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

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

OMB APPROVAL OMB Number: 3235-0123 Expires: August 31, 2020 Estimated average burden hours per response... 12.00

SEC FILE NUMBER 8-

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 04/01/2019 AND ENDING 03/31/2020 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: The Garbacz Group, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) 655 Craig Road, Suite 104

OFFICIAL USE ONLY FIRM I.D. NO.

St. Louis MO 63141 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT Daniel Garbacz 314-991-1303 (Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Holt & Patterson, LLC

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

260 Chesterfield Industrial Blvd Chesterfield MO SEC 63305 (Address) (City) (State) (Zip Code)

CHECK ONE:

- [x] Certified Public Accountant [ ] Public Accountant [ ] Accountant not resident in United States or any of its possessions.

Mail Processing Section JUL 06 2020 Washington DC 415

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Daniel Garbacz, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Garbacz Group, Inc., as of March 31, 2020, 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:

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



LAURAM. MARSH  
My Commission Expires  
June 3, 2022  
Warren County  
Commission #14432644

*Laura M Marsh*  
\_\_\_\_\_  
Notary Public

*Daniel Garbacz*  
\_\_\_\_\_  
Signature  
President  
\_\_\_\_\_  
Title

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- (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).



**Report of Independent Registered  
Public Accounting Firm**

**LLC  
CERTIFIED  
PUBLIC  
ACCOUNTANTS**

The Board of Directors and Stockholders  
The Garbacz Group, Inc.

***Opinion on the Financial Statements***

We have audited the accompanying statement of financial condition of The Garbacz Group, Inc. (the "Company" as of March 31, 2020, and the related statements of comprehensive income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the financial statements.) In our opinion, the financial statements present fairly, in all material respects, the financial position of The Garbacz Group, Inc. as of March 31, 2020, and the results of its operations and its cash flows for the year 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 the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (the "PCAOB") and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards required 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 audit 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 audit 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 audit provides a reasonable basis for our opinion.

***Supplemental Information***

The supplemental schedules titled Schedule 1 - Computation of Net Capital, Aggregate Indebtedness, and Ratio of Aggregate Indebtedness to Net Capital Under Rule 15c3-1; Schedule 2 - Reconciliation of Computation of Net Capital with that of the Registrant as Filed in Part II of Form X-17A-5 (collectively referred to as the supplemental information) have been subject to the 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

260 CHESTERFIELD INDUSTRIAL BLVD.

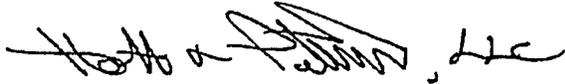
CHESTERFIELD, MO 63005

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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 an opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17C.F.R. § 240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Company's auditor since 2019.

A handwritten signature in black ink, appearing to read "Holt & Patterson, LLC", written in a cursive style.

Holt & Patterson, LLC  
Chesterfield, Missouri

June 29, 2020

**THE GARBACZ GROUP, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**MARCH 31, 2020**

**ASSETS**

Cash and cash equivalents		\$	86,433
Securities			91,703
Commissions receivable			18,048
Property, furniture, equipment and leasehold improvements, Right of Use Lease Asset - net of accumulated depreciation and accumulated amortization ROU Lease asset of \$76,304.88			39,142
Other assets:			
Deposit	\$	25,864	
Deferred Tax Asset		6,069	
Prepaid expenses		<u>9,565</u>	<u>41,498</u>
Total assets			\$ <u><u>276,824</u></u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Liabilities:			
Accounts payable		\$	2,217
Accrued retirement plan contribution (Note 8)			3,136
Accrued salaries			4,491
ROU Lease Asset Liability			<u>30,328</u>
Total liabilities			\$ 40,173
Stockholder's equity:			
Common stock, authorized 100,000 shares, issued and outstanding 25,000 shares	\$	25,000	
Accumulated Other Comprehensive Income		809	
Retained earnings		<u>210,842</u>	<u>236,651</u>
Total liabilities and stockholder's equity			\$ <u><u>276,824</u></u>

See accompanying notes and independent auditors' report.

**THE GARBACZ GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

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**NOTE 1 - DESCRIPTION OF BUSINESS:**

The Garbacz Group, Inc., a Missouri corporation, was organized in 1990 for the purpose of providing broker-dealer services to its customers. The Company services the Midwest region of the United States and sells stocks and bonds, variable and fixed annuities and mutual funds.

The Company is a registered broker-dealer in securities that introduces its customers to another broker-dealer who carries such accounts on a fully disclosed basis. The Company promptly forwards all funds and securities received in connection with its activities as broker-dealer and does not otherwise hold funds or securities for, or owe money to, customers and does not otherwise carry proprietary or customer accounts.

**NOTE 2 - CONCENTRATIONS OF CREDIT RISK:**

The Company maintains its cash deposits in various financial institutions, which sometimes include amounts in excess of that insured by the Federal Deposit Insurance Corporation.

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES:**

Security transactions and related commission revenue and expense are recorded on a trade date basis. Acting as an agent, the Company may buy and sell securities on behalf of its customers. In return for such services, the Company charges a commission. Each time customers enter into a buy or sell transaction; a commission is earned by the Company for its selling and administration efforts.

The Company records temporary investments at market and the unrealized gain/loss is reflected on the books.

Fixed assets are carried at cost, less accumulated depreciation computed using the straight-line method. Depreciation for the year ended March 31, 2020, is \$6,262. Fixed assets are depreciated as follows:

	<u>Estimated Useful Life</u>	<u>Cost</u>	<u>Depreciation</u>
Equipment, Furniture and Fixtures	3-7 Years	<u>\$47,666</u>	<u>\$38,852</u>
Right of Use (ROU) Lease Asset	3 Years	<u>\$67,781</u>	<u>\$37,453</u>

Commissions payable are current obligations to brokers resulting from the buying and selling of securities and annuities to customers in the ordinary course of business.

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Company's policy is to expense non-direct response advertising costs when incurred. The total advertising costs charge to expense for the year ended March 31, 2020, was \$465. The Company does not utilize direct-response advertising and, accordingly, no provision for capitalizing these costs have been made.

**THE GARBACZ GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

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**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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 reported period. Actual results could differ from those estimates.

Substantially all of the Company's financial assets and liabilities, as well as financial instruments with off-balance sheet risk, are carried at market or fair values or are carried at amounts that approximate fair value because of their short-term nature. Fair value is estimated at a specific point in time, based on relevant market information or the value of the underlying financial instrument. These estimates do not generally reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument.

In May 2014 the financial accounting standards board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2017. Management has adopted the standard to which there was no significant impact to its financial position, results of operations and related disclosures.

**Recently Adopted Accounting Pronouncement**

In February 2016, the Financial Accounting Standards Board (the "FASB") issued accounting guidance that changed how companies account for and present lease arrangements. This guidance requires companies to recognize lease assets and liabilities for both financing and operating leases on the statement of financial condition. The company adopted this guidance effective January 1, 2019.

**NOTE 4 – INCOME TAXES:**

The company has addressed the provisions of ASC 740-10, Accounting for Income Taxes. In that regard, the Company has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings and believes that no provision for income taxes is necessary at this time to cover any uncertain tax positions. The Company's policy for reporting penalties and interest related to income taxes is to expense as they are incurred.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2016.

Deferred income taxes result from differences in the timing of revenue and expense recognition for tax purposes and financial reporting purposes.

Income taxes benefit (expense) consist of the following components:

Deferred	<u>6,069</u>
	<u>\$6,069</u>

**THE GARBACZ GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

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**NOTE 5 – NET CAPITAL REQUIREMENTS:**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At March 31, 2020, the Company had net capital and net capital requirements of approximately \$208,779 and \$50,000, respectively. The Company's ratio of aggregate indebtedness to net capital is 0.047 to 1.00.

**NOTE 6 – RESERVE REQUIREMENTS:**

The Company is exempt from the reserve requirements of the Securities and Exchange Act of 1934, per section (K)(2)(ii) of Rule 15c3-3.

**NOTE 7 – LEASES:**

In February 2018, the Company renewed its lease agreement commencing July 1, 2018, through June 30, 2021. In the normal course of business, operating leases are generally renewed or replaced by other leases. Required yearly payments are as follows:

2020	25,024
2021	<u>12,699</u>
	<u>\$ 37,723</u>

The Company's right-of-use ("ROU") assets are related to an operating lease for office space. Leases are included in property, equipment and right-of use assets and other liabilities on the statement of financial position.

ROU assets represent the right to use an underlying asset for lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. ROU assets include initial direct costs incurred by the lessee as well as any lease payments made at or before the commencement date and excluding lease incentives. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate in determining the present value of lease payments. The lease term expires in June 2021.

**NOTE 8 – RETIREMENT PLAN CONTRIBUTION:**

The Company maintains a profit-sharing plan and makes contributions for each eligible employee. A contribution of \$3,136 was made for the current year.

**NOTE 9 – FAIR VALUE MEASUREMENT:**

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principle market for the asset or liability or, in the absence of principle market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820,

**THE GARBACZ GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

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**NOTE 9 – FAIR VALUE MEASUREMENT: (Continued)**

are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities the Company has the ability to assess.
- Level 2 inputs are inputs (other than quoted prices included in level 1) that are observable for the asset or liability either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

Securities owned consist of Level 2 trading and investment securities at market value as of March 31, 2020:  
US Treasury Securities \$91,703.

At March 31, 2020, the Company did not have any level 1 or level 3 inputs.

**NOTE 10 – SUBSEQUENT EVENTS:**

The Company has evaluated subsequent events through June 29, 2020, the date which the Financial Statements were issued.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES:**

The Company has no commitments or contingencies that require disclosure through June 29, 2020, the date of the Independent Auditor's Report.



EXEMPTION REPORT  
SEA RULE 17a-5(d)(4)

Holt & Patterson, LLC  
260 Chesterfield Industrial Blvd.  
Chesterfield, MO 63005

To Whom It May Concern:

The below information is designed to meet the Exemption Report criteria pursuant to SEA Rule 17a-5(d)(4):

The Garbacz Group, Inc. is a broker/dealer registered with the SEC and FINRA. Pursuant to paragraph k(2)(ii) of SEA Rule 15-c3-3, the Company is claiming an exemption from SEA Rule 15c3-3 for the fiscal year ended **March 31, 2020**.

The Company has met the identified exemption provisions throughout the most recent fiscal year without exception.

The above statement is true and correct to the best of my and the Company's knowledge.

Signed: 

Name: Daniel J. Garbacz

Title: President

The GARBACZ GROUP, Inc.  
Member FINRA/SIPC

655 Craig Road Suite 104  
Saint Louis, Missouri 63141  
314.991.1303 ph  
314.991.1505 fx



**Report of Independent Registered  
Public Accounting Firm**

The Board of Directors and Stockholders  
of The Garbacz Group, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report Filed Pursuant to SEC Rule 17a-5, in which (1) The Garbacz Group, Inc. identified the following provisions of 17 C.F.R. 15c3-3(k) under which The Garbacz Group, Inc. claimed an exemption from 17 C.F.R. 240.15c3-3 k(2)(i) and k(2)(ii) (the "exemption provisions") and (2) The Garbacz Group, Inc. stated that The Garbacz Group, Inc. met the identified exemption provisions through the most recent fiscal year without exemption. The Garbacz Group, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about The Garbacz Group, 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)(i) and k(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Holt & Patterson, LLC  
Chesterfield, Missouri

June 29, 2020

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