



auB

SEC
Mail Processing
Section

FEB 29 2016
Washington DC
404

16013538
:S
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
Expires: March 31, 2016
Estimated average burden
hours per response 12.00

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



SEC FILE NUMBER
8-45175

FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/15 AND ENDING 12/31/15
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

ESSEX RADEZ, LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

440 SOUTH LASALLE STREET, SUITE 1111
(No. and Street)

CHICAGO
(City)

IL
(State)

60605
(Zip Code)

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

STEVE RADEZ

(312) 212-1815
(Area Code - Telephone No)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

RYAN & JURASKA LLP
(Name - if individual, state last, first, middle name)

141 WEST JACKSON BLVD, SUITE 2250
(Address)

CHICAGO
(City)

IL
(State)

60604
(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).

OATH OR AFFIRMATION

I, Steve Radez, swear (or affirm), to the best of my knowledge and belief, the accompanying financial statement pertaining to the firm of **Essex Radez, LLC** as of **December 31, 2015** is 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:

None



Signature

Managing Member
Title

Subscribed and sworn to before me this

24th day of Febury, 2016





Notary Public

This report** contains (check all applicable boxes)

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Members' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of General Creditors.
- (g) Computation of Net Capital for Brokers and Dealers pursuant to Rule 15c3-1 of the Securities and Exchange Commission.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements for Brokers and Dealers 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.
- (o) A copy of the Exemption Report.

**For conditions of confidential treatment of certain portions of this filing, see Section 240.17a-5(e)(3).



RYAN & JURASKA LLP
Certified Public Accountants
141 West Jackson Boulevard
Chicago, Illinois 60604
Tel: 312.922.0062
Fax: 312.922.0672

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
Essex Radez, LLC

We have audited the accompanying statement of financial condition of Essex Radez, LLC (the "Company") as of December 31, 2015 that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statement. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 statement referred to above presents fairly, in all material respects, the financial position of Essex Radez, LLC as of December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

Ryan & Juraska LLP

Chicago, Illinois
February 24, 2016

ESSEX RADEZ, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2015

ASSETS

Cash									\$ 1,993,670
Receivable from brokers or dealers and clearing organizations									1,527,901
Other receivables									176,119
Securities owned, at market value									108,946
Other assets									118,405
								Total assets	\$ 3,925,041

LIABILITIES AND MEMBERS' CAPITAL

Liabilities:									
	Securities sold not yet purchased								\$ 160,804
	Accounts payable								2,443,218
	Accrued expenses								260,592
								Total liabilities	2,864,614
	Members' capital								1,060,427
								Total liabilities and members' capital	\$ 3,925,041

See Accompanying Notes to Financial Statements

ESSEX RADEZ, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 Organization and Nature of Business

Essex Radez, LLC (The "Company") was organized under the Illinois Limited Liability Company Act on November 1, 2002. The Company has been registered as a Broker/Dealer with the Securities and Exchange Commission (SEC) and a member of the Chicago Board Options Exchange since 2003. The predecessor of the Company was a member of the CBOE since 1977. The Company is exempt from certain filing requirements under SEC Rule 17a-5 since it operates pursuant to Rule 15c3-1 (a)(6) and the Company does not trade on behalf of customers, effects transactions only with other broker dealers, and is a clearing member of the Exchange. The company is engaged in the trading of stock and options on organized exchanges in the United States.

NOTE 2 Significant Accounting Policies

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 reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Securities and Derivatives Owned

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade 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 position.

Securities are recorded at fair value in accordance with FASB ASC 820, *Fair Value Measurements*.

Statement of Cash Flows

For the Statement of Cash Flows certain prior year balances have been reclassified to conform to the current year presentation.

ESSEX RADEZ, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 Significant Accounting (Continued)

Revenue Recognition

Proprietary securities transactions together with related revenues and expenses are recorded on a trade date basis. Securities and commodities owned are reflected at market value with the resulting unrealized gains and losses reflected in income. In the normal course of business, the Company enters into transactions in exchange-traded financial futures contracts, including options thereon and options on securities which are used primarily to hedge certain proprietary securities and commodities positions and commitments. The contracts are valued at market with the resulting unrealized gains and losses reflected currently in income.

Income Taxes

The Company is taxed as a partnership under the provisions of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. Instead, members are liable for federal and state income taxes on their respective share of the taxable income of the Company. Accordingly, no provision for federal income tax has been provided for in the accompanying financial statements.

In accordance with GAAP, the Company is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, based on technical merits of the position.

FASB ASC topic 740 provides guidance regarding how uncertain income tax positions should be recognized, measured, presented, and disclosed in the financial statements. FASB ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740 also provides guidance on de-recognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure, and transition.

The Company continues to evaluate uncertain tax positions, if any, and income tax contingencies under FASB ASC topic 450, *Accounting for Contingencies*. FASB ASC 450 requires the Company to accrue for losses it believes are probable and can be reasonably estimated. Management believes the impact of FASB ASC 740 on its financial position and results of operations will have no material impact on its financial statements.

ESSEX RADEZ, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 3 Fair Value Measurements and Disclosures

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a hierarchy of fair value inputs. 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 principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, 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. Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2. Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3. Unobservable inputs for the asset or liability.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

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

ESSEX RADEZ, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 3 Fair Value Measurements and Disclosures (Continued)

The Company assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Company's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. There were no significant transfers among levels 1, 2, and 3 during the year.

The Company values its investment based on the following principles and methods of valuation.

Exchange-Traded Equity Securities. Exchange-traded equity securities are generally valued based on quoted prices from the exchange and are categorized in level 1 of the fair value hierarchy. Listed derivatives that are not actively traded are valued using the same approaches as those applied to OTC derivatives; they are generally categorized in level 2 of the fair value hierarchy.

At December 31, 2015, the Company had the following equities classified as level 1 assets. These were the only assets or liabilities requiring disclosure under FASB ASC 820.

Description	Securities Owned	Securities Sold not yet Purchased
Equity Securities	\$108,946	\$160,804
Totals	\$108,946	\$160,804

There were no level 2 or level 3 assets or liabilities requiring disclosure under FASB ASC820

NOTE 4 Receivable From and Payable to Broker-Dealers and Clearing Organizations

Amounts receivable from and payable to broker-dealers and clearing organizations at December 31, 2015, consist of the following:

Receivable from clearing organizations	\$1,173,769
Receivable from broker-dealers	<u>354,132</u>
Total	<u>\$1,527,901</u>

ESSEX RADEZ, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 5 Financial Instruments

Derivative financial instruments used for trading purposes, including economic hedges of trading instruments, are carried at fair value. Fair values for exchange-traded derivatives, principally futures and certain options, are based on quoted market prices. Fair values for over-the-counter derivative financial instruments, principally forwards, options, and swaps, are based on internal pricing models as no quoted market prices exist for such instruments. Factors taken into consideration in estimating the fair value of OTC derivatives include credit spreads, market liquidity, concentrations, and funding and administrative costs incurred over the life of the instruments.

Derivatives used for economic hedging purposes include swaps, forwards, futures, and purchased options. Unrealized gains or losses on these derivative contracts are recognized currently in the statement of income as principal transactions. The Company does not apply hedge accounting as defined in FASB ASC 815, *Derivatives and Hedging*, as all financial instruments are recorded at fair value with changes in fair values reflected in earnings. Therefore, certain of the disclosures required under FASB ASC 815 are generally not applicable with respect to these financial instruments.

NOTE 6 Financial Instruments with Off-Balance Sheet Risk

The Company enters into various transactions involving derivatives and other off-balance sheet financial instruments. These financial instruments include futures, forward and foreign exchange contracts, exchange-traded and over-the-counter options, delayed deliveries, mortgage-backed TBAs, securities purchased and sold on a when-issued basis (when-issued securities), and interest rate swaps. These derivative financial instruments are used to conduct trading activities, and manage market risks and are, therefore, subject to varying degrees of market and credit risk. Derivative transactions are entered into for trading purposes or to economically hedge other positions or transactions.

ESSEX RADEZ, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6 Financial Instruments with Off-Balance Sheet Risk (Continued)

Futures and forward contracts and TBAs and when-issued securities provide for the delayed delivery of the underlying instrument. Futures contracts are executed on an exchange, and cash settlement is made on a daily basis for market movements. Accordingly, futures contracts generally do not have credit risk. The credit risk for forward contracts, TBAs, options, swaps, and when-issued securities is limited to the unrealized fair valuation gains recorded in the statement of financial condition. Market risk is substantially dependent upon the value of the underlying financial instruments and is affected by market forces such as volatility and changes in interest and foreign exchange rates.

NOTE 7 Concentrations of Credit Risk

The Company and its subsidiaries are engaged in various trading activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each of its counterparties.

At December 31, 2015, the Company had significant credit concentrations consisting of cash deposited in multiple banks, deposits with the Company's clearing organization and amounts due from the Company's other broker. Cash deposits exceeded federally insured limits by approximately \$1,700,000. The Company has not experienced any such losses in these accounts. Management does not consider any credit risk associated with these assets to be significant.

NOTE 8 Operating Lease

The Company leases office space under a lease arrangement that expires January 31, 2016. The Company has also entered into a new lease agreement that expires January 31, 2019. Rent expense for the year ended December 31, 2015, was approximately \$86,534. At December 31, 2015, the aggregate minimum annual rental commitment, exclusive of additional payments that may be required for certain increases in operating maintenance costs under this lease are approximately as listed as follows:

2016	\$50,051
2017	\$51,018
2018	\$52,381
2019	\$4,375
Totals	\$157,825

ESSEX RADEZ, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 9 GUARANTEES

FASB ASC 460, *Guarantees*, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying (such as interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments of the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of the indebtedness of others.

Derivative Contracts

Certain derivative contracts that the Company has entered into meet the accounting definition of a guarantee under FASB ASC 460. Derivatives that meet the FASB ASC 460 definition of guarantees include certain written options and credit default swaps. Because the Company does not track the counterparties' purpose for entering into a derivative contract, it has disclosed derivative contracts that are likely to be used to protect against a change in an underlying financial instrument, regardless of their actual use.

The maximum potential payout for certain derivative contracts, such as written interest rate caps and written foreign currency options, cannot be estimated as increases in interest or foreign exchange rates in the future could possibly be unlimited. Therefore, in order to provide information regarding the maximum potential amount of future payments that the Company could be required to make under certain derivative contracts, the notional amount of the contracts has been disclosed.

ESSEX RADEZ, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 9 GUARANTEES (Continued)

The Company records all derivative contracts at fair value. For this reason the Company does not monitor its risk exposure to derivative contracts based on derivative notional amounts; rather the Company manages its risk exposure on a fair value basis. Aggregate market risk limits have been established, and market risk measures are routinely monitored against these limits. The Company also manages its exposure to these derivative contracts through a variety of risk mitigation strategies, including, but not limited to, entering into offsetting economic hedge positions, collateral, and setoff rights. The Company believes that the notional amounts of the derivative contracts generally overstate its exposure.

NOTE 10 NET CAPITAL REQUIREMENTS

As a registered broker/dealer and member of the Financial Industry Regulatory Authority, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the Company to maintain the greater of minimum net capital of \$250,000 or two percent of "aggregate debit items," as these terms are defined. Net capital and aggregate debit items change from day to day, but at December 31, 2015, the Company had net capital and a net capital requirement of \$862,133 and \$250,000, respectively. The Company's net capital was \$612,133 in excess of its required capital at December 31, 2015

NOTE 11 PAIB RESERVE REQUIREMENTS

At certain points throughout the year ending December 31, 2015, the Company was subject to the SEC PAIB Reserve Requirement (Rule 15c3-3) which requires the maintenance of an amount held on deposit in a "Reserve Bank Account" which is, at minimum, the excess of "Total PAIB Credits" over "Total PAIB Debits". Under this rule, the Company was not required to maintain any amount on December 31, 2015. At December 31, 2015 the Company had no required "Amount on Deposit" in a "Reserve Bank Account."

NOTE 12 REGULATORY NOTIFICATION

The Company received notification by FINRA of its intent to charge the Company with violations of various FINRA rules. The likelihood of a material outcome unfavorable to the Company in this matter cannot be characterized as either remote or probable. Management disputes the potential charges.

ESSEX RADEZ, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 13 MEMBERS' CAPITAL

At December 31, 2015 the Company had three classes of membership. Class A members are entitled to vote on any matter requiring a vote or consent of the members and no other member shall have any voting rights with respect to the Company. Class A members are entitled to their allocable share of the net operating profits, net trading profits, net operating losses, and net trading losses in accordance with the provisions set forth in the operating agreement. Both Class B and Class G members are entitled to their allocable share of the net trading profits and net trading losses per the terms of their supplemental trading agreements. At December 31, 2015 members' capital was comprised of the following:

Class A	\$46,607
Class B	\$230,038
Class G	\$783,782

NOTE 14 SUBSEQUENT EVENTS

FASB Statement No. 165, *Subsequent Events*, as codified in FASB ASC 855, provides guidance on subsequent events, including the time period through which subsequent events should be evaluated and the required disclosures. The standard requires disclosure of the date through which the Company has evaluated subsequent events and whether that date represents the date the financial statements were issued or were available to be issued.

Management has evaluated subsequent events through February 24, 2016, the date the financial statements were issued, noting the following material events requiring disclosure.

The Company entered into a consulting agreement with the Class A Member whereby the Class A Member receives a monthly fee for consultancy services.

The Company received notice from the Class G Member of its intention to cease trading operations and withdraw from the Company. The Class G Member's trading operations comprised a substantial portion of the Company's gross revenues. The Class G Member's withdrawal from the Company may be affected by the Company's regulatory capital restrictions.



RYAN & JURASKA LLP
Certified Public Accountants
141 West Jackson Boulevard
Chicago, Illinois 60604
Tel: 312.922.0062
Fax: 312.922.0672

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
Essex Radez, LLC

We have reviewed management's statements, included in the accompanying Essex Radez, LLC's Exemption Report (the "Exemption Report"), in which (1) Essex Radez, LLC (the "Company") stated that it may file an Exemption Report because the Company had no obligations under 17 C.F.R. §240.15c3-3; and (2) the Company stated that it had no obligations under 17 C.F.R. §240.15c3-3 throughout the period January 1, 2015 through December 31, 2015 without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects.

Ryan & Juraska LLP

Chicago, Illinois
February 24, 2016

2/26/2016

FW: Exemption Report - steve@radez.com - Essex Radez LLC Mail

20151231 - ERCD 15c3-3 Exemption Note.pdf

Open with

ESSEX RADEZ, LLC

Essex Radez, LLC's Exemption Report

Essex Radez, LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

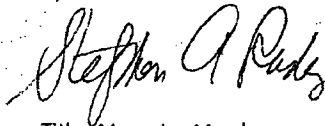
(1) The Company may file an Exemption Report because the Company had no obligations under 17 C.F.R. § 240.15c3-3.

(2) The Company had no obligations under 17 C.F.R. § 240.15c3-3 throughout the period January 1, 2015 through December 31, 2015 without exception.

Essex Radez, LLC

I, Steve Radez, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

By:



Title: Managing Member
February 24, 2016

Essex Radez, LLC
440 South LaSalle Street | Suite 1111
Chicago, Illinois 60605
(312) 212-1815

312 922 0672

ESSEX RADEZ, LLC
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2015

Filed as Public Information Pursuant to Rule 17-a-5(d) under the Securities Exchange Act of 1934



16013559

AKB

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: March 31, 2016
Estimated average burden
hours per response..... 12.00

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

Mail Processing
Section

FEB 29 2016

SEC FILE NUMBER
8-42532

FACING PAGE
Washington DC

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 01/01/2015 AND ENDING 12/31/2015
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: PROFINANCE ASSOCIATES, INC. OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
2877 HISTORIC DECATUR RD, #200
(No. and Street)

SAN DIEGO CA 92106
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
LAURENCE LICHTER OR PETER YU (818) 789-0265
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

LICHTER YU & ASSOCIATES
(Name - if individual, state last, first, middle name)

16133 VENTURA BLVD #450, ENCINO, CA 91436
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

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

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

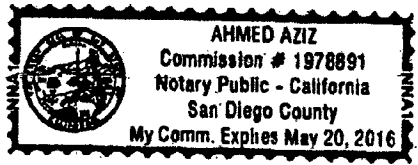
OATH OR AFFIRMATION

I, MICHAEL B. JONES, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of PROFINANCE ASSOCIATES, INC., as of DECEMBER 31, 2015, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

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.

M. Jones
Signature
PRESIDENT
Title

Ahmed Aziz
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~~. Cash Flows
- (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 ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

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 San Diego }

On February 16, 2016 before me, Ahmed Aziz, Notary Public
(Here insert name and title of the officer)

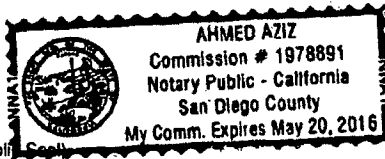
personally appeared Michael B. Jones
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/hers/their authorized capacity(ies), and that by his/hers/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Ahmed Aziz
Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT
Annual Audited Report
(Title or description of attached document)
Form X-17 A-5 part 3
(Title or description of attached document continued)
 Number of Pages 2 Document Date

CAPACITY CLAIMED BY THE SIGNER

Individual (s)
 Corporate Officer

(Title)

Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

- This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.*
- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
 - Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
 - The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
 - Print the name(s) of document signer(s) who personally appear at the time of notarization.
 - Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they- is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
 - The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
 - Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
 - Securely attach this document to the signed document with a staple.

CONTENTS

PART I

Report of Independent Registered Accounting firm	1
Statement of Financial Condition	2
Statement of Income	3
Statement of Cash Flows	4
Statement of Changes in Stockholder's Equity	5
Notes to Financial Statements	6-9

SCHEDULES

Schedule I - Computation of Net Capital Requirement Pursuant to Rule 15c3-3	10
Schedule II - Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3	11
Schedule III - Information Relating to Possession or Control Requirements Pursuant to Rule 15c3-3	12

PART II

Report of Independent Registered Public Accounting Firm – Exemption Report	13-14
Report of Independent Registered Public Accounting Firm – SIPC Reconciliation	15-18

LICHTER, YU AND ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS

16133 VENTURA BLVD., SUITE 450
ENCINO, CALIFORNIA 91436
TEL (818)789-0265 FAX (818) 789-3949

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder
of ProFinance Associates, Inc.

We have audited the accompanying financial statements of ProFinance Associates, Inc., a New Jersey corporation, which comprise the statement of financial condition as of December 31, 2015, and the related statements of income, changes in stockholder's equity, and cash flow for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements and supplemental information. ProFinance Associates, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 condition of ProFinance Associates, Inc. as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplemental schedules contained in Schedule I, II and III have been subjected to audit procedures performed in conjunction with the audit of ProFinance Associates, Inc.'s financial statements. The supplemental information is the responsibility of ProFinance Associates, 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 Rule 17a-5 of the Securities Exchange Act of 1934. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Encino, California
February 17, 2016

ProFinance Associates, Inc.
Statement of Financial Condition
December 31, 2015

Assets

Current Assets	
Cash	\$ 110,166
Other receivable	8,491
Prepaid expenses	<u>1,669</u>
Total Current Assets	<u>120,326</u>
Fixed Assets	
Furniture and equipment, net of accumulated depreciation of \$53,637	<u>1,805</u>
Total Fixed Assets	<u>1,805</u>
Other Assets	
Deposit	<u>3,872</u>
Total Other Assets	<u>3,872</u>
Total Assets	<u>\$ 126,003</u>

Liabilities and Stockholder's Equity

Current Liabilities	
Accounts payable and accrued expenses	<u>\$ 13,279</u>
Total Current Liabilities	<u>13,279</u>
Stockholder's Equity	
Common stock, no par value, authorized 2,500 shares, 1,000 shares issued and outstanding	10,000
Additional paid in capital	14,750
Retained earnings	<u>87,974</u>
Total Stockholder's Equity	<u>112,724</u>
Total Liabilities and Stockholder's Equity	<u>\$ 126,003</u>

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

ProFinance Associates, Inc.
Statement of Income
For the Year Ended December 31, 2015

Revenue	
Consulting and financing fees	\$ 843,319
Total Revenue	<u>843,319</u>
Expense	
Salaries, payroll taxes and benefits	666,432
Dues and subscriptions	1,984
Insurance	1,898
Professional services	16,521
Rent	44,393
Telephone	6,262
Travel expenses	1,858
Depreciation	1,302
Other expenses	33,917
Total Expenses	<u>774,567</u>
Income from operations	<u>68,752</u>
Other Income	
Legal Settlement	1,065
Total Other Income	<u>1,065</u>
Income Before Provision for Income Taxes	69,817
Income tax provision	<u>1,035</u>
Net Income	<u><u>\$ 68,782</u></u>

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

ProFinance Associates, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2015

Cash provided by operating activities:	
Net Income	\$ 68,782
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	1,302
Decrease (Increase) from fees receivable	17,331
Decrease (Increase) in other receivable	7,514
Decrease (Increase) in prepaid	(452)
(Decrease) Increase in accounts payable	<u>(10,982)</u>
Total Adjustments	<u>14,713</u>
Net cash provided by operations	<u>83,495</u>
Cash flows from investing activities:	
Purchase of fixed assets	<u>-</u>
Net cash used in investing activities	<u>-</u>
Cash flows from financing activities:	
Stockholder's distribution	<u>(98,000)</u>
Net cash used in financing activities	<u>(98,000)</u>
Net change in cash	<u>(14,505)</u>
Cash at beginning of period	<u>124,671</u>
Cash at end of period	<u>\$ 110,166</u>
Supplemental cash flow disclosures:	
Income tax payments	<u>\$ 800</u>

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

ProFinance Associates, Inc.
Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2015

Common Stock	
Balance at beginning of year	<u>\$ 10,000</u>
Balance at end of year	<u>10,000</u>
Additional paid in capital	
Balance at beginning of year	<u>14,750</u>
Balance at end of year	<u>14,750</u>
Retained earnings	
Balance at beginning of year	117,192
Stockholder's Distribution	(98,000)
Net income	<u>68,782</u>
Balance at end of year	<u>87,974</u>
Total Stockholder's Equity	<u><u>\$ 112,724</u></u>

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

ProFinance Associates, Inc.
Notes to Financial Statements
December 31, 2015

Note A Organization:

ProFinance Associates, Inc. (Company) was incorporated in the state of New Jersey in August 1985. The Company acts as specialized investment bankers for the defense/electronic security and maritime industries and for various service businesses throughout the United States and abroad, and is a member of the Financial Industry Regulatory Authority ("FINRA"). The basic services of the Company are to assist in arranging financing for client companies and to identify and assist in negotiating merger and acquisition transactions. The Company does not carry customer accounts or handle customer securities.

Note B Summary of Significant Accounting Policies:

Revenue and Expense Recognition:

Revenues are generally recognized by the Company only upon the close of a transaction and when collectability is reasonably assured. Whether or not a transaction closes, the Company is generally entitled to a reimbursement of out-of-pocket expenses.

Expenses are recognized under the accrual method of accounting.

Cash and Cash Equivalents:

For purposes of the statement of financial condition and cash flows, cash equivalents include all highly liquid debt instruments with original maturities of three months or less which are not securing any corporate obligations.

Fixed Assets:

Fixed assets are carried at cost. Fixed asset additions and betterments are charged to the property accounts, while maintenance and repairs are expensed as incurred. Whenever an asset is retired or disposed of, its cost and accumulated depreciation or amortization is removed from the respective accounts, and the resulting gain or loss is credited or charged to income.

Depreciation is computed using the straight-line and declining-balance methods over the following estimated useful lives:

Office Equipment	3 to 10 years
Furniture and Fixtures	3 to 10 years
Leasehold Improvements	Balance of lease at time of acquisition

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk:

Financial instruments that potentially subject the Company to concentrations of credit risk are cash, accounts receivable and other receivables arising from its normal business activities. The Company places its cash in what it believes to be credit-worthy financial institutions. However, cash balances may have exceeded the FDIC insured levels at various times during the year. The Company controls credit risk related to accounts receivable through credit approvals, credit limits and monitoring procedures. The Company routinely assesses the financial strength of its customers and, based upon factors surrounding the credit risk, establishes an allowance, if required, for uncollectible accounts and, as a consequence, believes that its accounts receivable credit risk exposure beyond such allowance is limited.

Fair Value of Financial Instruments:

For certain of the Company’s financial instruments, including cash and equivalents, restricted cash, accounts receivable, accounts payable, accrued liabilities and short-term debt, the carrying amounts approximate their fair values due to their short maturities. ASC Topic 820, “Fair Value Measurements and Disclosures,” requires disclosure of the fair value of financial instruments held by the Company. ASC Topic 825, “Financial Instruments,” defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

Level 1 inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company analyzes all financial instruments with features of both liabilities and equity under ASC 480, “Distinguishing Liabilities from Equity,” and ASC 815.

As of December 31, 2015, the Company did not identify any assets and liabilities that are required to be presented on the balance sheet at fair value.

Income Taxes:

The Company adopted the provisions of Interpretation (“FIN”) No. 48, “Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109” (ASC 740). ASC 740 prescribes a new threshold for determining when an income tax benefit can be recognized, which is a higher threshold than the one imposed for claiming deductions on income tax returns. The adoption of ASC 740 did not have any impact on the Company's financial statements. The Company's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal and state income tax returns have a three-year statute of limitations. The Company would recognize accrued interest and penalties associated with uncertain tax provisions, if any, as part of the income tax provision.

At December 31, 2015, the Company had not taken any significant uncertain tax positions on its tax returns for 2015 and prior years or in computing its tax provision for 2015.

The Company, with the consent of its shareholder, has elected to be treated as an S Corporation under the applicable provisions of the Internal Revenue Code. Accordingly, items of income, loss, credits and deductions are not taxed within the Corporation but are reported on the income tax return of the shareholder for federal tax purposes. At December 31, 2015 the Company made an appropriate state income tax provision for minimum state tax of \$1,035.

Note C Revenues from Significant Clients:

The nature of the Company's business is to complete a small number of transactions each year for a limited number of clients. As such, it is normal for there to be revenue concentrations from significant clients. During the year ended December 31, 2015 the Company had two clients which accounted for approximately 96% of its fee revenue.

Note D Cash:

The Company maintains its cash balances at a bank located in San Diego, California. The bank balances are insured by the Federal Deposit Insurance Corporation and the brokerage account by the Securities Investor Protection Corporation up to \$250,000. As of December 31, 2015, there were no uninsured cash balances.

Note E Fixed Assets:

At December 31, 2015, Furniture, Leasehold Improvements and Equipment consisted of the following:

	<u>December 31, 2015</u>
Office equipment	\$ 25,766
Furniture and fixtures	22,301
Leasehold improvements	<u>7,376</u>
	55,443
Less accumulated depreciation	<u>(53,638)</u>
	<u>\$ 1,805</u>

Depreciation expense was \$1,302 for the year ended December 31, 2015.

Note F Net Capital Requirement:

Pursuant to the net capital provisions of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital as defined under such provisions (SEC Rule 15c-3-1). Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2015, the Company had net capital requirements of \$5,000 and net capital of approximately \$96,887.

Note G Leases:

The Company leases an office under a non-cancelable operating lease. The lease expires in October 2016. Rent expense for year ended December 31, 2015 was \$44,393. The future minimum lease obligation resulting from the agreement is as follows:

Fiscal year ended December 31, 2016:	<u>\$ 37,420</u>
	<u>\$ 37,420</u>

Note H Related Party Transaction and Commitments:

Michael B. Jones owns 100% of ProFinance Associates, Inc. As of December 31, 2015, he also owned 50% of SeaPro, LLC with his wife. The Company signed a lease agreement to lease suite 200 in the building located at 2877 Historic Decatur, San Diego, CA 92106 owned by SeaPro, LLC, with a deposit of \$3,872. See Note G.

Note I Customer Protection Rule Exemption:

The Company relied on Section K(2)(i) of the Securities and Exchange Commission Rule 15c3-3 to exempt them from the provisions of the rule.

Note J Subsequent Events:

The Company has evaluated subsequent events through February 17, 2016 the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

ProFinance Associates, Inc.
Computation of Net Capital Under Rule 15c3-1

SCHEDULE I

Equity - End of Year	\$ 112,724
Less Non Allowable Assets	
Receivable	-
Other Receivable	8,491
Furniture and Fixtures (net of depreciation)	1,805
Deposit and Prepaid Expense	5,541
Total Non Allowable Assets	15,837
Net capital before haircuts	96,887
(Increase) Decrease in Hair Cuts or Undue Concentration	-
Net Capital	\$ 96,887
Total Liabilities	13,279
Aggregated Indebtedness	13,279
Net Capital Required	5,000
Minimum Net Capital Required 6 2/3% of Aggregated Indebtedness	885
Minimum Dollar Requirement	5,000
Net Capital Requirement (greater of the two)	5,000
Excess Net Capital	\$ 91,887

Reconciliation of Net Capital Computation with Focus Report

Net Capital Per Focus II Report	\$ 96,887
Increase (Decrease) in income due to audit adjustments	-
Net Capital	\$ 96,887

ProFinance Associates, Inc.
Schedule II – Computation for Determination of Reserve
Requirements Pursuant to Rule 15c3-3
As of December 31, 2015

A computation of reserve requirement is not applicable to ProFinance Associates, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i).

The accompanying notes are an integral part of these financial statements

ProFinance Associates, Inc.
Schedule III – Information Relating to Possession or Control
Requirements Pursuant to Rule 15c3-3
As of December 31, 2015

Information relating to possession or control requirements is not applicable to ProFinance Associates, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i).

The accompanying notes are an integral part of these financial statements

LICHTER, YU AND ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS

16133 VENTURA BLVD., SUITE 450
ENCINO, CALIFORNIA 91436
TEL (818) 789-0265 FAX (818) 789-3949

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
of ProFinance Associates, Inc.

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



Encino, California
February 17, 2016



ProFinance
ASSOCIATES, INC.

Investment Bankers to Security & Service Industries

MEMBER – FINRA, SIPC

2877 Historic Decatur Road, Suite 200
San Diego, CA 92106

Tel (619) 450-4500 x141

Michael B. Jones
mbjones@profinance.com

February 3, 2016

Lichter, Yu and Associates
16133 Ventura Blvd., Suite 450
Encino, CA 91436

Re: SEA Rule 17a-5(d) (4) Exemption Report

Dear Mr. Yu,

Pursuant to the referenced rule, the following information is provided.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3 (k)(2)(i), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers.

ProFinance Associates, Inc. met the Section 204, 15c3-3 (k)(2)(i) exemption for the period January 1, 2015 through December 31, 2015.

Sincerely,

Michael B. Jones
President

LICHTER, YU AND ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS

16133 VENTURA BLVD., SUITE 450
ENCINO, CALIFORNIA 91436
TEL (818) 789-0265 FAX (818) 789-3949

INDEPENDENT ACCOUNTANT'S AGREED-UPON PROCEDURES REPORT ON SCHEDULE OF ASSESSMENT AND PAYMENTS (FORM SIPC-7)

Board of Directors of ProFinance Associates, Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2015, which were agreed to by ProFinance Associates, 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 ProFinance Associates, Inc.'s compliance with the applicable instructions of Form SIPC-7. ProFinance Associates, Inc.'s management is responsible for ProFinance Associates, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). 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 entries and check to be issued in the amount of \$100, noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2015, see attached "Reconciliation of Form SIPC-7T" as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2015, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, see attached "Reconciliation of Adjustments on Form SIPC-7T", 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, see "Reconciliation of Calculations on Form SIPC-7T", noting no differences; and
- 5) Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences (if applicable). There was no overpayment.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.



Encino, California
February 17, 2016

ProFinance Associates, Inc.
Reconciliation of Form X-17A-5 to Form SIPC-7T

Revenue audited:	
Total revenue	\$ 843,319
Interest income	<u>-</u>
Total revenue audited for the year ended December 31, 2015	<u>843,319</u>
Total revenue reported on Form SIPC-7T	<u>843,319</u>
(Over) Under reported	<u>\$ -</u>

See Independent Accountant's Report

ProFinance Associates, Inc.
Reconciliation of Adjustments on Form SIPC-7T

Adjustments reported on Form SIPC-7T	
No adjustment	\$ -
Total adjustments reported on Form SIPC-7T	-
General Ledger Comparison:	
No adjustment	<u>-</u>
(Over) Under reported	<u><u>\$ -</u></u>

See Independent Accountant's Report

ProFinance Associates, Inc.
Reconciliation of Calculations on Form SIPC-7T

Total revenue reported on Form SIPC-7T	\$ 843,319
Total adjustments reported on Form SIPC-7T	<u>-</u>
SIPC net operating revenues	<u>\$ 843,319</u>
General assessment @ .0025	<u>\$ 2,108</u>
Amount reported on Form SIPC-7T	<u>\$ 2,008</u>
(Over) Under reported	<u>\$ 100</u>

See Independent Accountant's Report

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 12/31/2015

(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*****3166*****MIXED AADC 220
042532 FINRA DEC
PROFINANCE ASSOCIATES INC
2877 HISTORIC DECATUR RD STE 200
SAN DIEGO CA 92106-6177

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.

Nicolette Denney 760-815-1817

2. A. General Assessment (item 2e from page 2)	\$ 2,008.30
B. Less payment made with SIPC-6 filed (exclude interest)	(100.00)
7/27/2015	
Date Paid	
C. Less prior overpayment applied	(0)
D. Assessment balance due or (overpayment)	0
E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum	0
F. Total assessment balance and interest due (or overpayment carried forward)	\$ 1,908.30
G. PAID WITH THIS FORM:	
Check enclosed, payable to SIPC:	
Total (must be same as F above)	\$ 1,908.30
H. Overpayment carried forward	\$(0)

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 hereby that all information contained herein is true, correct and complete.

ProFinance Associates Inc

(as of Corporation, Partnership or other organization)

(Authorized Signature)

Nicolette Denney, Financial Operations Officer

(Title)

Dated the 28 day of January, 20 16

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 5 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 1/1/2015
and ending 12/31/2015.

Item No.:

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4630)

Eliminate cents:

\$ 843,319

2b. Additions:

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

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

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

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

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

(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.

(7) Net loss from securities in investment accounts.

Total additions

0

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-related products.

(2) Revenues from commodity transactions.

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

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

(5) Net gain from securities in investment accounts.

(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.

(7) Direct expenses of printing, advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(b)(1) of the Act).

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

(Deductions in excess of \$100,000 require documentation.)

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4675 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ _____

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 2960).

\$ _____

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

Total deductions

0

2d. SIPC Net Operating Revenues

\$ 843,319

2e. General Assessment @ .0025

\$ 2,008.30

(to page 1, line 2.A.)

ProFinance Associates, Inc.

**Financial Statements and Supplemental Schedules
Required by the U.S. Securities and Exchange Commission**

Including Independent Auditor's Report Thereon

For the Year-Ended December 31, 2015