u>	<u><b>\$ 73,704</b></u>

See accompanying notes.



**DILWORTH SECURITIES, INC.**  
**STATEMENTS OF OPERATIONS**  
**For the Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>REVENUES</b>		
Commissions	\$ 2,484	\$ 148,565
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Accounting and legal	-	20,034
Automobile	553	2,922
Bank service charges	2	275
Compliance consulting	18,240	31,299
Consulting	500	-
Depreciation	248	248
Dues and subscriptions	2,997	-
Insurance	1,844	928
Licenses	832	75
Office	3,482	2,781
Payroll, payroll taxes and expenses	21,733	160,890
Postage and printing	15	93
Registration fees	784	2,965
Regulatory Fees	1,490	75
Rent	535	6,420
Repairs	-	40
Research	13	661
Taxes - other	-	29
Telephone	2,505	5,384
Travel and entertainment	9,582	25,198
	<u>65,355</u>	<u>260,317</u>
<b>LOSS FROM OPERATIONS</b>	(62,871)	(111,752)
<b>OTHER INCOME/(EXPENSE)</b>		
Interest income	-	-
Other Income	235	1,706
Interest expense	-	-
Contributions	(47)	(11,218)
<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<u>188</u>	<u>(9,512)</u>
<b>NET LOSS</b>	<u>\$ (62,683)</u>	<u>\$ (121,264)</u>

See accompanying notes.

**DILWORTH SECURITIES, INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**  
**For the Years Ended December 31, 2009 and 2008**

	<u>Common Stock</u>	<u>Additional Paid - In Capital</u>	<u>Retained (Deficit)/ Earnings</u>	<u>Total</u>
Balance at December 31, 2007	\$ 10	\$ 293,936	\$ (243,667)	\$ 50,279
Net income	-	-	(121,264)	(121,264)
Contribution of capital	-	144,767	-	144,767
Distributions to stockholder	<u>-</u>	<u>-</u>	<u>(4,466)</u>	<u>(4,466)</u>
Balance at December 31, 2008	\$ 10	\$ 438,703	\$ (369,397)	\$ 69,316
Net income	-	-	(62,683)	(62,683)
Contribution of capital	-	65,703	-	65,703
Distributions to stockholder	<u>-</u>	<u>-</u>	<u>(34,272)</u>	<u>(34,272)</u>
Balance at December 31, 2009	<u>\$ 10</u>	<u>\$ 504,406</u>	<u>\$ (466,352)</u>	<u>\$ 38,064</u>

See accompanying notes.

**DILWORTH SECURITIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss)	\$ (62,683)	\$ (121,264)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	248	248
Decrease (increase) in:		
Accounts Receivable	-	42,685
Due from affiliate	(21,722)	-
Deposits and other assets	624	(375)
Increase (decrease) in:		
Accounts payable	<u>(1,989)</u>	<u>46</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(85,522)</b>	<b>(78,660)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contribution of capital	65,703	144,767
Distributions to stockholder	<u>(34,272)</u>	<u>(4,466)</u>
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b><u>31,431</u></b>	<b><u>140,301</u></b>
<b>NET CHANGE IN CASH</b>	<b>(54,091)</b>	<b>61,641</b>
 <b>CASH AT BEGINNING OF PERIOD</b>	<b><u>72,210</u></b>	<b><u>10,569</u></b>
<b>CASH AT END OF PERIOD</b>	<b><u><u>\$ 18,119</u></u></b>	<b><u><u>\$ 72,210</u></u></b>
 <b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income tax paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes.

**DILWORTH SECURITIES, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

Dilworth Securities, Inc. (Company) engages in the sales and marketing of financial products.

Revenue Recognition

The Company records commissions on a settlement date basis.

Accounts Receivable

Accounts receivable represent commissions earned on investments settled during the year but not yet received until subsequent year. The Company provides an allowance for doubtful accounts that is based upon a review of outstanding receivables and historical collection information. No allowance for doubtful accounts were considered necessary at December 31, 2009 and 2008.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses.

Statement of Cash Flows

The Company considers all cash in bank and investments with an original maturity of ninety days or less as cash and cash equivalents.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated useful lives of the property and equipment.

Income Taxes

The Company, with the consent of its stockholder, elected under the Internal Revenue Code section 1362(a) to be taxed as an S Corporation effective January 1, 2005. In lieu of corporation income taxes, the stockholder of an S Corporation is taxed on the Company's taxable income.

Fair Value of Financial Instruments

The carrying amounts reported in the balance sheets for cash, receivables and payables have been estimated by management to approximate their fair values.

**NOTE B - RELATED PARTY TRANSACTIONS**

The Company has an expense sharing agreement with its affiliate. The agreement calls for allocating direct expenses to the Company as well as indirect expenses based on percentages in the agreement. During the years ended December 31, 2009 and 2008, the affiliate contributed approximately \$66,000 and \$145,000, respectively, of capital into the Company.

**DILWORTH SECURITIES, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE C - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 27, 2010, the date on which the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**DILWORTH SECURITIES, INC.**  
**SCHEDULE I - COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**December 31, 2009**

**NET CAPITAL**

Total stockholder's equity qualified for net capital	\$ 38,064
Deductions and / or charges	
Non-allowable assets	
Receivables from non-customers	(21,722)
Property & Equipment - Net	<u>(622)</u>
Net capital	<u>\$ 15,720</u>

**AGGREGATE INDEBTEDNESS**

Items included in statement of financial condition	
Accounts payable	<u>\$ 2,399</u>

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Minimum dollar requirement	<u>\$ 5,000</u>
Excess net capital	<u>\$ 10,720</u>

Ratio: Aggregate indebtedness to net capital	<u>0.01 to 1</u>
--	------------------

**RECONCILIATION WITH COMPANY'S COMPUTATION**

(included in Part II of Form X-17A-5 as of December 31, 2009)

Net Capital, as reported in Company's part II (unaudited) FOCUS	\$ 15,720
Audit adjustments:	
Adjustment to accounts payable	<u>0</u>
Net Capital per above	<u>\$ 15,720</u>

See Independent Auditors' Report.

**DILWORTH SECURITIES, INC.  
SCHEDULE II - INFORMATION RELATING TO POSSESSION OR  
CONTROL REQUIREMENTS FOR BROKERS AND DEALERS  
PURSUANT TO RULE 15c3-3  
AS OF DECEMBER 31, 2009**

The Company qualifies for exemption under Rule 15c3-3(k)(2)(I) from the Securities and Exchange Commission Customer Protection Rule (Rule 15c3-3). Accordingly, the supplemental schedule of Information Relating to Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 is not applicable.

See Independent Auditors' Report.