

QUASAR DISTRIBUTORS, LLC
(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2021

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

ANNUAL REPORTS
FORM X-17A-5
PART III

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Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/21 AND ENDING 12/31/21
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: Quasar Distributors, LLC

TYPE OF REGISTRANT (check all applicable boxes):

Broker-dealer Security-based swap dealer Major security-based swap participant
 Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

111 EAST KILBOURN AVE, SUITE 2200
(No. and Street)
Milwaukee WI 53202
(City) (State) (Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Weston Sommers 207-553-7129 wsommers@foreside.com
(Name) (Area Code - Telephone Number) (Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Berry, Dunn, McNeil & Parker, LLC

(Name - If individual, state last, first, and middle name)
2211 Congress Street Portland ME 04102
(Address) (City) (State) (Zip Code)
10/08/2003 136

(Date of Registration with PCAOB) (if applicable) (PCAOB Registration Number, if applicable)

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* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

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, Weston Sommers, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of Quasar Distributors, LLC, as of December 31, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

THERESA SEEKAMP
NOTARY PUBLIC
State of Maine
My Commission Expires
February 12, 2026

Theresa Seekamp
Notary Public

Signature: *Weston Sommers*
Title: Financial and Operations Principal

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

- (a) Statement of financial condition.
- (b) Notes to consolidated 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 cash flows.
- (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- (f) Statement of changes in liabilities subordinated to claims of creditors.
- (g) Notes to consolidated financial statements.
- (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
 - (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (t) Independent public accountant's report based on an examination of the statement of financial condition.
- (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- (z) Other: _____

**To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

QUASAR DISTRIBUTORS, LLC
(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Member of Quasar Distributors, LLC
(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Quasar Distributors, LLC (the Company) as of December 31, 2021 and the related notes (collectively referred to as the financial statement). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. 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 the Company 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 audit 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 statement is 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 statement, 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 statement. 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 statement. We believe that our audit provides a reasonable basis for our opinion.

Berry Dunn McNeil & Parker, LLC

We have served as the Company's auditor since 2020.

Portland, Maine
February 24, 2022

QUASAR DISTRIBUTORS, LLC
(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2021

Assets

Cash	\$ 4,631,190
Cash segregated under federal regulations	7,050,849
Receivable from broker dealers	1,097,474
Receivable from customers of introducing broker dealers	69,282
Other receivables	1,801,678
Prepaid expenses	135,214
Due from related parties	76,722
Deposit with clearing broker dealer	<u>251,276</u>

Total Assets \$ 15,113,685

Liabilities and Member's Equity

Liabilities

Payable to broker dealers	\$ 2,464,765
Payable to customers of introducing broker dealers	685,669
Accrued expenses and other liabilities	992,170
Due to related parties	<u>434,131</u>

Total Liabilities \$ 4,576,735

Member's Equity 10,536,950

Total Liabilities and Member's Equity \$ 15,113,685

QUASAR DISTRIBUTORS, LLC
(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2021

NOTE 1 - ORGANIZATION

Quasar Distributors, LLC (the “Company”), a limited liability company, is an indirect, wholly-owned subsidiary of Foreside Financial Group, LLC (“Foreside”) and a direct subsidiary of Foreside Distributors, LLC (the “Parent”). The Company is registered with the Securities and Exchange Commission (“SEC”) as a broker dealer and is a member of both the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”).

The limited liability company operating agreement provides for the Company to exist into perpetuity.

The Company serves as the distributor for various investment companies (the “Funds”). Substantially all of the Company's revenues are earned from the Funds or from the Funds’ advisors (collectively, the “Advisors”). In accordance with the structure of the Company, sales of the Funds' shares are executed by unaffiliated third party broker dealers. The Company is also engaged in mutual fund trade aggregation services and correspondent clearing of mutual fund trades via an omnibus clearing arrangement, as well as, registered representative services.

The accompanying financial statement has been prepared from the separate records maintained by the Company and, due to certain transactions and agreements with affiliated entities, may not necessarily be indicative of the financial condition that would have existed, had the Company operated as an unaffiliated entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of the financial statement in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the financial statement. Actual results could differ from those amounts.

CASH EQUIVALENTS

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less when purchased to be cash equivalents.

At December 31, 2021, the Company had no cash equivalents.

QUASAR DISTRIBUTORS, LLC
(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH SEGREGATED UNDER FEDERAL REGULATIONS

In accordance with Rule 15c3-3 of the Securities Exchange Act of 1934, the Company, as a registered broker dealer carrying customer accounts, is subject to requirements related to maintaining cash in a special reserve bank account at a non-affiliate bank for the exclusive benefit of customers. Included in cash segregated in compliance with federal regulations at December 31, 2021, is \$7,050,849 of cash deposits with a non-affiliate bank.

DEPOSIT WITH CLEARING BROKER DEALER

The Company maintains a minimum \$250,000 clearing deposit per its agreement with the clearing broker dealer. The clearing broker dealer has been granted a general lien and security interest in this deposit.

RECEIVABLES

The Company extends unsecured credit in the normal course of business to its clients. The determination of the amount of uncollectible accounts is based on the amount of credit extended and the length of time each receivable has been outstanding. The allowance for uncollectible amounts reflects the amount of loss that can be reasonably estimated by management. As of December 31, 2021, the Company had not recorded an allowance for any potential non-collection as all receivables are deemed collectible. Past due accounts are written off by management when deemed uncollectible on a case-by-case basis.

INCOME TAXES

The Company is organized as a limited liability company (“LLC”) that has elected to be treated as a single member LLC under the Internal Revenue Code. As such, income, losses, and other tax attributes are primarily passed through to Foreside. Foreside is organized as an LLC that has elected to be treated as a partnership under the Internal Revenue Code. As such, income, losses, and other tax attributes are primarily passed through to its members and taxed at the member level.

QUASAR DISTRIBUTORS, LLC
(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2021

NOTE 3 - RELATED PARTY TRANSACTIONS

The financial statement has been prepared from the separate records maintained by the Company. The Company shares office space and equipment with affiliates, which are under common control of Foreside. Accordingly, the Company has been allocated a portion of such shared costs. Also, designated Foreside personnel provided services specifically to the Company and the Company received all these associated personnel costs. The Parent provides administrative, legal, human resource and other general support services, the costs of which are allocated to the Company. For the year ended December 31, 2021, these allocated expenses totaled \$5,222,068. At December 31, 2021, amounts due to the Parent totaled \$427,436, which is included in "Due to related parties" in the Statement of Financial Condition.

At December 31, 2021, "Due from related parties" included \$76,722, which resulted from revenue collected on behalf of the Company.

At December 31, 2021, "Due to related parties" also included \$6,695, which resulted from revenue collected on behalf of its affiliates.

The Parent agrees to financially assist the Company and is committed to provide such funds, as needed, to operate the business.

During the year ended December 31, 2021, the Company made capital distributions to the Parent totaling \$1,000,000.

NOTE 4 - NET CAPITAL REQUIREMENT

The Company is subject to the SEC's Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital of the greater of \$250,000 or 6-2/3% of aggregate indebtedness and the ratio of aggregate indebtedness to net capital not to exceed 15 to 1. The rule also provides that equity capital may not be withdrawn, or cash distributions paid, if the resulting net capital ratio would exceed 10 to 1. At December 31, 2021, the Company had net capital of \$7,105,304, which was \$6,800,188 in excess of its minimum required net capital of \$305,116. The Company's ratio of aggregate indebtedness to net capital at December 31, 2021 was 0.64 to 1.

The Company is a fund member of the NSCC which requires registered broker dealers to have \$50,000 in excess net capital over the minimum net capital requirement imposed by the SEC.

QUASAR DISTRIBUTORS, LLC
(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2021

NOTE 5 - RECEIVABLES FROM AND PAYABLES TO BROKER DEALERS

At December 31, 2021, the Company recorded the following receivables from and payables to broker dealers:

	<u>Receivables</u>	<u>Payables</u>
Clearing broker dealers trade activity	\$1,097,474	\$ 2,166,276
Fees and commissions	<u> -</u>	<u> 298,489</u>
	<u>\$1,097,474</u>	<u>\$ 2,464,765</u>

The Company clears transactions for introducing broker dealers through another broker dealer on a fully disclosed basis. The amounts receivable from and payable to the clearing broker dealers mainly relate to unsettled customer transactions. No allowance has been established for receivables from broker dealers, as management believes the amount to be fully collectable.

NOTE 6 - RECEIVABLE FROM AND PAYABLES TO CUSTOMERS OF INTRODUCING BROKER DEALERS

At December 31, 2021, the following accounts receivable from and payable to customers of introducing broker dealers are amounts due on cash transactions. Securities purchased by these customers serve as collateral for the receivables until settled.

	<u>Receivables</u>	<u>Payables</u>
Trade activity	<u>\$ 69,282</u>	<u>\$ 685,669</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

COMMITMENTS

The Company is in the fifth year of an initial five year clearing agreement with another firm to facilitate the execution and clearing of mutual fund transactions. This agreement contains guaranteed graduated minimum payments totaling \$1,250,000 over the initial five years.

QUASAR DISTRIBUTORS, LLC
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NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2021

NOTE 7 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

INDEMNIFICATIONS

The Company provides representations and warranties to counterparties in connection with a variety of commercial transactions and occasionally indemnifies them against potential losses caused by the breach of those representations and warranties. These indemnifications generally are standard contractual terms and are entered into in the normal course of business. The Company's maximum exposure under these arrangements cannot be known; however, the Company expects any risk of loss to be remote.

CREDIT RISK

The Company maintains checking accounts in a financial institution. The accounts are insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, cash may be uninsured or in deposit accounts that exceed the FDIC insurance limit. The Company has not experienced any losses in the accounts. The Company believes it is not exposed to any significant risk on cash. Management periodically assesses the financial condition of the bank and believes that any potential credit loss is minimal.

LITIGATION

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising from the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance.

The Company is currently involved in ongoing legal proceedings related to an investment company for which the Company served as distributor. The Company anticipates paying \$450,000 to settle these matters in 2022. As a result, \$450,000 has been accrued as of December 31, 2021 and is included in "Accrued expenses and other liabilities" in the accompanying Statement of Financial Condition.

NOTE 8 - CONCENTRATIONS

As of December 31, 2021, one client accounted for approximately 23% of service fee accounts receivable due from clients which is included in "Other receivables" in the accompanying Statement of Financial Condition.

QUASAR DISTRIBUTORS, LLC
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NOTES TO FINANCIAL STATEMENT
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NOTE 9 - AGREEMENTS

The Company may enter into Dealer, Distribution, Networking, Service or similar type Selling Agreements with the Funds' various intermediaries (including third party broker dealers, banks and third party administrators) related to the sale of the shares of the Funds and the servicing of the Funds' shareholders. The Company may pay these intermediaries 12b-1 fees and shareholder services fees or commissions as outlined in their respective agreements provided that the Company first receives such payments from the Funds.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated the impact of all events and transactions occurring after the balance sheet date through the date this financial statement was issued, and has determined that there were no subsequent events requiring recognition or disclosure.