Grant Thornton

Statements of Financial Condition

PI Financial (US) Corp.

(Expressed in US dollars)

March 31, 2023 and 2022

Contents

	Page
Report of Independent Registered Public Accounting Firm	1 - 2
Statements of Financial Condition	3
Notes to the Statements of Financial Condition	4 - 9

Report of Independent Registered Public Accounting Firm

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

Opinion on the financial statement

We have audited the accompanying statement of financial condition of PI Financial (US) Corp. (the "Company") as of March 31, 2023 and 2022, 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 March 31, 2023 and 2022 in conformity with accounting principles generally accepted in the United States of America.

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. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting 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.

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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.

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

Grant Thornton LLP

Vancouver, Canada
May 29, 2023

Chartered Professional Accountants

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PI Financial (US) Corp.
Statements of Financial Condition

(Expressed in US dollars)

March 31		2023		2022
Assets				
Cash	$	**860,897**	$	1,769,996
Accounts receivable		**4,494**		3,169
Due from parent company (Note 6)		**8,915**		2,808
Due from clients		**5,685**		-
Income tax receivable		**18,911**		68,446
Prepaid expenses		**1,710**		6,270
Total assets	$	**900,612**	$	1,850,689
Liabilities				
Accounts payable and accrued liabilities	$	**28,935**	$	33,133
Due to brokers and dealers		**5,685**		-
Total liabilities		**34,620**		33,133
Stockholder's equity				
Share capital (Note 5)		**755,100**		1,225,100
Retained earnings		**130,769**		469,726
Foreign currency translation reserve		**(19,877)**		122,730
Total stockholder's equity		**865,992**		1,817,556
Total liabilities and stockholder's equity	$	**900,612**	$	1,850,689

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.

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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

In accordance with ASC 606 *Revenue from Contracts with Customers* (“ASC 606”), the Company recognizes revenue when its customer obtains control of the goods or services, in an amount that reflects the consideration which the Company expects to be entitled in exchange for those goods or services.

To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, it performs the following five steps:

i. identify the contract(s) with a customer;
ii. identify the performance obligations in the contract;
iii. determine the transaction price;
iv. allocate the transaction price to the performance obligations in the contract; and
v. recognize revenue when (or as) the entity satisfies a performance obligation.

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

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

New issues and 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 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.

Foreign currency translation

The Company's functional currency is the Canadian dollar. These financial statements have been translated into the US dollar reporting currency 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 statements of financial position 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 are included in the determination of comprehensive (loss) 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 assets and liabilities 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 assets and liabilities is based on provisions of enacted tax laws; the effects of future changes in tax laws or rates are not factored into the measurement. 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 statements of financial condition 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.

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3. Financial instruments, fair value measurements

The Company follows guidance under ASC 820 *Fair Value Measurements* ("ASC 820") with regard to financial assets and liabilities measured at fair value on a recurring basis. ASC 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 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 of the Company consist of cash, accounts receivable, due from parent company due from clients, accounts payable and due to brokers and dealers. 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 with high credit quality financial institutions. There was $787,004 in cash exceeding the federally insured limits at March 31, 2023 (2022 – $1,689,970). During the year, there may be times when uninsured cash is higher or lower.

As at March 31, 2023 and 2022, all accounts receivable, due from parent company and due from clients 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.

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 statements of financial position are highly liquid. Amounts 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 foreign exchange 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, 2023 and 2022, 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, 2023						
Cash	**$**	**860,897**	**$**	**8,609**	**$**	**(8,609)**
March 31, 2022						
Cash	$	1,769,996	$	17,700	$	(15,883)

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 its functional currency, which includes cash, accounts receivable and accounts payable. The Company is not materially impacted by foreign exchange risk.

5. Share capital	**2023**	2022
Authorized		
100,000,000 common shares without par value		
Additional paid in capital		
Premium received on issuance of:		
1,225,100 common shares	**$ 755,100**	$ 1,225,100

During the year ended March 31, 2023 the Company paid a return of capital of $470,000 (2022 - $Nil) to its parent company.

6. Related party transactions

(a) During the year ended March 31, 2023, the Company paid research and trading fees of $71,378 (2022 - $69,508), clearing fees of $57,418 (2022 - $128,668) and overhead allocation of $39,154 (2022 - $41,068) to its parent company, PI Financial Corp.

(b) At March 31, 2023, amounts due from parent company include $8,915 (2022 - $2,808) due from PI Financial Corp.

(c) During the year ended March 31, 2023, the Company paid dividends of $410,000 (2022 - $350,000) 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, 2023, two (2022 - one) customers accounted for more than 10% of the Company's institutional sales and new issues and private placement revenue totalling approximately $150,000 (2022 - $379,000).

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, retained earnings and foreign currency translation reserve.

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 ("Rule 15c3-1"), 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, 2023, the Company had net capital of $781,034 (2022 - $1,629,045) which was $681,034 (2022 - $1,529,045) in excess of its required net capital of $100,000. The Company's ratio of aggregate indebtedness to net capital was 0.0443 to 1. As at March 31, 2023, 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.

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.

	2023	2022	**2023**	2022
	Percentage of Income			
Income taxes at the statutory rate	**27.0**	27.0	**$ 26,929**	$ 50,096
Rate differential and other	**1.8**	(0.8)	**1,766**	(1,466)
Income tax expense	**28.8**	26.2	**$ 28,695**	$ 48,630

10. Subsequent events

The Company has evaluated subsequent events through May 29, 2023, which is the date the statements of financial condition 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 the statements of financial condition.