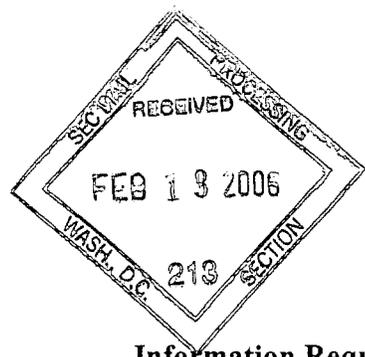


S.S. 2/15/06  
AB 2/27/06



SECURITIES DIVISION  
06002143  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
B-52176

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 01/01/05 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Boston Equity Advisors, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
275 Turnpike Street, Suite 202  
(No. and Street)  
Canton MA 02021  
(City) (State) (Zip Code)

OFFICIAL USE ONLY  
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
MARK C. Butts 781 821 4114  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
DiBenedetto + Company, P.A.  
(Name - if individual, state last, first, middle name)  
One Industrial Drive, Hudson, NH 03051  
(Address) (City) (State) (Zip Code)

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

PROCESSED  
APR 03 2006  
THOMSON  
FINANCIAL

**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)

OATH OR AFFIRMATION

I, Mark C. Butts, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Boston Equity Advisors, LLC, as of December 31, 2005, 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:

n/a

[Signature]  
Signature  
Managing Member/Principal  
Title

Jude Puskas of Aug 24, 2012  
Notary Public Dulce Pacheco

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 15c3-1 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(e)(3).



To the Members  
Boston Equity Advisors, LLC

In planning and performing our audit of the financial statements and supplemental schedule of Boston Equity Advisors, LLC (the Company), for the year ended December 31, 2005, 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 statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of 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 (or aggregate debits) 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 and recordation of differences required by rule 17-a-13.
2. 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.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customer and required by Rule 15c3-3.

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 the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. 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.

111 Business Center, Suite One  
One Industrial Drive  
Hudson, NH 03051

Tel: 603 889-1600

Fax: 603 882-6739

Our consideration of 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 one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements 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, 2005, to meet the SEC's objectives.

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

*Nli Benedetto & Company, P.A.*

January 31, 2006

BOSTON EQUITY ADVISORS, LLC  
FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULE  
FOR THE YEAR ENDED  
DECEMBER 31, 2005  
AND  
INDEPENDENT AUDITORS' REPORT



Independent Auditors' Report

To the Members  
Boston Equity Advisors, LLC:

We have audited the accompanying statement of financial condition of Boston Equity Advisors, LLC (the Company) as of December 31, 2005, and the related statements of income, changes in members' equity, and cash flows for the year 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 audit.

We conducted our audit 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 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 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 Boston Equity Advisors, LLC at December 31, 2005, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the accompanying schedule of Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission 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 audit 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.

*Dibenedetto & Company, P.A.*

January 31, 2006

111 Business Center, Suite One  
One Industrial Drive  
Hudson, NH 03051

Tel: 603 889-1600

Fax: 603 882-6739

BOSTON EQUITY ADVISORS, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2005

ASSETS

Cash	\$ 56,052
Accounts Receivable - unbilled	9,698
Prepaid Expenses	14,032
Total Current Assets	<u>79,782</u>

Office Equipment - Net of \$9,349 of Accumulated Depreciation 11,662

TOTAL ASSETS \$ 91,444

LIABILITIES AND MEMBERS' EQUITY

Accounts Payable	\$ 2,062
Total Current Liabilities	<u>2,062</u>

Members' Equity 89,382

TOTAL LIABILITIES AND MEMBERS' EQUITY \$ 91,444

See notes to financial statements.

BOSTON EQUITY ADVISORS, LLC  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2005

Revenues:	
Commissions	\$ 421,725
Miscellaneous Income	<u>101,266</u>
Total Revenues	<u>522,991</u>
Expenses:	
Office Supplies and Expense	12,427
Consulting Expense	67,418
Dues and Subscriptions	2,414
License Fees	13,243
Audit Fee	1,500
Legal Fees	879
Travel	3,519
Miscellaneous Taxes	500
Meals and Entertainment	1,293
Insurance	975
Parking/Tolls	496
Postage	1,246
Telephone	4,507
Rent	23,036
Advertising and Promotion	1,210
Utilities	710
Depreciation	3,805
Maintenance and Repairs	1,348
Miscellaneous	<u>5,150</u>
Total Expenses	<u>145,676</u>
Net Income	<u><u>\$ 377,315</u></u>

See notes to financial statements.

BOSTON EQUITY ADVISORS, LLC  
STATEMENT OF CHANGES IN MEMBERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Members' Equity</u>
Balance at January 1, 2005	\$ 40,370
Net Income	377,315
Distributions to Members	(328,303)
Balance at December 31, 2005	<u>\$ 89,382</u>

See notes to financial statements.

BOSTON EQUITY ADVISORS, LLC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2005

Cash Flows - Operating Activities:	
Net Income	\$ 377,315
Adjustments to Reconcile Net Income	
to Net Cash Provided by Operating Activities:	
Depreciation	3,805
Increase in Prepaid Expenses	(3,918)
Increase in Accounts Receivable	(8,088)
Decrease in Accounts Payable	(2,438)
Net Cash Provided by Operating Activities	<u>366,676</u>
Cash Flows - Investing Activities:	
Purchase of Office Equipment	(3,973)
Net Cash Used for Investing Activities	<u>(3,973)</u>
Cash Flows - Financing Activities:	
Distributions to Members	<u>(328,303)</u>
Net Cash Used for Financing Activities	<u>(328,303)</u>
Increase in Cash	34,400
Cash - Beginning of Period	21,652
Cash - End of Period	<u>\$ 56,052</u>

See notes to financial statements.

BOSTON EQUITY ADVISORS, LLC  
NOTES TO FINANCIAL STATEMENTS

**1. Nature of Business**

Boston Equity Advisors, LLC (the "Company") was organized as a Massachusetts limited liability company in October 1999. The Company is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers ("NASD").

**2. Significant Accounting Policies**

The summary of significant accounting policies of Boston Equity Advisors, LLC is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Revenues

Commissions on the private placement of securities in which the Company acts as an agent are recorded as the security transactions occur. Miscellaneous income which includes reimbursement of expenses is recognized as earned.

Income Taxes

The Company has been organized as a limited liability company. No provision for income taxes has been made since the Company is not a taxable entity and the individual members report their respective share of the Company's taxable income or loss.

Cash Flow Information

For purposes of reporting cash flows, the Company considers all savings deposits, certificates of deposits, and money market funds and deposits purchased with a maturity of three months or less to be cash equivalents.

## **2. Significant Accounting Policies (Continued)**

### Accounts Receivable

Accounts receivable consist of commissions and reimbursable expenses due from customers on completed securities transactions. Management believes that all amounts are fully collectible based on the Company's history of collections. Accordingly, no allowance for doubtful accounts has been provided.

### Equipment and Depreciation

Equipment is stated at cost. The Company provides for depreciation using the straight-line method over the estimated useful lives of the assets. Upon retirement or disposition, the cost and accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is credited or charged to income.

Expenses for major renewals and betterments that extend the useful lives of equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

### Concentration of Risk

The Company maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Two customers, one of which was a related party, accounted for all of the Company's commission revenue during the year ended December 31, 2005 (See Note 6).

## **3. Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1) which requires the maintenance of minimum net capital in the amount of \$5,000 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2005, the Company had net capital of \$53,990 which was \$48,990 in excess of its required net capital of \$5,000, total aggregate indebtedness of \$2,062, and a net capital ratio of 0.0382 to 1.

## **4. Profit Sharing Pension Plan**

The Company has a profit sharing pension plan which covers all qualified members and employees. Company contributions to the plan are discretionary. The Company does not account for member's contributions to the plan as an expense of the Company, since the contributions are made directly by the members to the plan from their member distributions.

## 5. Lease

The Company rents its office facilities under the terms of an operating lease as amended in May, 2005. The lease specifies a rental fee of \$2,443 payable each month, and that the Company pay for certain operating expenses of the facility. The lease expires on June 30, 2010 and has an option to renew for two additional five year periods on the same terms and conditions at the then current fair market lease rate. The lease is cancelable at the option of the Company after June 30, 2007 on six months written notice to the landlord and payment of a termination fee equal to three months rent. Payments shown as rent expense under this arrangement totaled \$23,036 in 2005.

As of December 31, 2005, future minimum lease payments were as follows:

2006	\$ 29,316
2007	\$ 29,754
2008	\$ 31,068
2009	\$ 31,068
2010	\$ 15,534

## 6. Related Party Transactions

In addition to commission revenue earned on the private placement of securities, certain contracts provide that the Company or its nominees are awarded, on completion of the private placement financing, warrants to purchase voting common stock or other securities of the customer at an exercise price per share equal to the selling price per share of the securities sold under the private placement financing. The Company generally assigns its rights to receive such warrants to its two members. It is management's opinion that such warrants have little or no fair market value on issuance and, accordingly, no revenue is recorded in the accompanying financial statements on the assignment of warrants to the members of the Company. There were no warrants assigned on private placement transactions in 2005.

Additionally, certain contracts allow for the Company or its assignees to purchase shares of the customer's common stock or other securities prior to the private placement financing. The Company generally assigns its right to purchase such shares to its two members. The shares vest ratably as and when the financing is completed. The members of the Company purchased shares in each of the Company's two customers on which commission revenue was recognized during 2005. The investment purchased by the members represent a less than 5% interest in one customer and a 30% interest in the other customer which is also a related party as discussed below.

In 2005, the Company received commission revenue of \$ 47,500 and miscellaneous income of \$ 9,235 from a customer in which the Company's two members are both stockholders and directors. One of the members is also the Chief Executive Officer of the customer.

BOSTON EQUITY ADVISORS, LLC  
 Computation of Net Capital Under Rule 15c3-1 of the  
 Securities and Exchange Commission  
as of December 31, 2005

SCHEDULE

Members' Equity	\$ 89,382
Less: Ownership Equity Not Allowed	-
Total Members' Equity Qualified for Net Capital	89,382
 Add: Liabilities Subordinated to Claims of General Creditors	-
Total Capital and Subordinated Liabilities	89,382
Deductions and/or Charges	-
Less: Total Nonallowable Assets	(35,392)
Less: Haircuts	
15% - Securities	-
15% - Undue Concentration	-
Net Capital	53,990
Minimum Net Capital Required	5,000
Excess Net Capital	\$ 48,990
Aggregate Indebtedness:	
Accounts Payable	\$ 2,062
Total Aggregate Indebtedness	\$ 2,062
Ratio: Aggregate Indebtedness to Net Capital	0.0382 to 1

There is no material difference between the net capital as reported in the Company's Part IIA (unaudited) Focus report as of December 31, 2005 and the net capital shown above.