

PWMCO, LLC

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM
PURSUANT TO RULE 17a-5

DECEMBER 31, 2016

CONFIDENTIAL

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: May 31, 2017
Estimated average burden
hours per response.....12.00

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

SEC File Number
8-25572

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 01/01/16 and ending 12/31/16

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
PWMCO, LLC

Official Use Only

Firm ID No.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do not use P.O. Box No.):
1 South Wacker Drive, Suite 2920
(No. and Street)

Chicago IL 60606
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS
REPORT: Benjamin Wilson (312) 341-9727
(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
DeMarco Sciacotta Wilkens & Dunleavy, LLP
(Name -- if individual, state last, first, middle name)

9645 Lincolnway Lane, Suite 214A
(No. and Street)

Frankfort Illinois 60423
(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 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)

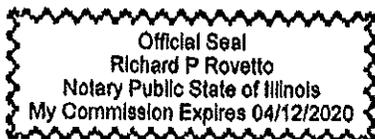
OATH OR AFFIRMATION

I, Benjamin Wilson, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to the firm of PWMCO, LLC, as of December 31, 2016, 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:

None.

Benjamin Wilson
Signature

President
Title



Richard P. Rovetto
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 Stockholders' Equity or Partners' or Sole Proprietor's 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 15c-3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c-3-3.
- (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 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) Exemption Report.

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

PWMCO, LLC

C O N T E N T S

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL CONDITION

STATEMENT OF INCOME

STATEMENT OF CHANGES IN MEMBER'S CAPITAL

STATEMENT OF CASH FLOWS

NOTES TO FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION

COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

EXEMPTION REPORT



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Member of
PWMCO, LLC

We have audited the accompanying financial statements of PWMCO, LLC (the Company), which comprise the statement of financial condition as of December 31, 2016, and the related statements of income, changes in member's capital and cash flows 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 supplementary information. The Company'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 position of PWMCO, LLC as of December 31, 2016, 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 Supplementary Information has been subjected to audit procedures performed in conjunction with the audit of PWMCO, LLC's financial statements. The Supplementary Information is the responsibility of PWMCO, LLC's management. Our audit procedures included determining whether the Supplementary 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 Supplementary Information. In forming our opinion on the Supplementary Information, we evaluated whether the Supplementary 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 Supplementary Information is fairly stated, in all material respects, in relation to the financial statements as a whole.

DeMarco Sciacotta Wilkens & Dunleavy LLP

Frankfort, Illinois
February 10, 2017

PWMCO, LLC

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2016

ASSETS

Cash	\$	758,092
Receivables from broker/dealers and clearing organizations		19,663
Furniture and equipment, at cost (net of \$121,463 accumulated depreciation)		5,013
Other assets		<u>21,724</u>
TOTAL ASSETS	\$	<u>804,492</u>

LIABILITIES AND MEMBER'S CAPITAL

LIABILITIES		
Accounts payable and accrued expenses	\$	<u>15,478</u>
Total Liabilities	\$	<u>15,478</u>
Member's Capital	\$	<u>789,014</u>
TOTAL LIABILITIES AND MEMBER'S CAPITAL	\$	<u>804,492</u>

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

PWMCO, LLC

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2016

REVENUE

Investment advisory fees \$ 2,117,577

EXPENSES

Compensation and related benefits \$ 436,730
Commissions and clearing expenses 19,660
Sub-advisory fees 362,793
Communications 34,589
Occupancy 85,550
Other expenses 194,772

Total Expenses \$ 1,134,094

NET INCOME \$ 983,483

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

PWMCO, LLC

STATEMENT OF CHANGES IN MEMBER'S CAPITAL

YEAR ENDED DECEMBER 31, 2016

Balance-Beginning of Year	\$ 205,531
Net Income	983,483
Distributions	<u>(400,000)</u>
BALANCE-END OF YEAR	<u>\$ 789,014</u>

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

PWMCO, LLC

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016

Cash Flows from Operating Activities	
Net Income	\$ 983,483
Adjustments:	
Depreciation	9,630
Decrease in receivable from broker/dealers	17,661
Increase in other assets	(285)
Decrease in accounts payable	<u>(5,956)</u>
Net Cash Flow Provided (Used) by Operating Activities	\$ <u>1,004,533</u>
Net Cash Flow Provided (Used) by Investing Activities	
Purchases of furniture and equipment	\$ <u>(3,578)</u>
Cash Flows from Financing Activities	
Distributions	\$ <u>(400,000)</u>
Net Increase (Decrease) in Cash	\$ <u>600,955</u>
Cash Balance at December 31, 2015	\$ <u>157,137</u>
Cash Balance at December 31, 2016	\$ <u><u>758,092</u></u>

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

PWMCO, LLC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization - PWMCO, LLC (the “Company”), a limited liability company, was organized in the state of Delaware on January 15, 2003. The Company is registered as a broker/dealer and an investment advisor with the Securities and Exchange Commission and is also a member of the Financial Industry Regulatory Authority (FINRA). The Company's principal business activity is providing investment advisory services.

Recognition of Revenue – Income from investment advisory fees are generally billed and collected at the beginning of each calendar quarter and recognized over the quarterly period.

Concentrations of Credit Risk - The Company is engaged in various brokerage activities in which the counterparties primarily include broker/dealers, banks, other financial institutions and the Company’s own customers. In the event the 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 counterparty.

In addition, the Company’s cash is on deposit at two financial institutions and the balance at times may exceed the federally insured limit. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Depreciation - Depreciation of furniture and equipment is computed using the straight line method over 5 and 7 year periods.

PWMCO, LLC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 2 - INCOME TAXES

As a single member limited liability company, the Company is not recognized for federal and state income tax purposes as a taxable entity. Therefore, income taxes are the responsibility of the individual member of the Company.

The Company accounts for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as other expense. The Company's member is no longer subject to examination by tax authorities for federal, state or local income taxes for periods before 2013.

NOTE 3 - LEASE COMMITMENT

The Company leases its office space under an operating agreement that expires January 2018. The minimum annual rent under this operating lease, exclusive of additional payments that may be required for certain increases in operating and maintenance costs, are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u>
2017	\$ 52,177
2018	<u>4,357</u>
Total	<u>\$ 56,534</u>

The total expense for the year ended December 31, 2016 relating to this office lease was \$85,550.

PWMCO, LLC

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

NOTE 4 - NET CAPITAL REQUIREMENTS

As a registered broker/dealer and member of the Financial Industry Regulatory Authority (FINRA), the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires that the Company maintain a ratio of aggregate indebtedness to net capital, as defined, not to exceed 1500%. In addition, net capital, as defined, shall not be less than \$5,000. At December 31, 2016, net capital was \$742,615 and required net capital was \$5,000. The ratio of aggregate indebtedness to net capital was 2%.

NOTE 5 - RELATED PARTY INFORMATION

The Company is a single member limited liability company and is wholly owned by Mac-Per-Wolf Company. In addition, through common ownership and management, the Company is affiliated with Perkins Investment Management, LLC (PIM), a registered investment advisor. PIM was formerly known as Perkins, Wolf, McDonnell and Company, LLC. Pursuant to terms of a written agreement between the Company and PIM, the Company has incurred sub-advisory fees to PIM for the year ended December 31, 2016 totaling \$362,793 included in the statement of income.

NOTE 6 - PROFIT-SHARING PLAN

The Company sponsors a profit-sharing plan that covers substantially all of its employees with 1,000 hours or more of service during the plan year. The profit-sharing plan contributions and expense for the year ended December 31, 2016 was \$60,000.

SUPPLEMENTARY INFORMATION

NOTE: The Company is exempt from the provisions of SEC Rule 15c3-3 pursuant to subparagraph k(2)(i) of that rule. Therefore the Computation for Determination of the Reserve Requirements under Exhibit A of Rule 15c3-3 and the Information Relating to the Possession or Control Requirements under Rule 15c3-3 have not been provided.

PWMCO, LLC

COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS

DECEMBER 31, 2016

COMPUTATION OF NET CAPITAL

Total member's capital	\$	789,014
Deduct - Nonallowable assets and other deductions		<u>(46,399)</u>
NET CAPITAL	\$	<u>742,615</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital requirement (6 2/3% of total aggregate indebtedness)	\$	<u>1,032</u>
Minimum dollar net capital requirement	\$	<u>5,000</u>
Net capital requirement	\$	<u>5,000</u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities	\$	<u>15,478</u>
Ratio of Aggregate Indebtedness to Net Capital		<u>2%</u>

NOTE: There are no material differences between the computations above and the computations included in the Company's corresponding unaudited Form X-17A-5 Part II filing.

See accompanying Report of Independent Registered Public Accounting Firm.



REVIEW OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Member of
PWMCO, LLC

We have reviewed management's statements, included in the accompanying exemption report, in which (1) PWMCO, LLC identified the following provisions of 17 C.F.R. section 15c3-3(k) under which PWMCO, LLC claims an exemption from 17 C.F.R. section 240.15c3-3(k)(2)(i) (the "exemption provisions") and (2) PWMCO, LLC stated that PWMCO, LLC met the identified exemption provisions for the year ended December 31, 2016 without exception. PWMCO, LLC'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 PWMCO, LLC'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 assertions. 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.

DeMarco Sciacotta Wilkens & Dunleavy LLP

Frankfort, Illinois
February 10, 2017

PWMCO, LLC

One South Wacker Drive
Suite 2920
Chicago, IL 60606

(312) 341-9727
Fax (312) 341-9737

EXEMPTION REPORT
SEC Rule 17a-5(d) (4)

February 10, 2017

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

- PWMCO, LLC is a broker/dealer registered with the SEC and FINRA.
- PWMCO, LLC claimed an exemption under paragraph (k) (2) (i) of Rule 15c3-3 for the year ended December 31, 2016.
- PWMCO, LLC is exempt from the provisions of Rule 15c3-3 because it meets conditions set forth in paragraph (k)(2)(i) of the rule, of which, the identity of the specific conditions are as follows:
 - The provisions of the Customer Protection Rule shall not be applicable to a broker or dealer who, carries no margin accounts, promptly transmits all customer funds and delivers all securities received in connection with his activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to, customers and effectuates all financial transactions between the broker or dealer and his customers through one or more bank accounts, each to be designated as "Special Account for the Exclusive Benefit of Customers".
- PWMCO, LLC has met the identified exemption provisions in paragraph (k) (2) (i) of Rule 15c3-3 for the year ended December 31, 2016 without exception.
- PWMCO, LLC has not recorded any exceptions to the exemption provision in paragraph (k) (2) (i) of Rule 15c3-3 for the year ended December 31, 2016.

The above statements are true and correct to the best of my and the Firm's knowledge.

Signature: _____

Name and Title: _____

Investment Services