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

SEC FILE NUMBER
B- 14495

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 01/01/2004 AND ENDING 12/31/2004  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: CitiStreet Advisors LLC

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

Two Tower Center

(No. and Street)

East Brunswick, NJ 08816

(City)

(State)

(Zip Code)

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

Frank Roselli, (732) 514-2079

(Area Code - Telephone Number)

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RECEIVED

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WASH., D.C. 185

SECTION

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

KPMG, LLP

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

99 High Street, Boston, MA 02110

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

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<b>FOR OFFICIAL USE ONLY</b>	<b>THOMSON FINANCIAL</b>
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\*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)

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OATH OR AFFIRMATION

I, Frank J. Roselli, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CitiStreet Advisors LLC, as of December 31, 20 04, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*FRANK J. ROSELLI*  
Signature

**Treasurer and Financial Operations Principal**  
Title

*Mary Ann Meade*  
Notary Public

MARY ANN MEADE  
A Notary Public Of New Jersey  
My Commission Expires 04/11/2006

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 240.17a-5(a)(2)

# CITISTREET ADVISORS LLC

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**KPMG LLP**  
99 High Street  
Boston, MA 02110-2371

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## **Independent Auditors' Report**

The Member  
CitiStreet Advisors LLC:

We have audited the accompanying statements of financial condition of CitiStreet Advisors LLC (the Company) as of December 31, 2004 and 2003, and the related statements of operations, changes in member's capital, and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 CitiStreet Advisors LLC as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**KPMG LLP**

February 25, 2005

**CITISTREET ADVISORS LLC**

Statements of Financial Condition

December 31, 2004 and 2003

<b>Assets</b>	<b>2004</b>	<b>2003</b>
Cash and cash equivalents	\$ 404,737	401,719
Commissions receivable	1,629,484	1,301,335
Due from affiliate	6,224,910	4,082,109
Total assets	<u>\$ 8,259,131</u>	<u>5,785,163</u>
<b>Liabilities and Member's Capital</b>		
Due to affiliate	\$ 241,052	254,036
Total liabilities	241,052	254,036
Member's capital	8,018,079	5,531,127
Total liabilities and member's capital	<u>\$ 8,259,131</u>	<u>5,785,163</u>

See accompanying notes to financial statements.

**CITISTREET ADVISORS LLC**  
**Statements of Operations**  
**Years ended December 31, 2004 and 2003**

	<b>2004</b>	<b>2003</b>
<b>Revenues:</b>		
Commissions and fees	\$ 6,149,712	4,943,138
Interest income	5,817	5,129
Total revenues	6,155,529	4,948,267
<b>Expenses:</b>		
Management fee	543,579	176,527
General and administrative expenses	3,124,998	2,547,303
Total expenses	3,668,577	2,723,830
Net income	\$ 2,486,952	2,224,437

See accompanying notes to financial statements.

**CITISTREET ADVISORS LLC**  
Statements of Changes in Member's Capital  
Years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Member's capital, beginning of year	\$ 5,531,127	3,306,690
Net income	<u>2,486,952</u>	<u>2,224,437</u>
Member's capital, end of year	<u>\$ 8,018,079</u>	<u>5,531,127</u>

See accompanying notes to financial statements.

**CITISTREET ADVISORS LLC**

## Statements of Cash Flows

Years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Net income	\$ 2,486,952	2,224,437
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Change in commissions receivable	(328,149)	(667,070)
Change in due to/from affiliate, net	<u>(2,155,785)</u>	<u>(1,553,443)</u>
Total adjustments	<u>(2,483,934)</u>	<u>(2,220,513)</u>
Net cash provided by operating activities	<u>3,018</u>	<u>3,924</u>
Increase in cash	3,018	3,924
Cash and cash equivalents, beginning of year	<u>401,719</u>	<u>397,795</u>
Cash and cash equivalents, end of year	<u>\$ 404,737</u>	<u>401,719</u>

See accompanying notes to financial statements.

## CITISTREET ADVISORS LLC

Notes to Financial Statements

December 31, 2004 and 2003

### (1) Nature of Business

CitiStreet Advisors LLC (the Company), a New Jersey limited liability company, is registered as a broker-dealer with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers, Inc. The Company is also registered as an investment advisor with the SEC. The Company is a down-stream affiliate of CitiStreet Associates LLC (Associates), which in turn is an indirect down-stream affiliate of CitiStreet LLC (CitiStreet). CitiStreet, a Delaware limited liability company, was formed on April 1, 2000 as a joint venture between State Street Bank & Trust Company (State Street), a Massachusetts trust company, and Keeper Holdings LLC (Citi), a Delaware limited liability company. CitiStreet, through its subsidiaries, provides recordkeeping and administrative services, and investment advisory, insurance agency, mortgage brokerage, and broker-dealer services and outsourcing for defined benefit and defined contribution retirement plans and health and welfare plans in the United States of America and globally, in all cases for businesses, not-for-profit entities, and government entities. In addition, sales and marketing activities are performed for those services and functions.

The Company refers participants in plans administered by its affiliates (who wish to establish individual retirement (IRA) accounts or other brokerage accounts) to full-service broker-dealers. It also offers investment advisory services to plan participants and individuals who have established IRAs or other brokerage accounts.

### (2) Basis of Presentation

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 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.

### (3) Summary of Significant Accounting Policies

#### (a) Revenue Recognition

The Company recognizes revenue in the month services are performed, regardless of the period billed or collected. An accrual is recorded for all unbilled services. The accrual represents the revenue expected to be generated from services provided during that period. The Company records fees related to investment advisory services and commissions related to clients' IRA and brokerage accounts as the services are rendered.

#### (b) Cash and Cash Equivalents

Cash and cash equivalents consist of a certificate of deposit with an original maturity of 90 days or less when purchased.

### (4) Income Taxes

For federal income tax purposes, the Company is deemed to be a single-member disregarded entity. Accordingly, Company earnings are taxable to the member directly; therefore, no tax provision has been made in these financial statements.

## CITISTREET ADVISORS LLC

Notes to Financial Statements

December 31, 2004 and 2003

### (5) Transactions with Affiliates

The Company has an agreement with Associates under which Associates provides the Company with management, marketing, and administrative facilities and services, including the use of Associates' sales personnel. As part of this agreement, Associates acts as the Company's paying agent for payment of the Company's management services and operating costs. Fees for these services are based on the Company's share of the combined revenues of Associates and the Company applied to those allocable expenses incurred by Associates. Total fees paid to Associates, and recorded as management fees, were \$543,579 and \$176,527 for 2004 and 2003, respectively.

Due from affiliate of \$6,224,910 and \$4,082,109 at December 31, 2004 and 2003, respectively, represent cash held by Associates on behalf of the Company. Due to affiliate of \$241,052 and \$254,036 at December 31, 2004 and 2003, respectively, represent management fees owed to Associates.

### (6) Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital (as defined) equal to the greater of \$5,000 or 6 2/3% of aggregate indebtedness (as defined). As of December 31, 2004, the Company had net capital of \$163,685, which is \$147,615 in excess of its required net capital. The Company's ratio of aggregate indebtedness to net capital was 1.47 to 1 as of December 31, 2004.

### (7) Rules 15c3-3 and 17a-13

In accordance with the National Association of Securities Dealers, Inc. rules, the Company is exempt from the provisions of Rule 15c3-3 (which applies to the reserves and custody of securities) under the provisions of paragraph (k)(1) thereof and from Rule 17a-13 (which applies to quarterly securities counts) under the provisions of paragraph (a) thereof.

## CITISTREET ADVISORS LLC

Computation of Net Capital Under Rule 15c3-1 of the  
Securities and Exchange Commission

December 31, 2004

Net capital:	
Total member's capital	\$ <u>8,018,079</u>
Deductions:	
Nonallowable assets:	
Commission receivable	(1,629,484)
Due from affiliate	<u>(6,224,910)</u>
Total nonallowable assets	<u>(7,854,394)</u>
Net capital	\$ <u><u>163,685</u></u>
Aggregate indebtedness	\$ 241,052
Net capital requirement	16,070
Excess net capital at 1,500%	147,615
Excess net capital at 1,000%	139,580
Ratio of aggregated indebtedness to net capital	1.47 to 1

There are no material differences between this computation of net capital and the corresponding calculation prepared by the Company and included in the Company's unaudited FOCUS Form X-17a-5, Part IIA, filed on January 27, 2005, as of December 31, 2004.

See accompanying independent auditors' report.



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### **Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5**

The Member  
CitiStreet Advisors LLC:

In planning and performing our audit of the statement of financial condition and supplemental schedules of CitiStreet Advisors LLC (the Company) for the year ended December 31, 2004, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial condition and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the board of governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial condition in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.



Our consideration of the internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial condition being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2004, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Security Dealers, Inc. and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in the regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

February 25, 2005