



OATH OR AFFIRMATION

I, JOHN A. MEIER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FAS CORP., as of December 31, 2018, 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:

FAS CORP.

By

John A. Meier
Title: Executive Vice President and Principal

STATE OF KANSAS )
)ss
COUNTY OF JOHNSON )

Subscribed and sworn to before me, a Notary Public, this 27 day of February, 2019.

My Commission Expires:

NOTARY PUBLIC
Jo Ellen Byron
Exp. Date 11/25/2021
STATE OF KANSAS

Jo Ellen Byron
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 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 Computations 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).

**FAS CORP.  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
AS OF DECEMBER 31, 2018 AND 2017  
AND FOR THE YEARS THEN ENDED  
WITH INDEPENDENT AUDITORS' REPORT**

**TABLE OF CONTENTS**

Independent Auditor's Report .....	1
Statements of Financial Condition .....	3
Notes to Financial Statements .....	4



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Directors and Equity Owners  
of FAS Corp.  
Leawood, Kansas

### **Opinion on the Financial Statements**

We have audited the accompanying statements of financial condition of FAS Corp. as of December 31, 2018 and 2017, the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of FAS Corp. as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements are the responsibility of FAS Corp.'s management. Our responsibility is to express an opinion on FAS Corp.'s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to FAS Corp. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Supplemental Information**

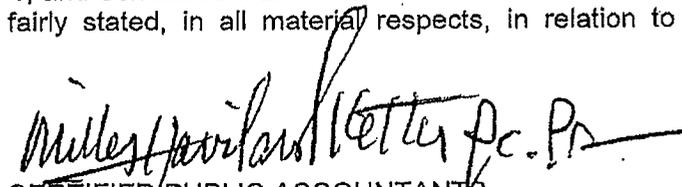
The Schedule I Under Rule 15c3-1, and Schedules II and III Under Rule 15c3-3 of the Securities and Exchange Commission have been subjected to audit procedures performed in conjunction with the audit of FAS Corp.'s financial statements. The supplemental information is the

1901 West 47th Place, Suite 204 | Westwood, Kansas 66205 | (p) 913.432.2727 | (f) 913.432.2967 | [www.mhkcpas.com](http://www.mhkcpas.com)

Member, American Institute CPAs | Member, Kansas Society CPAs | Member, Missouri Society CPAs | Admitted to Practice U.S. Tax Court

Member  
INTEGRATED INTERNATIONAL  
Your Global Advantage

responsibility of FAS Corp.'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 Under Rule 15c3-1, and Schedules II and III Under Rule 15c3-3 of the Securities and Exchange Commissions is fairly stated, in all material respects, in relation to the financial statements as a whole.

  
CERTIFIED PUBLIC ACCOUNTANTS

We have served as FAS Corp's auditor since 2011.

Westwood, Kansas

February 18, 2019

FAS CORP.  
 STATEMENTS OF FINANCIAL CONDITION  
 AS OF DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
Cash	\$ 446,654	\$ 165,148
Commissions receivable	1,760,031	2,578,331
Prepaid expenses	<u>1,636</u>	<u>3,446</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,208,322</u></b>	<b><u>\$ 2,746,925</u></b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b><u>LIABILITIES</u></b>		
Accounts Payable	<u>1,691,320</u>	<u>2,452,280</u>
	1,691,320	2,452,280
<b><u>STOCKHOLDERS' EQUITY</u></b>		
Common stock, \$1 par value, 100,000 shares authorized, 10,000 shares issued and outstanding	10,000	10,000
Additional Paid In Capital	6,967	6,967
Retained earnings	<u>500,035</u>	<u>277,678</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b><u>517,002</u></b>	<b><u>294,645</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 2,208,322</u></b>	<b><u>\$ 2,746,925</u></b>

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

**FAS CORP.  
NOTES TO THE FINANCIAL STATEMENTS**

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

Nature of Operations

FAS Corp. (the Company) is a limited-activity broker-dealer incorporated in Kansas that is registered with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority (FINRA). The Company deals exclusively in shares of investment companies and sales of variable life and variable annuity contracts. During 2018 four payors were the source of 74.2% of commissions revenue earned by the Company and 90.2% of the commission receivables due to the Company at December 31, 2018. Three independent representative groups received 98.9% of commissions expense paid by the Company for the year ending December 31, 2018.

Subsequent Events

Subsequent events have been evaluated through February 18, 2019, which is the date the accompanying financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Accordingly, actual results could differ from those estimates.

Revenue and Expense Recognition

Revenues and expenses in connection with variable product securities, specifically including trail commissions, are recorded on the accrual basis as transactions are completed.

Cash

Cash consists of demand deposit accounts held at financial institutions.

Income Taxes

The Company, with the consent of its stockholders, has elected S corporation status under the Internal Revenue Code. Under its S election, individual stockholders report their respective shares of taxable income and deductions on their personal income tax returns. As a result, income taxes are not provided for in the accompanying financial statements. Income tax returns filed by the Company are subject to examination by the Internal Revenue Service (IRS) for three years after the date filed, with the result that the years 2018, 2017, and 2016 remain open as of February 18, 2019, although no returns have been selected for examination by the IRS. Management has evaluated tax positions taken or expected to be taken in the course of preparing the Company's tax returns with assistance from the Company's tax preparer to determine whether its tax positions are more likely than not to be sustained by applicable taxing authorities; likely tax positions are reported in these financial statements, and unlikely tax positions are not.

**FAS CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE B - NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC Uniform Net Capital Rule (SEC 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. At December 31, 2018 and 2017, the Company reported net capital of \$298,290 and deficit of \$(27,130), respectively.

**NOTE C - RELATED PARTY TRANSACTIONS**

The Company leases office equipment, employs personnel and shares other operating expenses under the terms of a shared services agreement with Financial Advisory Service, Inc. whereby the Company pays an annual overhead reimbursement expense, for the year 2018 the amount of the reimbursement was \$187,781. The Company pays rent to M3 Development Company (a related party) rent expense for years 2018 and 2017 was \$56,400 and \$56,350, respectively.

The Company purchases investment management services for the individual variable annuity contracts of its customers under the terms of an investment management services agreement with Financial Advisory Service, Inc. Financial Advisory Service, Inc is a related party in which ownership of each entity is common in owners, however, the individual ownership makeup varies slightly from company to company. The Company pays to Financial Advisory Service, Inc. a management fee equal to a percentage of the excess of trail fees or commissions the Company receives on variable annuity policies over its payments to registered representatives. For years ended December 31, 2018 and 2017, the Company incurred management fees of \$381,353 and \$385,439, respectively. At December 31, 2018 and 2017, the company owed management fees payable of \$58,497 and \$71,475, respectively.

**FAS CORP.  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE D - CONTINGENCIES**

In the ordinary course of business, the Company may become party to material chargeback claims from variable product issuers. The Company maintains written agreements with its registered representatives that contain chargeback and set off provisions to recover amounts owed to product issuers from business produced by such representatives. During 2018, and as of December 31, 2018, and for the period through and including February 18, 2019, the Company was not aware of any such material chargeback claims outstanding.