

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

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART 111**

SEC FILE NUMBER
8- 52125

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 01/01/18 AND ENDING 12/31/18
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Portfolio Advisors Alliance, LLC

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

OFFICIAL USE ONLY

FIRM I.D. NO.

535 Fifth Avenue, Fourth Floor

(No. and Street)

New York

NY

10017

(City)

(State)

(Zip Code)

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

Kerri Wasserman

(212) 812-8900

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in the Report*

Rubio CPA, PC

(Name if individual, state last, first, middle name)

900 Circle 75 Parkway, Suite 1100

Atlanta

Georgia

30339

(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

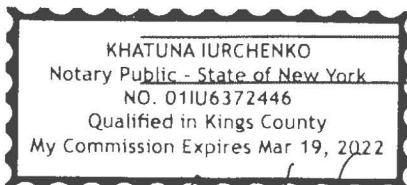
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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, **Kerri Wasserman**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of **Portfolio Advisors Alliance, LLC**, as of **December 31**, **2018**, 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:



[Signature] 02/06/19
Notary Public

[Signature] 2/6/2019
Signature
President
Title

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.
- ☒ (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 15c3-3 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 240.17z-5(e)(3).**

PORTFOLIO ADVISORS ALLIANCE, LLC

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2018

**REPORT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM**

To the Members of
Portfolio Advisors Alliance, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Portfolio Advisors Alliance, Inc. (the "Company") as of December 31, 2018, the related statements of operations, changes in members' equity, and cash flows for the year then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements 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 statements are 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.

Our audit included performing procedures to assess the risks of material misstatement to the financial statements, 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 statements. 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 statements. We believe that our audit provide a reasonable basis of our opinion.

Supplemental Information

The information contained in Schedules I, II and III has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the information in Schedules I, II and III 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 accompanying schedules. In forming our opinion on the accompanying

schedules, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the aforementioned supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

March 1, 2019
Atlanta, Georgia

A handwritten signature in black ink that reads "Rubio CPA, PC". The signature is written in a cursive, flowing style.

Rubio CPA, PC

PORTFOLIO ADVISORS ALLIANCE, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2018

ASSETS

Cash	\$ 27,378
Receivable from Clearing Broker	43,415
Deposit with Clearing Broker	50,000
Prepaid Expenses	19,278
Property and Equipment, Net of Accumulated Depreciation of \$24,724	182
Loan Receivable from Officer	5,000
Other Assets	2,850
TOTAL ASSETS	<u>\$ 148,103</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities	
Accounts Payable and Accrued Expenses	\$ 62,485
Accrued Commissions	34,616
Total Liabilities	<u>97,101</u>
Member's Equity	51,002
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 148,103</u>

See Accompanying Notes to Financial Statements.

PORTFOLIO ADVISORS ALLIANCE, LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

Revenues	
Commission Income	\$ 676,763
Private Placements	515,198
Mutual Fund Fees	17,086
Interest Income	24,971
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Total Revenues	1,234,018
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Expenses	
Commissions, Compensation and Benefits	1,004,071
Clearing Costs	63,866
Regulatory Fees	41,244
Settlement Expenses	37,000
Occupancy and Equipment	24,976
Technology and Communications	4,997
Other Operating Expenses	105,909
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Total Expenses	1,282,063
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Net Loss	\$ (48,045)

See Accompanying Notes to Financial Statements.

PORTFOLIO ADVISORS ALLIANCE, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Flows From Operating Activities	
Net Loss	\$ (48,045)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:	
Depreciation	1,783
Decrease in Prepaid Expenses and Other Assets	13,246
Decrease in Receivable From Clearing Broker	2,168
Decrease in Accounts Payable and Accrued Expenses	(5,757)
Increase in Accrued Commissions	3,125
Net Cash Used in Operating Activities	<u>(33,480)</u>
Decrease in Cash	(33,480)
Cash - January 1, 2018	<u>60,858</u>
Cash - December 31, 2018	<u><u>\$ 27,378</u></u>

See Accompanying Notes to Financial Statements.

**PORTFOLIO ADVISORS ALLIANCE, LLC
STATEMENT OF MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance - December 31, 2017	\$ 99,047
Net Loss	<u>(48,045)</u>
Balance - December 31, 2018	<u><u>\$ 51,002</u></u>

See Accompanying Notes to Financial Statements.

PORTFOLIO ADVISORS ALLIANCE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of Business: The Company began in 2000 as a registered broker dealer organized under the laws of the state of California and converted to the laws of the state of Delaware on September 24, 2015. The Company is registered with the Securities and Exchange Commission, the Financial Industry Regulatory Authority and the securities commissions of appropriate states.

The Company's business is retail brokerage of marketable securities and private placements for customers located throughout the United States. The Company operates from offices located in New York, New York.

Cash: The Company maintains its cash in a high credit quality financial institution. The balance at times may exceed federally insured limits.

Property and Equipment: Property and equipment are recorded at cost. Depreciation is provided by use of straight-line methods over the estimated useful lives of the respective assets.

Income Taxes: The Company is a limited liability company for income tax reporting purposes. Therefore, the members will report the entire taxable income on their individual income tax returns and no income taxes are recorded in the accompanying financial statements.

The Company has adopted the provisions of FASB Accounting Standards Codification 740-10, Accounting for Uncertainty in Income Taxes. Under FASB ASC 740-10 the Company is required to evaluate each of its tax positions to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. A tax position includes an entity's status and the decision not to file a return. The Company has evaluated each of its tax positions and has determined that it has no uncertain tax positions for which a provision or liability for income taxes is necessary.

Receivable from Clearing Broker: The Company provides for doubtful accounts when market conditions indicate that collection of an account is doubtful. The receivable at December 31, 2018 is considered wholly collectible and no allowance for doubtful accounts is provided.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Revenue Recognition: Customer's securities transactions are reported on a trade date basis. Private placement revenues from capital raising services are recognized when earned, which generally occurs when a transaction is funded.

The Financial Accounting Standards Board (FASB) has issued a comprehensive new revenue recognition standard that supercedes most existing revenue recognition guidance under GAAP (FASB Accounting Standards Codification 606.) The Company adopted this standard effective January 1, 2018.

PORTFOLIO ADVISORS ALLIANCE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued):

The standard's core principle is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 prescribes a five step process to accomplish this core principle, including:

- Identification of the contract with the customer;
- Identification of the performance obligation(s) under the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the identified performance obligation; and
- Recognition of revenue as (or when) an entity satisfies the identified performance obligation(s).

The Company recognizes revenue upon completion of private placement transactions as this satisfies the only performance obligation identified in accordance with this standard.

Application of the standard in 2018 using the modified retrospective approach had no effect on reported financial position, results of operations or related disclosures.

Date of Management's Review: Subsequent events were evaluated through the date the financial statements were issued.

New Accounting Pronouncements: In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2019. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management is evaluating the effect this pronouncement will have on the financial statements and related disclosures.

NOTE B - NET CAPITAL

The Company, as a registered broker dealer, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2018, the Company had net capital of \$23,692 which was \$17,219 above its required net capital of \$6,473 and its ratio of aggregate indebtedness to net capital was 4.1 to 1.0.

NOTE C - OFF BALANCE SHEET RISK

In the normal course of business, the Company's customers execute securities transactions through the Company. These activities may expose the Company to off balance sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company must purchase or sell the financial instrument underlying the contract at a loss.

PORTFOLIO ADVISORS ALLIANCE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE D – DEPOSIT WITH CLEARING BROKER

The Company clears all proprietary and customer transactions through another broker-dealer on a fully disclosed basis. The fully disclosed correspondent/clearing agreement requires a deposit with the clearing firm. Provided the Company is not in default of its obligations or liabilities to the clearing firm, the clearing firm will return the security deposit following termination of the fully disclosed correspondent/clearing agreement.

NOTE E - CONTINGENCIES

At December 31, 2018, the Company has two unresolved customer arbitration matters and has received a Wells notice from the U.S. Securities and Exchange Commission related to fraud surrounding a private placement sold by the Company. The Company has accrued approximately \$32,000 at December 31, 2018 for the estimated cost to settle these matters.

NOTE F - LEASE

The Company rents office space pursuant to a twelve-month lease that ends January 31, 2019 and is subject to automatic renewal unless terminated. Rent expense for 2018 was \$23,193.

NOTE G – RELATED PARTY TRANSACTIONS

All of the Company's private placement revenues earned during 2018 were from sales of units in a related entity.

SUPPLEMENTAL INFORMATION

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SCHEDULE I
PORTFOLIO ADVISORS ALLIANCE, LLC
STATEMENT OF SUPPORTING SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net Capital	
Total Member's Equity Qualified for Net Capital	\$ 51,002
Deductions and/or Charges	
Non-Allowable Assets:	
Prepaid Expenses	19,278
Property and Equipment, net	182
Loan Receivable	5,000
Other Assets	2,850
Total Deductions and/or Charges	<u>27,310</u>
Net Capital Before Haircuts on Securities Positions (Tentative Net Capital)	<u>23,692</u>
Less: Haircuts on Investment Securities	<u>-</u>
Net Capital	<u><u>\$ 23,692</u></u>
Aggregate Indebtedness	<u><u>\$ 97,101</u></u>
Percentage of Aggregate Indebtedness to Net Capital	<u><u>410%</u></u>
Minimum Net Capital Required	<u><u>\$ 6,473</u></u>
Excess Net Capital	<u><u>\$ 17,219</u></u>

RECONCILIATION WITH COMPANY'S COMPUTATION OF NET CAPITAL
INCLUDED IN PART IIA OF FORM X-17A-5
AS OF DECEMBER 31, 2018

There is no significant difference between net capital as reported in form X-17A-5
and net capital as computed above

PORTFOLIO ADVISORS ALLIANCE, LLC

SCHEDULE II

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION AS OF DECEMBER 31, 2018

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934,
pursuant to paragraph (k)(2)(ii) of the Rule.

SCHEDULE III

INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3 OF
THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2018

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934,
pursuant to paragraph (k)(2)(ii) of the Rule.

RUBIO CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS

2727 Paces Ferry Road SE
Building 2, Suite 1680
Atlanta, GA 30339
Office: 770 690-8995
Fax: 770 838-7123

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
Portfolio Advisors Alliance, Inc.

We have reviewed management's statements, included in the accompanying Broker Dealers Annual Exemption Report in which (1) Portfolio Advisors Alliance, Inc. identified the following provisions of 17 C.F.R. § 15c3-3(k) under which Portfolio Advisors Alliance, Inc. claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(ii) (the "exemption provisions"); and, (2) Portfolio Advisors Alliance, Inc. stated that Portfolio Advisors Alliance, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Portfolio Advisors Alliance, 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 Portfolio Advisors Alliance, 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)(ii), of Rule 15c3-3 under the Securities Exchange Act of 1934.

March 1, 2019
Atlanta, GA



Rubio CPA, PC

**PORTFOLIO ADVISORS ALLIANCE
EXEMPTION REPORT
SEC Rule 17a-5(d)(4)**


January 25, 2019

To Whom It May Concern:

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

- Portfolio Advisors Alliance is a broker/dealer registered with the SEC and FINRA.
- Portfolio Advisors Alliance claimed an exemption under paragraph (k)(2)(ii) of Rule 15c3-3 for the fiscal year ended December 31, 2018.
- Portfolio Advisors Alliance is exempt from the provisions of Rule 15c3-3 because it meets conditions set forth in paragraph (k)(2)(ii) 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, as an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and who promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rule 17a-3 and Rule 17a-4, as are customarily made and kept by a clearing broker or dealer.
- Portfolio Advisors Alliance has met the identified exemption provisions throughout the most recent fiscal year without exception.
- Portfolio Advisors Alliance has not recorded any exceptions to the exemption for the fiscal year ended December 31, 2018.

The above statement is true and correct to the best of my and the Firm's knowledge.


Kerri Wasserman