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SEC  
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Section  
**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**

SEC FILE NUMBER  
**8- 67061**

FEB 24 2016

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 01/01/15 AND ENDING 12/31/15  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER - DEALER:  
Pacer Financial, Inc.

OFFICIAL USE ONLY  
\_\_\_\_\_  
FIRM ID. NO.

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

16 Industrial Blvd. Suite 201

(No. and Street)

Paoli

(City)

PA

(State)

19301

(Zip Code)

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

Joe Thomson

610-644-7223

(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)

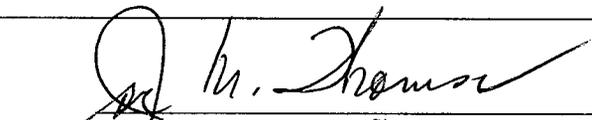
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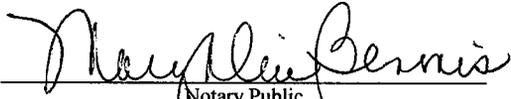
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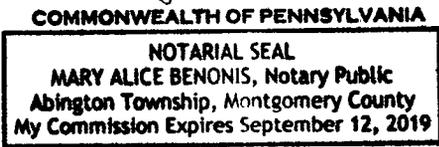
## OATH OR AFFIRMATION

I, Joe M. Thomson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pacer Financial, Inc., as of December 31, 2015, 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:

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

  
\_\_\_\_\_  
Signature  
  
Principal Executive Officer  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
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.
- N/A  (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  (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Exemption Report.

\*\*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

MEMBERS OF  
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NEW YORK, NY 10178  
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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

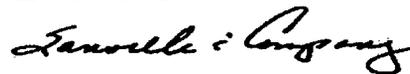
Board of Directors  
Pacer Financial, Inc.

We have audited the accompanying statement of financial condition of Pacer Financial, Inc. (the "Company"), as of December 31, 2015, 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 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 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 Pacer Financial, Inc. as of December 31, 2015, 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 I, Computation of Net Capital Under SEC Rule 15c3-1 of the Securities and Exchange Commission and Schedule II, Computation for Determination of Reserve Requirements Under SEC Rule 15c3-3 of the Securities and Exchange Commission have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the Schedule I, Computation of Net Capital Under SEC Rule 15c3-1 of the Securities and Exchange Commission and Schedule II, Computation for Determination of Reserve Requirements Under SEC Rule 15c3-3 of the Securities and Exchange Commission are fairly stated, in all material respects, in relation to the financial statements as a whole.



Abington, Pennsylvania  
February 19, 2016

**Pacer Financial, Inc.**  
**Statement of Financial Condition**  
**December 31, 2015**

---

**Assets**

Cash and cash equivalents	\$	1,328,581
Commissions and fees receivable		38,638
Other receivables		22,700
Due from affiliate		148,001
Other assets		<u>1,001</u>
Total assets	\$	<u><u>1,538,921</u></u>

**Liabilities and Stockholders' Equity**

**Liabilities**

Accrued interest payable to stockholder	\$	82,512
Accrued expenses		<u>27,748</u>
		110,260

**Commitments and contingencies and guarantees:**

Subordinated borrowings		<u>600,000</u>
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Total liabilities		<u>710,260</u>
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**Stockholders' Equity**

Common stock, no par value -1,000 shares authorized 1,000 issued and outstanding		100,000
Additional paid-in capital		10,758,870
Accumulated deficit		<u>(10,030,209)</u>

Total stockholders' equity		<u>828,661</u>
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Total liabilities and stockholders' equity	\$	<u><u>1,538,921</u></u>
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The accompanying notes are an integral part of these financial statements.

**Pacer Financial, Inc.**  
**Statement of Operations**  
**For the Year Ended December 31, 2015**

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**Revenue**

Commissions and fees	\$	3,992,755
Money market fund dividends		74
Litigation settlement		<u>6,000,000</u>
Total income		<u>9,992,829</u>

**Expenses**

Expense reimbursement - affiliated company		5,856,294
Professional fees		453,721
Regulatory fees and expenses		63,929
Other expenses		33,096
Interest expense		32,000
Taxes, other than taxes on income		<u>3,061</u>
Total expenses		<u>6,442,101</u>
<b>Net income</b>	<b>\$</b>	<b><u><u>3,550,728</u></u></b>

The accompanying notes are an integral part of these financial statements.

**Pacer Financial, Inc.**  
**Statement of Changes in Stockholders' Equity**  
**For the Year Ended December 31, 2015**

	<u>Common Stock Shares</u>		<u>Common Stock Amount</u>		<u>Additional Paid-in Capital</u>		<u>Deficit</u>		<u>Total Stockholders' Equity</u>
<b>Balance at January 1, 2015</b>	1,000	\$	100,000	\$	9,672,503	\$	( 9,812,937)	\$	( 40,434)
Additional capital contributions	-		-		1,086,367		-		1,086,367
Distributions	-		-		-		( 3,768,000)		(3,768,000)
Net income for the year	-		-		-		3,550,728		3,550,728
<b>Balance at December 31, 2015</b>	<u>1,000</u>	<u>\$</u>	<u>100,000</u>	<u>\$</u>	<u>10,758,870</u>	<u>\$</u>	<u>(10,030,209)</u>	<u>\$</u>	<u>828,661</u>

The accompanying notes are an integral part of these financial statements.

**Pacer Financial, Inc.**

**Statement of Changes in Liabilities Subordinated to Claims of General Creditors**

**For the Year Ended December 31, 2015**

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<b>Subordinated borrowings at January 1, 2015</b>	<b>\$ 600,000</b>
Increases:	-
Decreases:	-
<b>Subordinated borrowings at December 31, 2015</b>	<b>\$ <u>600,000</u></b>

The accompanying notes are an integral part of these financial statements.

**Pacer Financial, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2015**

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Cash flows from operating activities:

Net income	\$ 3,550,728
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in assets and liabilities	
(Increase) decrease in assets:	
Commissions and fees receivable	205,541
Other receivables	4,243
Due from affiliate	( 120,683)
Other assets	5,485
Increase (decrease) in liabilities:	
Accrued interest payable to stockholder	32,000
Accrued expenses	<u>9,526</u>
Net cash provided by operating activities	<u>3,686,840</u>
Cash flows from financing activities:	
Additional capital contributions	1,086,367
Distributions	<u>( 3,768,000)</u>
Net cash used in financing activities	<u>( 2,681,633)</u>
Net increase in cash and cash equivalents	1,005,207
Cash and cash equivalents beginning of year	<u>323,374</u>
Cash and cash equivalents end of year	<u>\$ 1,328,581</u>
Supplemental disclosures of cash flow information	
Cash paid during the year for:	
Interest	\$ <u><u>-</u></u>
Income taxes	\$ <u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

**Pacer Financial, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

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**1. Organization**

Pacer Financial, Inc. (“The Company”) is a registered broker dealer with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”). The Company is incorporated under the laws of the Commonwealth of Pennsylvania. The Company, like other broker dealers and investment advisors, is directly affected by general economics 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:*

*Revenue* – Revenue from the sale of mutual funds, variable annuities and exchange traded funds is recognized when it is earned.

*Concentration of credit risks* - The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk related to cash.

*Cash and cash equivalents* - The Company includes as cash and cash equivalents amounts invested in money market mutual funds.

*Income taxes* – The Company has elected to be taxed under the provision of Subchapter S of the Internal Revenue Code and similar state provisions. Under these provisions, the Company does not pay federal or state corporate income taxes on its taxable income. Accordingly, no provision has been made for federal or state income tax for the year ended December 31, 2015, in the accompanying financial statements.

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, 2015 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 2012.

*Fair value* - The Company utilizes various methods to measure the fair value of most of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of inputs are as follows:

*Level 1.* Unadjusted quoted prices in active markets for identical assets or liabilities that the company has the ability to access.

*Level 2.* Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.

**Pacer Financial, Inc.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015**

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

*Level 3.* Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the company's own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table summarizes the valuation of the Company's investments by the above fair value hierarchy levels as of December 31, 2015:

Securities owned:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds (included in cash and cash equivalents)	\$ 149,598	\$ -	\$ -

*Use of Estimates* - The preparation of financial statements in conformity with 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 19, 2016 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.

**3. Concentrations**

The Company has not generated significant revenues to maintain its operations, and thus has been dependent on the Parent to make capital contributions from time to time to support its operations and to maintain compliance with SEC Rule 15c3-1. The Company will likely continue to depend on the Parent for these capital contributions. The Parent has committed to continue providing the necessary capital to maintain compliance with SEC Rule 15c3-1.

**4. Computation for Determination of Reserve Requirements**

The Company will operate in accordance with the exemptive provisions of paragraph (k)(2)(i) of SEC Rule 15c3-3. The Company does not carry securities accounts for customers.

**Pacer Financial, Inc.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015**

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**5. Net Capital Requirements**

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, 2015, the Company's net capital was \$1,202,829 which was \$1,197,829 in excess of its minimum requirement of \$5,000. The Company's net capital ratio was 0.02 to 1.

**6. Liabilities Subordinated to Claims of General Creditors**

There are two borrowings under a subordination agreement at December 31, 2015. The first is a \$200,000 Subordinated Loan Agreement, 6%, originally due July 31, 2007 with an amended maturity to August 10, 2018 executed during the year. The second borrowing is a \$400,000 loan, 5%, originally due January 31, 2009 with an amended maturity to January 31, 2018 executed during the year. The borrowings are available in computing the net capital under the SEC's uniform net capital rule. To the extent that such borrowing is required for the Company's continued compliance with the minimum net capital requirements, it may not be repaid. The subordinated borrowings have been approved by FINRA. The borrowings were funded by the Company's majority stockholder. Interest expense for the year ended December 31, 2015 under such borrowings was \$32,000.

**7. Transactions with Affiliates**

The Company has an Expense Agreement (the "Agreement") with an affiliated company, PF, LLC, that will pay all of the operating expenses of the Company with the exception of direct expenses that are in the name of the Company, all regulatory fees and expenses, and any securities commissions to registered representatives of the Company. Expenses paid to the affiliate under the expense sharing agreement totaled \$5,856,294 for the year ended December 31, 2015.

The Company entered into a Sales and Marketing Agreement with Pacer Advisors, Inc. ("PAI"), an affiliate effective December 1, 2014. Under the sales and marketing agreement, PFI will receive a fee if PAI receives an outperformance fee measured quarterly. In 2015 PAI launched Pacer Funds, a family of ETFs. Under the sales and marketing agreement the Company receives 80% of the monthly investment advisory fee after the direct expenses paid by PAI for the Pacer Funds. The Company received fees totaling \$817,721 under the sales and marketing agreement for the year ended December 31, 2015.

**Pacer Financial, Inc.**  
**Computation of Net Capital Under Rule 15c3-1**  
**of the Securities and Exchange Commission**  
**December 31, 2015**

**Schedule I**

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COMPUTATION OF NET CAPITAL

Total stockholders' equity	\$ 828,661
Deduct stockholder's equity not allowable for Net Capital:	<u>-</u>
Total stockholder's equity qualified for Net Capital	<u>828,661</u>
Liabilities subordinated to claims of general creditors allowable in the computation of net capital	<u>600,000</u>
Total capital and and allowable subordinated liabilities	1,428,661
Deductions and/or charges:	
Non-allowable assets:	
Commissions and fees receivable	38,638
Other receivables	22,700
Due from affiliate	148,001
Other assets	<u>1,001</u>
Total non-allowable assets	210,340
Other charges - fidelity bond deductible	<u>12,500</u>
Total	<u>222,840</u>
Net Capital before haircuts on securities positions	1,205,821
Trading and investment securities:	
Money market fund	<u>2,992</u>
Net Capital	<u>\$ 1,202,829</u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total aggregate indebtedness liabilities from Statement of Financial Condition	\$ <u>27,748</u>
Total aggregate indebtedness	\$ <u><u>27,748</u></u>
Percentage of aggregate indebtedness to Net Capital	2%
Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	-

**Pacer Financial, Inc.**  
**Computation of Net Capital Under Rule 15c3-1**  
**of the Securities and Exchange Commission**  
**December 31, 2015**

**Schedule I (continued)**

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COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum Net Capital (6 2/3% of \$27,748)	\$	1,850
Minimum dollar Net Capital requirement of reporting broker or dealer and minimum Net Capital requirement	\$	5,000
Net Capital requirement	\$	5,000
Excess Net Capital	\$	1,197,829
Net Capital less greater of 10% of aggregate indebtedness or 120% of minimum net capital	\$	1,196,829

RECONCILIATION BETWEEN COMPUTATION OF ANNUAL AUDIT REPORT  
AND COMPUTATION IN COMPANY'S UNAUDITED FOCUS REPORT

Computation of Net Capital Under Rule 15c3-1

No material difference exists between the broker's most recent, unaudited, Part IIA filing and the Annual Audit Report.

**Pacer Financial, Inc.**

**Computation for Determination of Reserve Requirements**

**Under Rule 15c3-3 of the Securities and Exchange Commission**

**December 31, 2015**

**Schedule II**

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The Company is exempt from the provisions of Rule 15c3-3 in accordance with Section (k)(2)(i).

**RECONCILIATION BETWEEN COMPUTATION OF ANNUAL AUDIT REPORT  
AND COMPUTATION IN COMPANY'S UNAUDITED FOCUS REPORT**

**Computation for Determination of Reserve Requirements Under  
Exhibit A of Rule 15c3-3**

No material difference exists between the broker's most recent, unaudited, Part IIA filing and the Annual Audit Report.

# 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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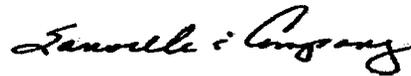
## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors  
Pacer Financial, Inc.

We have reviewed management's statement, included in the accompanying Exemption Report in which (1) Pacer Financial, Inc. (the "Company") identified the following provisions of 17 C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3:(2)(i) (the "exemption provisions") and (2) the Company stated that the Company met the identified exemptive provisions throughout the most recent fiscal year without exception. The Company stated that the Company'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 Company'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)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.



Abington, Pennsylvania  
February 19, 2016

**Pacer Financial, Inc.**

**Exemption Report**

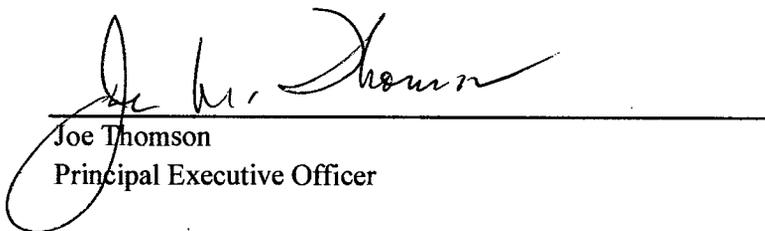
**Under Rule 17a-5(d)(4) of the Securities and Exchange Commission**

**December 31, 2015**

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In accordance with the Company's membership agreement with FINRA the Company is designated to operate under the exemptive provisions of paragraph (k)(2)(i). The Company does not handle cash or securities on behalf of customers. Therefore, the Company, to its best knowledge and belief, is in compliance with Rule 15c3-3 and has been so throughout the year ended December 31, 2015.

Signed,



Joe Thomson  
Principal Executive Officer

# Sanville & Company

CERTIFIED PUBLIC ACCOUNTANTS

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

1514 OLD YORK ROAD ABINGTON, PA 19001  
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## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AGREED-UPON PROCEDURES REPORT ON SCHEDULE OF ASSESSMENTS AND PAYMENTS (SIPC-7)

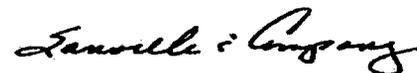
To the Board of Directors of  
Pacer Financial, Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments to the Securities Investor Protection Corporation (SIPC) for the period from January 1, 2015 to December 31, 2015 which were agreed to by Pacer Financial, Inc. ("the Company") and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of Form SIPC-7. The Company's management is responsible for the Company's compliance with those standards. 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 journal entries noting no differences.
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2015, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2015 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers prepared by management noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected Form SIPC-7 and in the related schedules and working papers prepared by management 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.



Abington, Pennsylvania  
February 19, 2016

**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**

For the fiscal year ended 12/31/2015

(Read carefully the Instructions In your Working Copy before completing this Form)

**SIPC-7**

(33-REV 7/10)

**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:

15\*15\*\*\*\*\*1753\*\*\*\*\*MIXED AADC 220  
067061 FINRA DEC  
PACER FINANCIAL INC  
16 INDUSTRIAL BLVD STE 201  
PAOLI PA 19301-1609

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.

Paul Giorgio 610-455-2219

2. A. General Assessment (Item 2e from page 2) \$ 19,618.32

B. Less payment made with SIPC-6 filed (exclude Interest) ( 4,045.77 )

7/23/15  
Date Paid

C. Less prior overpayment applied ( \_\_\_\_\_ )

D. Assessment balance due or (overpayment) 15,572.55

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) \$ 15,572.55

G. PAID WITH THIS FORM:

Check enclosed, payable to SIPC  
Total (must be same as F above)

\$ 15,572.55

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.

Dated the 16<sup>th</sup> day of February, 20 16.

Pacer Financial Inc.

(Name of Corporation, Partnership or other organization)

[Signature]

(Authorized Signature)

FINANCIAL PRINCIPAL

(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.

<b>SIPC REVIEWER</b>	Dates:	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 1/1/2015  
and ending 12/31/2015

Item No.  
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

Eliminate cents  
\$ 9,992,829

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

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.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (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):

2,145,501  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

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

Total deductions

2,145,501  
7,847,328

2d. SIPC Net Operating Revenues

\$ \_\_\_\_\_

2e. General Assessment @ .0025

\$ 19,618.32  
(to page 1, line 2.A.)

**Pacer Financial, Inc.**  
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**December 31, 2015**

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**FINANCIAL STATEMENTS**

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Report of Independent Registered Public Accounting Firm  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: September 30, 1998  
Estimated average burden  
hours per response . . .12.00

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

SEC FILE NUMBER  
8- 67061

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 01/01/15 AND ENDING 12/31/15  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:  
Pacer Financial, Inc.

OFFICIAL USE ONLY  
FIRM ID. NO.

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

16 Industrial Blvd. Suite 201

(No. and Street)

Paoli PA 19301  
(City) (State) (Zip Code)

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

Joe Thomson 610-644-7223  
(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 Abington PA 19001  
(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).

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 a currently valid OMB control number.

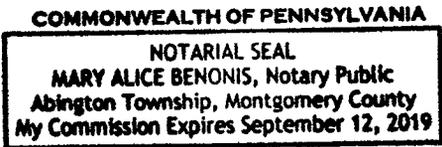
OATH OR AFFIRMATION

I, Joe M. Thomson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pacer Financial, Inc., as of December 31, 2015, 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:

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

*Joe M. Thomson*  
\_\_\_\_\_  
Signature  
Principal Executive Officer  
\_\_\_\_\_  
Title

*Mary Alice Benonis*  
\_\_\_\_\_  
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.
- N/A  (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  (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  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
PENNSYLVANIA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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

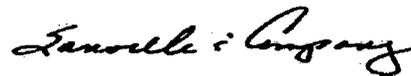
## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Pacer Financial, Inc.

We have audited the accompanying statement of financial condition of Pacer Financial, Inc. (the "Company") as of December 31, 2015. 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 Pacer Financial, Inc. as of December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.



Abington, Pennsylvania  
February 19, 2016

**Pacer Financial, Inc.**  
**Statement of Financial Condition**  
**December 31, 2015**

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**Assets**

Cash and cash equivalents	\$ 1,328,581
Commissions and fees receivable	38,638
Other receivables	22,700
Due from affiliate	148,001
Other assets	<u>1,001</u>
Total assets	<u><u>\$ 1,538,921</u></u>

**Liabilities and Stockholders' Equity**

**Liabilities**

Accrued interest payable to stockholder	\$ 82,512
Accrued expenses	<u>27,748</u>
	110,260

**Commitments and contingencies and guarantees:**

Subordinated borrowings	<u>600,000</u>
Total liabilities	<u>710,260</u>

**Stockholders' Equity**

Common stock, no par value -1,000 shares authorized	
1,000 issued and outstanding	100,000
Additional paid-in capital	10,758,870
Accumulated deficit	<u>(10,030,209)</u>

Total stockholders' equity	<u>828,661</u>
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Total liabilities and stockholders' equity	<u><u>\$ 1,538,921</u></u>
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The accompanying notes are an integral part of these financial statements.

**Pacer Financial, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

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**1. Organization**

Pacer Financial, Inc. (“The Company”) is a registered broker dealer with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”). The Company is incorporated under the laws of the Commonwealth of Pennsylvania. The Company, like other broker dealers and investment advisors, is directly affected by general economics 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:*

*Revenue* – Revenue from the sale of mutual funds, variable annuities and exchange traded funds is recognized when it is earned.

*Concentration of credit risks* - The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk related to cash.

*Cash and cash equivalents* - The Company includes as cash and cash equivalents amounts invested in money market mutual funds.

*Income taxes* – The Company has elected to be taxed under the provision of Subchapter S of the Internal Revenue Code and similar state provisions. Under these provisions, the Company does not pay federal or state corporate income taxes on its taxable income. Accordingly, no provision has been made for federal or state income tax for the year ended December 31, 2015, in the accompanying financial statements.

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, 2015 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 2012.

*Fair value* - The Company utilizes various methods to measure the fair value of most of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of inputs are as follows:

*Level 1.* Unadjusted quoted prices in active markets for identical assets or liabilities that the company has the ability to access.

*Level 2.* Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.

**Pacer Financial, Inc.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015**

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

*Level 3.* Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the company's own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table summarizes the valuation of the Company's investments by the above fair value hierarchy levels as of December 31, 2015:

Securities owned:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds (included in cash and cash equivalents)	\$ 149,598	\$ -	\$ -

*Use of Estimates* - The preparation of financial statements in conformity with 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 19, 2016 the date the financial statements were available to be issued and has determined that there was a subsequent events requiring disclosure in these financial statements.

**3. Concentrations**

The Company has not generated significant revenues to maintain its operations, and thus has been dependent on the Parent to make capital contributions from time to time to support its operations and to maintain compliance with SEC Rule 15c3-1. The Company will likely continue to depend on the Parent for these capital contributions. The Parent has committed to continue providing the necessary capital to maintain compliance with SEC Rule 15c3-1.

**4. Computation for Determination of Reserve Requirements**

The Company will operate in accordance with the exemptive provisions of paragraph (k)(2)(i) of SEC Rule 15c3-3. The Company does not carry securities accounts for customers.

**Pacer Financial, Inc.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2015**

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**5. Net Capital Requirements**

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, 2015, the Company's net capital was \$1,202,829 which was \$1,197,829 in excess of its minimum requirement of \$5,000. The Company's net capital ratio was 0.02 to 1.

**6. Liabilities Subordinated to Claims of General Creditors**

There are two borrowings under a subordination agreement at December 31, 2015. The first is a \$200,000 Subordinated Loan Agreement, 6%, originally due July 31, 2007 with an amended maturity to August 10, 2016 executed during the year. The second borrowing is a \$400,000 loan, 5%, originally due January 31, 2009 with an amended maturity to January 31, 2016 executed during the year. The borrowings are available in computing the net capital under the SEC's uniform net capital rule. To the extent that such borrowing is required for the Company's continued compliance with the minimum net capital requirements, it may not be repaid. The subordinated borrowings have been approved by FINRA. The borrowings were funded by the Company's majority stockholder. Interest expense for the year ended December 31, 2015 under such borrowings was \$32,000.

**Pacer Financial, Inc.**  
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**FINANCIAL STATEMENT**

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