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**ANNUAL AUDITED REPORT  
(FORM X-17A-5)  
PART III**

FEB 28 2017

SEC FILE NUMBER
8-34532

Washington DC

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: Quest capital strategies, inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
23832 ROCKFIELD BLVD #130

(No. and Street)

LAKE FOREST

CA

92630

(City)

(State)

(Zip Code)

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

CAROLYNE TSAI

949-830-4885

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

KCCW ACCOUNTANCY CORP

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

430 S. GARFIELD AVE., \$489, ALHAMBRA, CA

91801

(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)

L.L.

OATH OR AFFIRMATION

I, CAROLYNE TSAI, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of QUEST CAPITAL STRATEGIES, 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:

Quest Capital Strategies Retirement Plan and Defined Benefit  
Carolyn Tsai Trust, IRA and custodial accounts.

  
Signature  
C.F.O.

Title

Erin Donahoo - Please see attached surat  
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 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).

# California Jurat Certificate

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Orange } s.s.

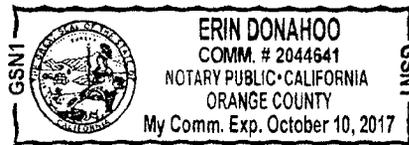
Subscribed and sworn to (or affirmed) before me on this 27 day of February,  
Months

20 17, by Carolyn Tsai and  
Name of Signer (1)

[Signature], proved to me on the basis of  
Name of Signer (2)

satisfactory evidence to be the person(s) who appeared before me.

Erin Donahoe  
Signature of Notary Public



For other required information (Notary Name, Commission No., etc.)

Seal

## OPTIONAL INFORMATION

Although the information in this section is not required by law, it could prevent fraudulent removal and reattachment of this jurat to an unauthorized document and may prove useful to persons relying on the attached document.

### Description of Attached Document

The certificate is attached to a document titled/for the purpose of

Annual Audited Report  
Form Y-17A-5  
Part III

containing 2 pages, and dated 2-27-17

Additional Information
Method of Affiant Identification
Proved to me on the basis of satisfactory evidence: <input checked="" type="radio"/> form(s) of identification <input type="radio"/> credible witness(es)
Notarial event is detailed in notary journal on: Page # <u>57</u> Entry # <u>209</u>
Notary contact: <u>949-831-1878</u>
Other
<input type="checkbox"/> Affiant(s) Thumbprint(s) <input type="checkbox"/> Describe: _____



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Washington DC  
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**QUEST CAPITAL STRATEGIES, INC.**

**FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**December 31, 2016**

**QUEST CAPITAL STRATEGIES, INC.**  
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**December 31, 2016**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of  
Quest Capital Strategies, Inc.:

We have audited the accompanying balance sheet of Quest Capital Strategies, Inc. (the "Company") as of December 31, 2016, and the related statement of income and comprehensive income, stockholders' equity, 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 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Quest Capital Strategies, Inc. as of December 31, 2016 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information contained in Schedules I, II, III, and IV (the "Supplemental Information") has been subject to audit procedures performed in conjunction with the audit of Quest Capital Strategies, Inc.'s financial statements. The Supplemental Information is the responsibility of Quest Capital Strategies, 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 information contained in Schedules I, II, III, and IV is fairly stated, in all material respects, in relation to the financial statements as a whole.



KCCW Accountancy Corp.

Alhambra, California  
February 25, 2017

**Quest Capital Strategies, Inc.**  
**Statement of Financial Condition**  
**December 31, 2016**

**ASSETS**

<b>Current assets:</b>	
Cash and cash equivalents	\$ 607,820
Commissions receivable	213,133
Other receivable	4,030
Prepaid expenses	13,342
Securities owned (Note 3)	1,251
<b>Total current assets</b>	839,576
<b>Pension asset (Note 9)</b>	205,593
<b>Property and equipment, net (Notes 2 and 4)</b>	6,415
<b>Deposits and other assets</b>	5,808
<b>Total assets</b>	\$ 1,057,392

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Current liabilities</b>	
Accrued expenses	\$ 41,413
Commissions payable	79,836
Retirement plans payable	67,632
License fees payable	171,453
<b>Total current liabilities</b>	360,334
<b>Pension liability (Note 9)</b>	-
<b>Total liabilities</b>	360,334
<b>Commitments (Note 5)</b>	-
<b>Stockholders' equity</b>	
Common stock, no par value; 116.14 shares authorized; 100 shares issued and outstanding	10,000
Accumulated other comprehensive income	158,123
Retained earnings	528,935
<b>Total stockholders' equity</b>	697,058
<b>Total liabilities and stockholders' equity</b>	\$ 1,057,392

The accompanying notes are an integral part of financial statements.

**Quest Capital Strategies, Inc.**  
**Statement of Income and Comprehensive Income**  
**For The Year Ended December 31, 2016**

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<b>Revenues:</b>	
Commissions	\$ 2,570,211
Annual fess	546,218
Advisory fees	280,512
Administrative services	46,975
Other income	34,418
Interest and dividends	631
Net realized gains on securities	145
Net unrealized gains on securities	<u>44</u>
<b>Total revenues</b>	<u>3,479,154</u>
<b>Operating expenses:</b>	
Commission expense	1,573,714
Employee compensation and benefits	831,887
Trading overhead	50,852
Office expense	63,884
Rent	67,942
Legal and professional	11,534
License and fees expense	77,677
Other expenses	19,693
Advertising and promotion	4,625
Travel	18,205
Insurance	6,056
Depreciation	<u>4,732</u>
<b>Total operating expenses</b>	<u>2,730,801</u>
<b>Income before provision for income taxes</b>	<u>748,353</u>
<b>Provision for income taxes</b>	<u>13,329</u>
<b>Net income</b>	<u>735,024</u>
<b>Other comprehensive income, net of tax:</b>	
Defined benefit pension plan:	
Unexpected return on plan assets	155,247
Net actuarial gain arising during current period	11,816
Amortization of prior service cost (credit)	<u>(90,029)</u>
<b>Total other comprehensive loss, net of tax</b>	<u>77,034</u>
<b>Comprehensive income</b>	<u>\$ 812,058</u>

The accompanying notes are an integral part of financial statements.

**Quest Capital Strategies, Inc.**  
**Statement of Stockholders' Equity**  
**For The Year Ended December 31, 2016**

	<u>Common stock</u>		<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance, December 31, 2015	100	\$ 10,000	\$ 282,036	\$ 81,089	\$ 373,125
Stockholder's distributions	-	-	(488,125)	-	(488,125)
Net income	-	-	735,024	-	735,024
Other comprehensive income, net of tax	-	-	-	77,034	77,034
Balance, December 31, 2016	100	\$ 10,000	\$ 528,935	\$ 158,123	\$ 697,058

The accompanying notes are an integral part of financial statements.

**Quest Capital Strategies, Inc.**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2016**

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<b>Cash flows from operating activities</b>	
Net income	\$ 735,024
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	4,732
Pension expense	24,317
Unrealized loss on marketable securities, net	(43)
Changes in current assets and liabilities	
Increase in commissions receivable	(7,276)
Decrease in other receivable	2,400
Increase in prepaid expenses	(1,006)
Decrease in accrued expenses	(35,338)
Increase in commissions payable	6,909
Decrease in retirement plan payable	(70,793)
Decrease in license fees payable	(25,049)
Net cash provided by operating activities	<u>633,877</u>
<b>Cash flows from investing activities</b>	
Purchase of machinery and equipment	(1,989)
Principal withdrawals of marketable securities	1
Net cash used in investing activities	<u>(1,988)</u>
<b>Cash flows from financing activities</b>	
Stockholders' distributions	(488,125)
Net cash used in financing activities	<u>(488,125)</u>
<b>Net decrease in cash and cash equivalents</b>	143,764
<b>Cash and cash equivalents, beginning of the year</b>	<u>464,056</u>
<b>Cash and cash equivalents, end of the year</b>	<u>\$ 607,820</u>
<b>Supplemental disclosure of cash information</b>	
Income taxes paid	<u>\$ 14,858</u>
Interest paid	<u>\$ -</u>

The accompanying notes are an integral part of financial statements.

**Quest Capital Strategies, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 1: ORGANIZATION**

Quest Capital Strategies, Inc. (the “Company”) is primarily engaged in the business of securities brokerage. The Company operates under the provisions of paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of paragraph (k)(2)(ii) provide that the Company clears all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers, maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and Cash Equivalents**

The Company considers cash equivalents to be all highly liquid debt instruments purchased with an original maturity date of three (3) months or less. As of December 31, 2016, the Company maintains a \$100,000 deposit with its clearing broker/dealer.

**Fair Value Measurements**

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the authoritative guidance establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs other than the quoted prices in active markets that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require us to develop our own assumptions.

This hierarchy requires companies to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. On a recurring basis, the Company measures certain financial assets and liabilities at fair value, including our marketable securities.

The Company’s cash equivalents and marketable securities instruments are classified within Level 1 and Level 2 of the fair value hierarchy because they are valued using quoted market prices, broker-dealer quotations, or alternative pricing sources with reasonable levels of price transparency. The types of instruments valued based on quoted market prices in active markets include most U.S. government and agency securities, and money market securities. Such instruments are generally classified within Level 1 of the fair value hierarchy. The types of instruments valued based on other observable inputs include investment-grade corporate bonds, mortgage-backed and asset-backed products, commercial paper, and state, municipal and provincial obligations. Such instruments are generally classified within Level 2 of the fair value hierarchy.

**Quest Capital Strategies, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates made in preparing the financial statements include the realizability of long lived assets.

**Property and Equipment**

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, currently five to seven years. Repairs and maintenance costs are expensed as incurred and expenditures for additions and major improvements are capitalized.

**Securities Transactions**

Proprietary securities transactions, commission revenue and related expenses are recorded on a settlement date basis. Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition.

**Income Taxes**

The Company is an S Corporation for income tax purposes and, accordingly, income or loss of the Company flows through to the individual stockholder. The Company is subject to California state income tax, which is the greater of \$800 or 1.5% of taxable income and, accordingly, a provision for such taxes has been included in the accompanying financial statements. Deferred tax was immaterial for the year ended December 31, 2016.

The Company applied the provisions of ASC 740-10-50, "Accounting For Uncertainty In Income Taxes", which provides clarification related to the process associated with accounting for uncertain tax positions recognized in our financial statements. Audit periods remain open for review until the statute of limitations has passed. The completion of review or the expiration of the statute of limitations for a given audit period could result in an adjustment to the Company's liability for income taxes. Any such adjustment could be material to the Company's results of operations for any given quarterly or annual period based, in part, upon the results of operations for the given period. At December 31, 2016, management considered that the Company had no uncertain tax positions, and will continue to evaluate for uncertain positions in the future.

**Recent Accounting Pronouncements**

The Company has considered and adopted all recent accounting pronouncements that are applicable. Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Company's financial statements.

**Quest Capital Strategies, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 3: SECURITIES OWNED**

The Company's securities investments are classified as trading securities. The Company only purchases securities for the purpose of assisting customers in selling their thinly traded or worthless securities. Trading securities consist solely of equity securities and are recorded at fair value on the balance sheet in current assets and, with the change in fair value during the period included in earnings. Securities owned at December 31, 2016 consisted solely of marketable equity securities.

Realized gains and losses are determined on the basis of actual results on investments. Realized and unrealized gains on marketable securities were as follows:

	<b>Gross Unrealized Gain</b>	<b>Gross Unrealized Loss</b>
Trading securities		
Marketable equity securities	\$ -	\$ 44
	<b>Gross Realized Gain</b>	<b>Gross Realized Loss</b>
Trading securities		
Marketable equity securities	\$ -	\$ 145

**NOTE 4: PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2016 consisted of the following:

Property and equipment	\$ 96,389
Less: accumulated depreciation	(89,974)
Property and equipment, net	\$ 6,415

**NOTE 5: COMMITMENTS**

**Operating lease**

On March 17, 2014, the Company entered into the second amendment to lease with KP Rockfield LLC. The original lease with KP Rockfield LLC expires on July 31, 2014. This amendment extended the original lease term for 64 months, from August 1, 2014 to Nov 30, 2019. The operating lease calls for monthly payments of rent, common area maintenance, insurance and property taxes. The lease provides for an increase in the monthly lease rate approximately every 12 months. Future minimum payments by year due under the operating lease agreement are as follows:

**Quest Capital Strategies, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 5: COMMITMENTS (CONTINUED)**

<u>For the year ended December 31,</u>	<u>Amount</u>
2017	\$ 67,212
2018	69,244
2019	65,181
2020 and thereafter	-
	<u>\$ 201,638</u>

**NOTE 6: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the “applicable” exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2016, the Company had net capital of \$460,478 that was \$436,456 in excess of its required net capital of \$24,022. The Company’s percentage of aggregate indebtedness to net capital at December 31, 2016 was 0.8 to 1.

**NOTE 7: FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2016:

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 607,820	\$ -	\$ -	\$ 607,820
Securities	1,251	-	-	1,251
	<u>\$ 609,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609,071</u>

**NOTE 8: CREDIT RISKS**

As discussed in Note 1, the Company's customers’ securities transactions are introduced on a fully-disclosed basis with its clearing broker/dealer. The clearing/broker dealer carries all of the accounts of the customers of the Company and is responsible for execution collection and payment of funds and, receipt and delivery of securities relative to customer transactions. Customers send stock certificates directly to the clearing broker/dealer. Off-balance-sheet risks exist with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing broker/dealer may charge losses it incurs to the Company. The Company seeks to minimize this through procedures designed to monitor the credit worthiness of its customers and that customer transactions are executed properly by the clearing broker/dealer.

**Quest Capital Strategies, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 8: CREDIT RISKS (CONTINUED)**

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. Management periodically evaluates the credit worthiness of its primary depositories. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

**NOTE 9: RETIREMENT PLANS**

**Defined contribution plan**

The Company has a defined contribution plan covering all employees with at least one year of service. The Plan requires Company contributions to the Plan each year equal to 3% of all participants' compensation plus additional contributions at management's discretion. Total expense of the defined contribution plan for the year ended December 31, 2016 was \$36,563.

**Defined benefit pension plan**

The Company sponsors a defined benefit pension plan covering substantially all of its employees. Pension benefits are based on a percent of monthly compensation multiplied by year of credited service. Effective January 1, 2015, the Company amended the pension plan by reducing the benefit percentage from 7.35% to 6.7% for Classification B employee. The Company's funding policy is to make the minimum annual contribution required by applicable regulations.

In 2008, the Company adopted the recognition and disclosure provisions of SFAS No. 158, later codified in ASC 715-10, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" (ASC 715). ASC 715 requires the Company to recognize the funded status of its pension and other post-retirement benefit plans in the statement of financial position. Subsequent changes in funded status that are not recognized as a component of net periodic benefit cost are recorded as a component of accumulated other comprehensive loss. The annual measurement date used to determine pension and other post-retirement benefit amounts is December 31, 2016.

The following tables set forth further information about the Company's defined benefit pension plan as of and for the year ended December 31, 2016:

Pension plan obligations and funded status:

Projected benefit obligation at December 31, 2016	\$ (1,356,101)
Pension plan assets at fair value at December 31, 2016	<u>1,561,694</u>
Funded status	<u>\$ 205,593</u>

**Quest Capital Strategies, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 9: RETIREMENT PLANS (CONTINUED)**

Accumulated benefit obligation at December 31, 2016	\$ (1,356,101)
Employer contributions	106,000
Participant contributions	-
Benefits payments	(14,302)

Amount recognized in the statement of financial position consists of:

Noncurrent asset	\$ <u>205,593</u>
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Amounts recognized in accumulated other comprehensive income consist of:

Unexpected return on plan assets	\$ 155,247
Net actuarial loss	(87,153)
Prior service cost (credit)	<u>90,029</u>
	<u>\$ 158,123</u>

Other changes in plan assets and benefit obligations previously recognized in changes in comprehensive income:

Unexpected return on plan assets arising during this year	\$ (155,247)
Net actuarial gain arising during this year	(11,816)
Amorization of unrecognized prior service cost	<u>90,029</u>
Total recognized in other comprehensive income	(77,034)
Net periodic pension cost	<u>41,317</u>
Total recognized in net periodic pension cost and other comprehensive income	<u>\$ (35,717)</u>

The following assumptions were used in accounting for the Pension Plan:

Weighted-average assumptions used to determine pension benefit obligations at December 31, 2016:

Discount rate	6.00%
Rate of compensation increase	0.00%

Weighted-average assumptions used to determine net periodic pension benefit cost for the year ended December 31, 2016:

Discount rate	6.00%
Expected return on plan assets	5.00%
Rate of compensation increase	0.00%

**Quest Capital Strategies, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

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**NOTE 9: RETIREMENT PLANS (CONTINUED)**

The expected long-term rate of return on plan assets is developed in consultation with outside advisors. A range is determined based on the composition of the asset portfolio, historical long-term rates of return, and estimates of future performance.

The percentage asset allocations for the company's pension plan assets as of the plan measurement date are as follows:

<u>Asset Category</u>	
Cash and cash equivalents	13.7%
Equity securities	47.2%
Other	39.1%

The fair values of the Company's pension plan assets at December 31, 2016, by asset category are as follows:

<u>Asset Category</u>	<u>Total Fair Value</u>	<u>Quoted In Active Markets for Identical Assets (Level 1)</u>
Cash and cash equivalents	\$ 217,740	\$ 217,740
Equity securities	750,713	750,713
Other	621,845	621,845
Total	<u>\$ 1,590,298</u>	<u>\$ 1,590,298</u>

Benefits expected to be paid over the next ten (10) fiscal years are as follows:

2017	\$ -
2018	137,352
2019	136,629
2020	135,803
2021	134,834
5 years after 2021	654,969
	<u>\$ 1,199,587</u>

**NOTE 10: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 25, 2016, the date which the financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2016 have been incorporated into these financial statements, and besides the disclosures herein, there are no subsequent events that require disclosure in accordance with FASB ASC Topic 855, "Subsequent Events".

## **SUPPLEMENTAL INFORMATION**

**Quest Capital Strategies, Inc.**  
**Schedule I**  
**Computation Of Net Capital Under Rule 15c3-1**  
**Of The Securities And Exchange Commission**  
**For The Year Ended December 31, 2016**

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Net Capital:			
	Total stockholder's equity from statement of financial condition	\$	<u>697,058</u>
Deductions:			
Non-allowable assets:			
	Commissions receivable	\$	141
	Other assets		4,030
	Prepaid expenses		13,342
	Property and equipment, net		6,415
	Pension asset		205,593
	Deposits and other assets		5,808
			<u>235,329</u>
	Tentative net capital		461,729
Haircuts			
	Money market account	\$	-
	Marketable securities		1,251
			<u>1,251</u>
	Net Capital	\$	<u>460,478</u>
Aggregate indebtedness:			
Items included in statement of financial condition:			
	Accrued expenses	\$	41,413
	Commissions payable		79,836
	Retirement plans payable		67,632
	License fees payable		171,453
	Pension Asset/Liability		-
	Total aggregate indebtedness		<u>360,334</u>
	Minimum net capital required	\$	<u>24,022</u>
	Excess net capital	\$	<u>436,456</u>
	Ratio of aggregate indebtedness to net capital		0.8 to 1
Reconciliation with Company's computation:			
	Net capital as reported in Company's Part II-A (unaudited)		
	FOCUS report	\$	446,704
	Commission receivable		(71)
	Commission revenue		13,845
		\$	<u>460,478</u>

**Quest Capital Strategies, Inc.**  
**Schedule II**  
**Computation For Determination of Reserve Requirements**  
**Under Rule 15c3-3 Of The Securities And Exchange Commission**  
**For The Year Ended December 31, 2016**

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The Company is claiming an exception from Rule 15c3-3 under provision 15c3-3(k)(2)(ii).

**Quest Capital Strategies, Inc.**  
**Schedule III**  
**Information Relating To Possession Or Control Requirements**  
**Under Rule 15c3-3 Of The Securities And Exchange Commission**  
**For The Year Ended December 31, 2016**

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The Company is claiming an exception from Rule 15c3-3 under provision 15c3-3(k)(2)(ii).

**Quest Capital Strategies, Inc.**  
**Schedule IV**  
**Schedule Of Change In Liabilities Subordinated To Claims Of Creditors**  
**For The Year Ended December 31, 2016**

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Not applicable.



SEC  
Mail Processing  
Section

FEB 28 2017

Audit • Tax • Consulting • Financial Advisory  
Registered with Public Company Accounting Oversight Board (PCAOB)

Washington DC

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S REPORT ON  
QUEST CAPITAL STRATEGIES EXEMPTION REPORT 2016**

To the Board of Directors and Stockholders of  
Quest Capital Strategies, Inc.:

We have reviewed management's statements, included in the accompanying Quest Capital Strategies Exemption Report 2016, in which (1) Quest Capital Strategies, Inc. identified the following provision of 17 C.F.R. § 15c3-3(k) under which Quest Capital Strategies, Inc. claimed an exemption from 17 C.F.R. § 240.15c3-3(k): (2)(ii) (the "exemption provision") and (2) Quest Capital Strategies, Inc. stated that it met the identified exemption provision throughout the most recent fiscal year without exception. Quest Capital Strategies, 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 Quest Capital Strategies, Inc.'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 conditions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

KCCW Accountancy Corp.

Alhambra, California  
February 25, 2017

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES RELATED TO  
AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

To the Board of Directors and Stockholders of  
Quest Capital Strategies, Inc.:

In accordance with Rule 17a-5(e)(4) under the Securities and Exchange Act of 1934, 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 Quest Capital Strategies, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Quest Capital Strategies, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Quest Capital Strategies, Inc.'s management is responsible for its 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 and entries, noting no difference;
2. Compared the amounts reported on the audited financial statements included in Form X-17A-5 for the year ended December 31, 2016, with the amounts reported in Form SIPC-7 for the year ended December, 31, 2016 and reconciled by management as applicable, 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.

We are 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 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.



KCCW Accountancy Corp.  
Alhambra, California  
February 27, 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:

22\*22\*\*\*\*\*3142\*\*\*\*\*MIXED AADC 220  
 34532 FINRA DEC  
 QUEST CAPITAL STRATEGIES INC  
 23832 ROCKFIELD BLVD STE 130  
 LAKE FOREST CA 92630-2860

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.

2. A. General Assessment (item 2e from page 2)	\$ <u>2241.18</u>
B. Less payment made with SIPC-6 filed (exclude interest)	( <u>1045.00</u> )
<u>8/1/2016</u> Date Paid	
C. Less prior overpayment applied	( _____ )
D. Assessment balance due or (overpayment)	<u>1196.18</u>
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)	\$ _____
G. PAYMENT: <input checked="" type="checkbox"/> the box Check mailed to P.O. Box <input checked="" type="checkbox"/> Funds Wired <input type="checkbox"/> Total (must be same as F above)	\$ <u>1196.18</u>
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.

Quest Capital Strategies, Inc  
(Name of Corporation, Partnership or other organization)  
*[Signature]*  
(Authorized Signature)  
C.F.O  
(Title)

Dated the 26 day of February, 20 17.

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 REVIEWER** 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 1/1/2016  
and ending 12/31/2016

Eliminate cents

Item No.

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

\$ 3,479,400

2b. Additions:

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

0

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

-189

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

0

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

0

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

0

(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.

0

(7) Net loss from securities in investment accounts.

0

Total additions

3,479,212

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.

2,527,845

(2) Revenues from commodity transactions.

0

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

45,735

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

0

(5) Net gain from securities in investment accounts.

631

(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.

0

(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).

0

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

0

(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.

\$ 5,923

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

\$ 8,530

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

8,530

Total deductions

2,582,740

2d. SIPC Net Operating Revenues

\$ 896,472

2e. General Assessment @ .0025

\$ 2241.18

(to page 1, line 2.A.)