

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

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

SEC FILE NUMBER
8-48509

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 01/01/16 AND ENDING 12/31/16
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: TRUSTFIRST, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

265 BROOKVIEW CENTRE WAY, SUITE 504

(No. and Street)

KNOXVILLE

TN

37919

(City)

(State)

(Zip Code)

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

DONALD TAYLOR - 865 583-7390

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

SHEDJAMA, INC. - dba EDWARD OPPERMAN, CPA

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

1901 KOSSUTH STREET

LAFAYETTE

INDIANA

47905

(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)

OATH OR AFFIRMATION

I, DONALD TAYLOR, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TRUSTFIRST, INC., 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:



Theresa R. Nations

Notary Public

My Commission Expires September 29, 2018

[Signature]

Signature

PRESIDENT

Title

This report ** contains (check all applicable boxes):

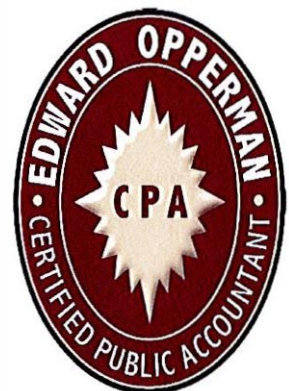
- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated 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).

TRUSTFIRST, INC.

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2016



EDWARD OPPERMAN, CPA
CERTIFIED PUBLIC ACCOUNTANT

"NOT JUST YOUR ACCOUNTANT, YOUR PARTNER IN SUCCESS"

TRUSTFIRST, INC.

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CERTIFIED PUBLIC ACCOUNTANT & BUSINESS CONSULTANT

1901 Kossuth Street | Lafayette, IN 47905 | 765-588-4335



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e@edwardoppermancpa.com | www.edwardoppermancpa.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Trustfirst, Inc.
Knoxville, Tennessee

We have audited the accompanying statement of financial condition of Trustfirst, Inc., (a Tennessee corporation), as of December 31, 2016, and the related statements of income, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended. These financial statements are the responsibility of Trustfirst, Inc.'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 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 Trustfirst, Inc. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Schedule of Computation of Net Capital Requirements – Schedules I, II, III, and IV has been subjected to audit procedures performed in conjunction with the audit of Trustfirst, Inc.'s financial statements. The supplemental information is the responsibility of Trustfirst, Inc.'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 Schedule of Computation of Net Capital Requirements – Schedules I, II, III, and IV is fairly stated, in all material respects, in relation to the financial statements as a whole.

SHEDJAMA, INC.
dba Edward Opperman, CPA
Lafayette, Indiana
February 25, 2017

TRUSTFIRST, INC.
STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2016

ASSETS

ASSETS

Cash and cash equivalents	\$	86,496
Accounts receivable		80,950
Other assets		30,494
Deferred tax benefit		16,700
Property and Equipment, at Cost,		
Less Accumulated Depreciation of \$36,596		1,679

TOTAL ASSETS

\$ 216,319

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Payable to clearing agent	\$	484
Accrued expenses		89,044
Deferred federal and state income taxes		2,737

TOTAL LIABILITIES

92,265

STOCKHOLDERS' EQUITY

Common Stock (No Par Value, authorized 200,000 shares, 100,00 issued, 69,112 outstanding)		354,300
Additional Paid In Capital		161,500
Retained Deficit		(200,443)
Treasury Stock, 30,888 Shares at Cost		(191,303)

TOTAL STOCKHOLDERS' EQUITY

124,054

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 216,319

TRUSTFIRST, INC.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

REVENUE

Commissions and fees	\$ 1,099,201
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TOTAL REVENUE	<u>1,099,201</u>
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EXPENSES

Commissions	777,986
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Occupancy and equipment costs	83,516
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Clearing Expense	73,192
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Brokerage service expense	17,099
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Professional fees	54,478
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Office supplies and postage	8,436
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Other expenses	49,536
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TOTAL EXPENSES	<u>1,064,243</u>
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Net Income Before Income Tax	34,958
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Income Tax Benefits (Expense)	<u>14,606</u>
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Net Income Before Equity in Income of Investee	49,564
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Equity in Income of Investee	<u>-</u>
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NET INCOME	<u><u>\$ 49,564</u></u>
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Earnings (Loss) per share of common stock	\$ 49.56
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TRUSTFIRST, INC.**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Capital Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Total
BEGINNING BALANCE	\$ 354,300	\$ 161,500	\$ (191,303)	\$ (250,007)	\$ 74,490
Additional Paid In Capital	-	-	-	-	-
Stock Issue	-	-	-	-	-
Purchase of Shares	-	-	-	-	-
Net Income	-	-	-	49,564	49,564
ENDING BALANCE	<u>\$ 354,300</u>	<u>\$ 161,500</u>	<u>\$ (191,303)</u>	<u>\$ (200,443)</u>	<u>\$ 124,054</u>

TRUSTFIRST, INC.**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$	49,564
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		2,100
(Increase) decrease in operating assets:		
(Increase) in commissions receivable		5,453
(Increase) in other assets		(32,530)
Increase (decrease) in operating liabilities:		
Increase in payable to clearing agent		(1,038)
Increase in accrued expenses		(2,084)
Net cash provided by operating activities		<u>21,465</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 21,465

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 65,031

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 86,496

SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES

Cash Paid During the Year for:

Interest	\$	883
Income Taxes	\$	-

TRUSTFIRST, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2016

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Company's financial statements. The financial statements, notes and supplemental schedules are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP). Significant accounting policies are:

- a. Nature of Operations— TrustFirst, Inc. (the Company), formed in 1995 and located in Knoxville, Tennessee, is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA) offering securities in stocks, bonds, and options to the general public.

The Company does not hold security accounts or custodial securities for customers. All security transactions are cleared through Pershing, a subsidiary of The Bank of New York Mellon Corporation who is a member of the New York Stock Exchange (NYSE). The Company's revenue from the services it provides may be affected by securities market conditions.

- b. Cash & Cash Equivalents— For purposes of reporting cash flows, the Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents consist of demand deposit accounts with banks and clearing accounts with Pershing. The Company maintains \$58,700 on deposit with Pershing which is segregated to meet clearing requirements.
- c. Use of Estimates— The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions. Those estimates and assumptions affect certain reported amounts and disclosures. Estimates affect the reported amounts of revenues and expenses during the period. Accordingly, actual results could vary from those estimates.
- d. Accounts Receivable— Customers' security transactions and resulting commissions are recorded on a trade date basis. Commissions receivable consists of commissions from unsettled trades at year end. Commissions receivable are stated at the amount of subsequent collections on the settlement date. As a result, management believes commissions are fully collectible; and therefore, no allowance for bad debts is required.
- e. Property, Plant, Equipment and Depreciation— Property and equipment are stated at cost. Depreciation is computed using primarily the straight-line method and is based on estimated useful lives of five to seven years.
- f. Income Taxes— Income taxes are provided for the tax effects of the transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to the net operating loss carry-forwards and the differences between the tax and financial reporting basis for certain assets. The resulting deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. A valuation allowance is also recorded for deferred tax assets when it is more likely than not that some or all the deferred tax asset may not be realized.

The Company also assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. This measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

TRUSTFIRST, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2016

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

- g. Evaluation of Subsequent Events— Management has evaluated subsequent events through February 26, 2017, which is the date the financial statements were available to be issued

NOTE 2: CONCENTRATIONS OF CREDIT RISK

Financial instruments which subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company periodically has cash deposited in financial institutions in excess of Federal Deposit Corporation (FDIC) limits. The Company also maintains several accounts insured by SIPC up to \$250,000. There were no uninsured bank balances as of December 31, 2016.

NOTE 3: NET CAPITAL REQUIREMENT

The Company, as a registered broker and dealer in securities, is subject to the Uniform Net Capital Rule (Rule 15c3-1) of the Securities and Exchange Commission. The Rule requires the maintenance of minimum net capital and prohibits a broker-dealer from engaging in securities transactions when its "aggregate indebtedness" exceeds fifteen times its "net capital" as those terms are defined in the Rule. Minimum net capital for the Company is \$5,000; however, the Company cannot distribute income to its shareholder until the capital is at least 120% of the minimum net capital, or \$6,000 as of December 31, 2016. At December 31, 2016, the Company had excess net capital of \$44,413.

In addition, the State of Tennessee Department of Commerce and Insurance requires registered investment advisors to maintain \$15,000 of net capital.

NOTE 4: LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

There were no liabilities subordinated to general creditors at December 31, 2016, and there were no changes in liabilities subordinated to general creditors for the year then ended.

TRUSTFIRST, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2016

NOTE 5: INCOME TAXES

Deferred tax liabilities have been provided for taxable temporary differences related to accumulated depreciation. Deferred tax assets have been provided for deductible temporary differences related to net operating losses and charitable contribution carry-forwards. Deferred taxes consisted of the following components:

Deferred Tax Asset – Current	<u>\$16,700</u>
Deferred Tax Asset – Long Term	\$39,999
Deferred Tax Liability – Long Term	(2,737)
Less: Valuation Allowance	<u>(39,999)</u>
Net Deferred Tax Liability – Long Term	<u>(\$2,737)</u>

A valuation allowance will be provided until it is more likely than not that all deferred tax assets will be realized. Realization of deferred tax assets is dependent upon whether there will be sufficient taxable income in particular future years. The Company will continue to evaluate the need for and the amount of the allowance, based on management's evaluation of current results and events and their expectations for the future. The Company has recorded a valuation allowance for 100% of the long-term deferred tax assets.

The Company has federal net operating loss carry-forwards totaling approximately \$111,351 at December 31, 2016. These carry-forwards are available to offset tax liabilities on future income through 2032 for federal income taxes. The Company files income tax returns in the U.S. federal and state jurisdictions. With few exceptions, the Company is no longer subject to examinations by tax authorities for years before 2013. The Company has not accrued or expensed any amounts for interest or penalties associated with income taxes for the year ended December 31, 2016.

NOTE 6: RELATED PARTY TRANSACTIONS

The Company processes certain trades for Trendz Advisors, a company in which the Company's shareholder owns a majority interest. During the year ended December 31, 2016, the Company received net commission income of approximately \$5,000 from these transactions.

The Company's shareholder also owns a 7% interest in DG Properties I, LLC, a nonregistered investment company which was formed in 2011 and owns commercial real estate. TrustFirst, Inc. does not act as custodian for the LLC.

The Company's shareholder also owns a 2.4% interest in DG Income Properties II, LLC, a nonregistered investment company which was formed in 2012 and owns commercial real estate. TrustFirst, Inc. does not act as custodian for the LLC.

The Company's shareholder also owns a 10% interest in Toolles Bend Partners, LLC, a nonregistered investment company which was formed in 2012, but funded in 2013. This LLC owns commercial real estate. TrustFirst, Inc. does not act as custodian for the LLC.

The Company's shareholder also owns a 4% interest in NCDG Properties, LLC, a nonregistered investment company which was formed in 2012 but funded in 2013. This LLC owns commercial real estate. TrustFirst, Inc. does not act as custodian for the LLC.

TRUSTFIRST, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2016

NOTE 6: RELATED PARTY TRANSACTIONS (cont.)

The Company's shareholder also owns an 8.47% interest in Parsons Income Properties, LLC, a nonregistered investment company which was formed in 2014. This LLC owns commercial real estate. TrustFirst, Inc. does not act as custodian for the LLC.

The Company's shareholder also owns a 4.762% interest in Tansi DG Investors, LLC, a nonregistered investment company which was formed in 2016. This LLC owns commercial real estate. TrustFirst, Inc. does not act as custodian for the LLC.

The Company's shareholder also owns a 6.37% interest in Valley DG Properties, LLC, a nonregistered investment company which was formed in 2016. This LLC owns commercial real estate. TrustFirst, Inc. does not act as custodian for the LLC.

The Company's shareholder also owns a 6.294% interest in Cumberland River Income Properties, LLC, a nonregistered investment company which was formed in 2016. This LLC owns commercial real estate. TrustFirst, Inc. does not act as custodian for the LLC.

In 2009, the Company's chief executive officer, individually, purchased outstanding stock in the Company held by two other parties. These purchases resulted in the chief executive officer becoming 100% owner of the Company. The Company's chief executive officer, individually, and the two parties also agreed to note payable arrangements which allow for payments of the purchase price for the stock over time. These payments are tied to operating revenues of the Company. The Company has not guaranteed the stock purchase agreements or the notes payable and is not contractually obligated to make payments.

NOTE 7: CONTINGENCIES

In the normal course of conducting its business, the Company may be involved in legal proceedings. Currently, the Company is not involved in any proceedings related to litigation, claims or assessments against the Company or management. Due to the nature and scope of the Company's business which brings it into regular contact with the general public, a variety of businesses, and multiple governmental entities which regulate and examine its operations, the Company is inherently subject to the hazards of potential litigation, claims and assessments. Additionally, the routine examinations performed by the Company's regulators could result in findings and rule violations which have an adverse effect on the Company. Currently, management is not aware of any such conditions.

TRUSTFIRST, INC.
COMPUTATION OF NET CAPITAL REQUIREMENTS
AS OF DECEMBER 31, 2016
SCHEDULES I, II, III and IV

SCHEDULE I: COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1

Total ownership equity from Statement of Financial Condition	\$	124,054
less nonallowable assets from Statement of Financial Condition		<u>(73,487)</u>
Net capital before haircuts on securities positions		50,567
Haircuts on Securities		<u>-</u>
Net Capital	\$	<u>50,567</u>

**SCHEDULE II: COMPUTATION OF AGGREGATE INDEBTEDNESS AND EXCESS CAPITAL
UNDER RULE 15c3-1**

Total aggregate indebtedness	\$	92,265
Net capital required based on aggregate indebtedness (6-2/3%)		6,154
Ratio of Aggregate Indebtedness to Net Capital		182.46%

Computation of Basic Net Capital Requirement

Net Capital		50,567
less Net Capital Requirement		<u>6,154</u>
Excess Net Capital	\$	<u>44,413</u>

Computation of Aggregate Indebtedness

Required Net Capital (Greater of (A) of (B))		
(A) 120% of Minimum Net Capital		6,000
(B) 10% of Total Aggregate Indebtedness		<u>9,265</u>
Net Capital in Excess of Required Amount	\$	<u>41,302</u>

**SCHEDULE III: COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENT UNDER
RULE 15c-3-3 AND INFORMATION RELATED TO THE POSSESSION OR CONTROL
REQUIREMENTS UNDER RULE 15c3-1**

TrustFirst, Inc. is exempt from the computation of determination of the reserve requirement under provisions of Rule 15c3-3 subparagraph (k) (2) (ii)

SCHEDULE IV: MATERIAL INADEQUACIES UNDER RULE 17a-5(j)

Material Inadequacy: None
Corrective Action Taken or Proposed: Not Applicable

**RECONCILIATION BETWEEN AUDITED COMPUTATION OF NET CAPITAL TO UNAUDITED NET
CAPITAL COMPUTATION AS REPORTED ON DECEMBER 31, 2016 PART IIA FILING**

At December 31, 2016, there were no material differences between audited net capital, above, and net capital as reported in the Firm's Part IIA (unaudited) FOCUS report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL UNDER SEC RULE 17A-5(g)(1)**

The Board of Directors
Trustfirst, Inc.
Knoxville Tennessee

In planning and performing our audit of the financial statements of Trustfirst, Inc. as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Trustfirst, Inc.'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 Trustfirst, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Trustfirst, Inc. 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 Trustfirst, Inc., 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 provisions of Rule 15c3-3. Because Trustfirst, Inc. 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:

- Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
- 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 Trustfirst, Inc. is responsible for establishing and maintaining 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 previously 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 *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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 previously.

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 Trustfirst, Inc.'s practices and procedures, as described in the second paragraph of this report, were adequate at February 24, 2017, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that 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.

A handwritten signature in blue ink, appearing to read 'E. Opperman', with a stylized flourish extending from the end.

SHEDJAMA, INC.
dba Edward Opperman, CPA
Lafayette, Indiana
February 25, 2017

CERTIFIED PUBLIC ACCOUNTANT & BUSINESS CONSULTANT

1901 Kossuth Street | Lafayette, IN 47905 | 765-588-4335



"NOT JUST YOUR ACCOUNTANT, YOUR PARTNERS IN SUCCESS"

e@edwardoppermancpa.com | www.edwardoppermancpa.com

**INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED UPON PROCEDURES
RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

The Board of Directors
Trustfirst, Inc.
Knoxville, Tennessee

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with SIPC Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2016, which were agreed to by Trustfirst, Inc. and SIPC, Securities and Exchange Commission, and Financial Industry Regulatory Authority, Inc., solely to assist you and the other specified parties in evaluating Trustfirst, Inc.'s compliance with the applicable instructions of Form SIPC-7. Trustfirst, Inc.'s management is responsible for Trustfirst, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 (FOCUS Report) for the year ended December 31, 2016 with the amounts reported in Form SIPC-7 for the year ended December 31, 2016, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences; and
- 5) Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.



SHEDJAMA, INC
dba Edward Opperman, CPA
Lafayette, Indiana
February 25, 2017

SIPC-7

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION

P.O. Box 92185 Washington, D.C. 20090-2185

202-371-8300

General Assessment Reconciliation**SIPC-7**

(33-REV 7/10)

For the fiscal year ended 12/31/2016

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

17*17*****2159*****MIXED AADC 220

48509 FINRA DEC

TRUSTFIRST

265 BROOKVIEW CENTRE WAY STE 504

KNOXVILLE TN 37919-4066

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Terri Nations 865-583-7390

2. A. General Assessment (item 2e from page 2) \$ 1503
- B. Less payment made with SIPC-6 filed (exclude Interest) (751)
- 7129/16
Date Paid
- C. Less prior overpayment applied ()
- D. Assessment balance due or (overpayment) 752
- E. Interest computed on late payment (see instruction E) for days at 20% per annum
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 752
- G. PAYMENT: ☒ the box
Check mailed to P.O. Box ☒ Funds Wired ☐
Total (must be same as F above) \$ 752
- H. Overpayment carried forward \$()

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

TrustFirst, Inc

(Name of Corporation, Partnership or other organization)

Theresa A Nations

(Authorized Signature)

Dated the 24 day of February, 20 17.Corp Secretary / Operations Manager

(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWERDates: Postmarked Received Reviewed Calculations Documentation Forward Copy Exceptions: Disposition of exceptions:

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning 1/1/2016
and ending 12/31/2016

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

Eliminate cents

\$ 1,109,200

2b. Additions:

(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.

(2) Net loss from principal transactions in securities in trading accounts.

(3) Net loss from principal transactions in commodities in trading accounts.

(4) Interest and dividend expense deducted in determining item 2a.

(5) Net loss from management of or participation in the underwriting or distribution of securities.

(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.

(7) Net loss from securities in investment accounts.

Total additions

0

2c. Deductions:

(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.

313,713

(2) Revenues from commodity transactions.

(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.

55,745

(4) Reimbursements for postage in connection with proxy solicitation.

(5) Net gain from securities in investment accounts.

(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.

(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).

(8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C):

Private Placements

128,661

(Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ 881

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ 825

Enter the greater of line (i) or (ii)

881

Total deductions

499,000

2d. SIPC Net Operating Revenues

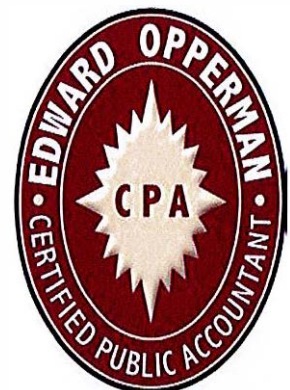
\$ 601,200

2e. General Assessment @ .0025

\$ 1503

(To page 1, line 2.A.)

***TRUSTFIRST, INC.
BROKER DEALER EXEMPTION REPORT
SEC RULE 15C3-3
DECEMBER 31, 2016***



***EDWARD OPPERMAN, CPA
CERTIFIED PUBLIC ACCOUNTANT***

"NOT JUST YOUR ACCOUNTANT, YOUR PARTNER IN SUCCESS"

CERTIFIED PUBLIC ACCOUNTANT & BUSINESS CONSULTANT

1901 Kossuth Street | Lafayette, IN 47905 | 765-588-4335



"NOT JUST YOUR ACCOUNTANT, YOUR PARTNERS IN SUCCESS"

e@edwardoppermancpa.com | www.edwardoppermancpa.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Trustfirst, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report of Brokers and Dealers, in which Trustfirst, Inc., identified the following provisions of 17 C.F.R. § 15c3-3(k) under which the Firm claimed an exemption from 17 C.F.R. § 240.15c3-3: (2) (ii), and Trustfirst, Inc. stated that Trustfirst, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception Trustfirst, 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 the Firm'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.

Sincerely,

SHEDJAMA, INC.
dba Edward Opperman, CPA
Lafayette, Indiana
February 25, 2017

TRUSTFIRST, INC.
265 BROOKVIEW CENTRE WAY, SUITE 504
KNOXVILLE, TN 37919

EXEMPTION STATEMENT REGARDING RULE 15c3-3

TrustFirst, Inc. (CRD# 39057, SEC# 8-48509) is a \$5,000 minimum net capital non-carry, non-clearing broker/dealer and is exempt from reserve requirement, with exemptions, according to Rule 15c3-3 (k) (2) (ii) "All customer transactions cleared through another broker-dealer on a fully disclosed basis".

TrustFirst, Inc., used Pershing, LLC as the clearing firm, throughout the year without exception.

TrustFirst, Inc., has met this exemption provision throughout the year ended December 31, 2016 without exception.

To the best of my knowledge TrustFirst, Inc. has followed all the rules and regulation of Rule 15c3-3 throughout the year ended December 31, 2016.

Sincerely,

Signature: 

DONALD TAYLOR, PRESIDENT
TRUSTFIRST, INC.
FEBRUARY 25, 2017