Grant Thornton

Statements of Financial Condition

PI Financial (US) Corp.

(Expressed in US dollars)

March 31, 2018 and 2017

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Report of Independent Registered Public Accounting Firm

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To the shareholder and Board of Directors of
PI Financial (US) Corp.

Opinion on the statements of financial condition

We have audited the accompanying statements of financial condition of PI Financial (US) Corp. (the "Company") as of March 31, 2018 and 2017, and the related notes (collectively referred to the as the "statements of financial condition") for the years then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. In our opinion, the statements of financial condition present fairly, in all material respects, the financial condition of the Company as at March 31, 2018 and 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These statements of financial condition are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's statements of financial condition based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of financial condition are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the statements of financial condition, 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 statements of financial condition.

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Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statements of financial condition. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2006.

Grant Thornton LLP

Vancouver, Canada
May 16, 2018

Chartered Professional Accountants

PI Financial (US) Corp.
Statements of Financial Condition

(Expressed in US dollars)

March 31		2018		2017
Assets				
Cash	**$**	**1,654,000**	$	1,568,816
Accounts receivable		**9,426**		4,895
Due from parent company (Note 6)		**25,777**		19,861
Other receivables		**15,911**		16,381
Prepaid expenses		**5,609**		756
Total assets	**$**	**1,710,723**	$	1,610,709
Liabilities				
Accounts payable and accrued liabilities	**$**	**32,922**	$	56,320
Income taxes payable		**28,888**		-
Total liabilities		**61,810**		56,320
Stockholder's equity				
Share capital (Note 5)		**1,225,100**		1,225,100
Retained earnings		**348,674**		302,135
Cumulative translation adjustment		**75,139**		27,154
Total equity		**1,648,913**		1,554,389
Total liabilities and stockholder's equity	**$**	**1,710,723**	$	1,610,709

On behalf of the board

_______________ Director _______________ Director

1. Nature of operations

PI Financial (US) Corp. (the "Company") is a broker/dealer registered under the United States Securities Exchange Act of 1934 and incorporated under the Business Corporations Act (British Columbia) on January 13, 2003.

The Company became a registrant with the Financial Industry Regulatory Authority ("FINRA") of the United States of America on December 2, 2003.

The Company is a wholly-owned subsidiary of PI Financial Corp. and transacts exclusively with institutional investors on delivery versus payment or receipt versus payment basis. The Company does not hold client securities or funds beyond settlement date. All securities transactions are processed through its parent company, PI Financial Corp., which acts as the clearing and settlement agent for the Company.

2. Summary of significant accounting policies

Generally accepted accounting principles ("GAAP")

These financial statements are presented in United States (US) dollars and prepared in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation

These financial statements are prepared based on settlement date basis.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results may differ from those estimates.

Cash

Cash includes cash on hand, held at one financial institution.

Revenue recognition

Institutional sales revenue consists of revenue generated through commission based brokerage services provided to institutional clients, recognized on a settlement date basis.

Private placement revenue consists of commissions earned on private placements of securities. Commissions earned on private placements of securities are recorded when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable.

Interest revenue consists of amounts earned on cash deposited in bank accounts. The interest is recognized as it is earned.

2. Summary of significant accounting policies (continued)

Foreign currency translation

The Company's functional currency is the Canadian dollar. These financial statements have been translated into US dollars for regulatory purposes. All assets and liabilities accounts denominated in Canadian dollars are translated into US dollars at the exchange rate in effect at the balance sheet date. Revenues and expenses denominated in Canadian dollars are translated at the exchange rate in effect at the transaction date. Foreign exchange gains and losses re included in the determination of comprehensive income for the year.

Income taxes

Income taxes are accounted for using an asset and liability approach, which requires the recognition of taxes payable or refundable for the current period and deferred tax liabilities and assets for future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The measurement of current and deferred tax liabilities and assets is based on provisions of enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Deferred tax assets are reduced, if necessary, by a valuation allowance where, based on available evidence, the probability of realization of the deferred tax asset does not meet a more-likely-than-not criterion.

Accounting for uncertainty in income taxes

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

3. Financial instruments, fair value measurements

The Company follows guidance under the ASC Topic 820 *Fair Value Measurements and Disclosures* with regard to financial assets and liabilities measured at fair value on a recurring basis. ASC Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

3. Financial instruments, fair value measurements (continued)

The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity.

The Company utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

4. Financial instruments

Fair value

The financial instruments consist of cash, accounts receivable, due from parent company and accounts payable. The carrying value approximates fair value due to their short maturities.

Risk management

In the normal course of business the Company is exposed to credit risk, liquidity risk, market risk, fair value risk, interest rate risk and foreign exchange risk. These risks are managed in the following manner:

(a) Credit risk

The Company's exposure to credit risk arises from the possibility that a counterparty to a transaction might fail to perform under its contractual commitment, resulting in a financial loss to the Company. To minimize its exposure, the Company trades only for institutional investors, requires settlement of securities transactions on a delivery against payment basis, monitors credit exposures, monitors the total value of transactions with counterparties, and maintains the majority of its cash and cash equivalents with high credit quality financial institutions. There was $1,576,445 in cash exceeding the federally insured limits s at March 31, 2018. During the year, there may be times when uninsured cash is higher or lower.

As at March 31, 2018, all accounts receivable and due from parent company are current. Management believes that counterparty concentrations are in the normal course of business and are not unusual. No provisions have been made for any potential uncollectable accounts.

(Expressed in US dollars)

4. Financial instruments (continued)

Risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company's management oversees the liquidity risk management program to ensure the Company has access to enough readily available funds to cover its financial obligations as they come due. The Company's business requires capital for operating and regulatory purposes. The assets reflected on the statement of financial position are highly liquid. Amount due from parent company are non-interest bearing and have no set terms of repayment.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate because of changes in market prices. For purposes of disclosure, the Company segregates market risk into three categories: fair value risk, interest rate risk and currency risk.

Fair value risk

Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. It is management's opinion that the Company is not exposed to significant fair value risk from these financial instruments.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments held by the Company. The Company is exposed to interest rate risk on the cash balances held.

Interest rate sensitivity analysis

The following table provides the effect on net income if interest rates were to decrease or increase by 100 basis points ("bp") for the years ended March 31, 201 and 2017, applied to the balances as of this date. This analysis assumes that all other variables remain constant.

	Carrying value	Effect of a 100 bp increase in interest rates on net income	Effect of a 100 bp decrease in interest rates on net income
March 31, 2018			
Cash	**$ 1,654,000**	**$ 16,540**	**$ (15,716)**
March 31, 2017			
Cash	$ 1,568,816	$ 15,688	$ (10,821)

4. Financial instruments (continued)

Risk management (continued)

(c) Market risk (continued)

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates of financial amounts denominated in US dollars. The Company incurs foreign exchange risk on financial instruments denominated in currencies other than their functional currency, which includes cash, accounts receivable, and accounts payable and accrued liabilities. The Company is not materially impacted by foreign exchange risk.

5. Share capital		**2018**	2017
Authorized			
100,000,000	common shares without par value		
Issued			
1,225,100	common shares	**$ 1,225,100**	$ 1,225,100

6. Related party transactions

(a) During the year ended March 31, 2018, the Company paid research and trading fees of $27,145 (2017 - $46,191), clearing fees of $85,748 (2017 - $67,684) and rent of $46,819 (2017 - $45,779) to, PI Financial Corp.

(b) At March 31, 2018, amounts due from parent company include $25,777 (2017 - $19,861) due from PI Financial Corp.

(c) During the year ended March 31, 2018, the Company paid dividends of $125,000 (2017 - $425,000) to PI Financial Corp.

The above transactions occurred in the normal course of operations and are measured at the exchange amount as agreed to by the related parties. The amounts are unsecured and non-interest bearing with no set terms of repayment.

7. Concentrations

For the year ended March 31, 2018, two (2017 - two) customers each accounted for more than 10% of the Company's institutional sales and new issues and private placement revenue totalling approximately $640,000 (2017 - $376,000).

8. Capital requirements

The Company requires capital for operating and regulatory purposes including the funding of current and future operations. The capital structure is defined as stockholder's equity which comprises share capital and retained earnings.

The Company’s capital management framework is designed to exceed the level of capital that will meet the Company's regulatory capital requirements, fund current and future operations, and ensure that the Company is able to meet its financial obligations as they become due.

The Company is subject to the Securities and Exchange Commission’s Uniform Net Capital Rule, which requires the maintenance of minimum net capital. The Company follows the primary (aggregate indebtedness) method under rule 15c3-1 with the K(2)(i) exemption which requires the Company to maintain minimum net capital equal to the greater of $100,000 and one-fifteenth of aggregate indebtedness. If the net capital ratio exceeds 10 to 1, the Company may not withdraw equity capital or pay cash dividends.

At March 31, 2018, the Company had net capital of $1,493,619 (2017 - $1,332,972) which was $1,393,619 (2017 - $1,232,972) in excess of its required net capital of $100,000. The Company’s ratio of aggregate indebtedness to net capital was 0.0414 to 1. As at March 31, 2018, the Company was in compliance with all minimum regulatory requirements.

Net capital is a non-GAAP measure and it is a prescribed calculation by the Securities and Exchange Commission’s Uniform Net Capital Rule. As a result, the measure may not be comparable to similar measures prescribed by other companies.

(Expressed in US dollars)

9. Income taxes

Under the International Financial Activity Act of the Province of British Columbia, certain operations of the Company qualify as prescribed activities for provincial tax relief thereby reducing the applicable statutory rate.

	2018	2017	**2018**	2017
	Percentage of Income			
Income taxes at the statutory rate	**26.0**	26.0	**$ 58,692**	$ 35,712
International financial business recovery of provincial taxes	**(1.6)**	(11.5)	**(3,548)**	(15,848)
Rate differential and other	**(0.4)**	1.2	**(945)**	1,614
Income tax provision	**24.0**	15.6	**$ 54,199**	$ 21,478

10. Subsequent events

The Company has evaluated subsequent events through May 16, 2018, which is the date the financial statements were available to be issued. Based on such evaluation, no such events have occurred that in the opinion of management warrant disclosure in or adjustment to financial statements.