

**Fairmount Partners LP**  
**Statement of Financial Condition**  
**December 31, 2016**

**Fairmount Partners LP**  
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**FINANCIAL STATEMENTS**

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

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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 01/01/2016 AND ENDING 12/31/2016  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:  
Fairmount Partners LP

OFFICIAL USE ONLY

FIRM ID. NO.

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

100 Four Falls Corporate Center, Suite 660

(No. and Street)

West Conshohocken

(City)

PA

(State)

19428

(Zip Code)

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

Christina Halliday

(610) 260-6274

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

Sanville & Company

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

1514 Old York Road

(Address)

Abington

(City)

PA

(State)

19001

(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 (3-91)

Potential persons who are to respond to the collection  
of information  
contained in this form are not required to respond  
unless the form displays  
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## OATH OR AFFIRMATION

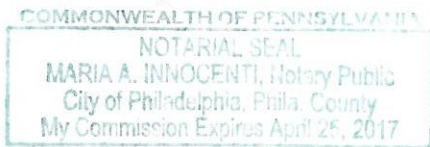
I, Christina Halliday, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Fairmount Partners LP, as of December 31, 2016, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

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

Christina Halliday  
Signature

Principal Financial Officer  
Title

Maria A. Innocenti  
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' 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.
- (o) Independent Auditor's Report on Internal Accounting Control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# *Sanville & Company*

CERTIFIED PUBLIC ACCOUNTANTS

ROBERT F. SANVILLE, CPA  
MICHAEL T. BARANOWSKY, CPA  
JOHN P. TOWNSEND, CPA

1514 OLD YORK ROAD ABINGTON, PA 19001  
(215) 884-8460 • (215) 884-8686 FAX

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MEMBERS OF  
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PENNSYLVANIA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

17 BATTERY PLACE, 11<sup>th</sup> FLOOR  
NEW YORK, NY 10004  
(212) 709-9512

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors  
Fairmount Partners LP

We have audited the accompanying statement of financial condition of Fairmount Partners LP (the “Company”) as of December 31, 2016. This financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on this financial statement 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial position. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall statement of financial position presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Fairmount Partners LP as of December 31, 2016, in accordance with accounting principles generally accepted in the United States of America.



Abington, Pennsylvania  
February 27, 2017

**Fairmount Partners LP**  
**Statement of Financial Condition**  
**December 31, 2016**

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**Assets**

Cash and cash equivalents	\$	2,963,794
Fees receivable		127,228
Securities owned, at fair value		77,776
Prepaid expenses		<u>4,159</u>
Total assets	\$	<u><u>3,172,958</u></u>

**Liabilities and Partners' Capital**

Liabilities

Accounts payable and accrued expenses	\$	128,798
Due to affiliate		<u>1,018,499</u>

Total liabilities		<u>1,147,297</u>
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<b>Partners' Capital</b>		<u>2,025,660</u>
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Total liabilities and partners' capital	\$	<u><u>3,172,958</u></u>
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The accompanying notes are an integral part of this financial statement.

**Fairmount Partners LP**  
**Notes to Financial Statement**  
**December 31, 2016**

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**1. Organization**

Fairmount Partners LP (the “Company”) is a broker-dealer located in West Conshohocken, Pennsylvania. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company’s business consists of merger and acquisition and financial advisory services. The Company may also privately place securities. The Company, like other broker dealers and investment advisors, is directly affected by general economic and market conditions, including fluctuations in volume and price level of securities, changes in interest rates and securities brokerage services, all of which have an impact on the Company’s liquidity.

**2. Summary of Significant Accounting Policies**

*The following are the significant accounting policies followed by the Company:*

*Cash and Cash Equivalents and Concentration of Credit Risks* - The Company considers its investments in financial instruments with original maturities of less than ninety 90 days when issued to be cash equivalents. The Company maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk related to cash.

*Fee Revenues* - Fee revenue includes fees earned from providing merger and acquisition and financial advisory services. These fee revenues are recognized when earned based on the terms of the related contracts. Fee revenue related to financial transactions is recognized when the transaction closes.

*Income Taxes* - The Company is treated as a partnership for federal and state income tax purposes and therefore, does not record a provision for income taxes. Accordingly, the individual partners report their share of the Company’s income or loss on their personal income tax returns.

The Company recognizes and discloses uncertain tax positions in accordance with accounting principles generally accepted in the United States of America (GAAP). As of, and during the year ended December 31, 2016 the Company did not have liability for unrecognized tax benefits. The Company is no longer subject to examination by federal and state taxing authorities prior to 2013.

*Fees Receivable* - The Company carries its fees receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its fees receivable and establishes an allowance for doubtful accounts based on a history of past write-offs and collections and current credit conditions. Accounts are written-off as uncollectible once the Company has exhausted its collection means. There was no allowance for doubtful accounts as of December 31, 2016.

*Fair Value* - The fair value of the securities owned is determined by the Company’s management, giving consideration to operating results, financial condition, recent sales prices of issuers' securities and other pertinent information. Because of inherent uncertainty of valuations, estimated fair values may differ significantly from the values that would have been used had a ready market for the securities existed, and those differences could be material. The Company may also have risk associated with its concentration of investments in certain geographical areas and certain industries.

**Fairmount Partners LP**  
**Notes to Financial Statement (Continued)**  
**December 31, 2016**

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

As required by the fair value topic of the FASB Accounting Standards Codification, fair value is defined as the price that the Company would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The topic also establishes a framework for measuring fair value and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. The three-tier hierarchy of inputs is summarized below:

Level 1 - quoted prices in active markets for identical investments

Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 - significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table summarizes the valuation of the Company's investments by the above fair value hierarchy levels as of December 31, 2016:

Securities Owned:		<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>
Common Stocks	\$	-	\$	-	\$	77,776

The following table sets forth a summary of the changes in the fair value of the Fund's level 3 investments for the year ended December 31, 2016:

	<u>Investments</u>
Balance beginning year	\$ 77,776
Changes to investments	-
Balance end of year	\$ 77,776

*Use of estimates* - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

*Subsequent events* - Management has evaluated the impact of all subsequent events through February 27, 2017 the date the financial statements were available to be issued and has determined that there were no subsequent events requiring disclosure in these financial statements.



**Fairmount Partners LP**  
**Notes to Financial Statement (Continued)**  
**December 31, 2016**

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**3. Net capital requirement**

The Company is a member of the FINRA and is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule 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, 2016, the Company's net capital was \$1,967,388 which was \$1,790,902 in excess of its minimum requirement of \$76,486. The Company's net capital ratio was 0.61 to 1.

**4. Exemption from Rule 15c3-3**

The Company is exempt from SEC Rule 15c3-3 pursuant to the exemptive provision under subparagraph (k)(2)(i) and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers."

**5. Transactions with affiliates**

The Company leases its employees from an affiliate. The Company records the actual compensation and benefits that are paid to the employees and pays the affiliate a service fee. The Company also leases its offices from the affiliate on a month to month basis.