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

AS 4/27

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

SEC FILE NUMBER
B- 65861

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: BLACK POINT PARTNERS, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

900 CUMMINGS CENTER, SUITE 321U

(No. and Street)

BEVERLY

MA

01915

(City)

(State)

(Zip Code)

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

CHARLES MANUEL

(978) 524-0118

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

BRACE & SUSSMAN, PLLC

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

12 PARMENTER ROAD

LONDONDERRY

NH

03053

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

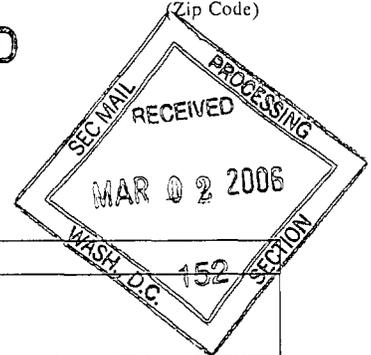
Public Accountant

Accountant not resident in United States or any of its possessions

PROCESSED

MAY 25 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)

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.

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OATH OR AFFIRMATION

I, CHARLES MANUEL, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BLACK POINT PARTNERS, INC., as of DECEMBER 31, 20 05, 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:

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

*C. T. Manuel*

Signature

PRESIDENT

Title

\_\_\_\_\_  
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 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(e)(3).

**BLACK POINT PARTNERS, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2005**

Brace & Sussman, PLLC  
*Certified Public Accountants*  
12 Parmenter Road  
Londonderry, NH 03053

### **Independent Auditor's Report**

To the Board of Directors of  
Black Point Partners, Inc.  
Boston, Massachusetts

We have audited the accompanying statement of financial condition of Black Point Partners, Inc., (the Company) as of December 31, 2005 and the related statements of income, changes in stockholders' 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 Black Point Partners, Inc., as of December 31, 2005, and the results of its operations and their 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 Schedules I and II 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.

*Brace & Sussman, PLLC*

Brace & Sussman, PLLC  
Certified Public Accountant  
Londonderry, New Hampshire  
February 24, 2006

**BLACK POINT PARTNERS, INC.**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2005**

**ASSETS**

Cash	\$ 67,856
Accounts receivable, net of allowance of \$1,562	102,811
Prepaid expenses	913
Deposits	5,800
Furniture and equipment, at cost, less accumulated depreciation of \$23,830	<u>27,815</u>
Total Assets	<u>\$ 205,195</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**LIABILITIES:**

Accounts payable, accrued expenses, and other liabilities	<u>\$ 9,718</u>
Total liabilities	<u>9,718</u>

**SHAREHOLDERS' EQUITY:**

Common stock, \$0.01 par value, 1,000 shares authorized, 500 issued and outstanding	5
Additional paid in capital	4,495
Retained earnings	<u>190,977</u>
Total shareholders' equity	<u>195,477</u>
Total liabilities and shareholders' equity	<u>\$ 205,195</u>

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

**BLACK POINT PARTNERS, INC.**

**STATEMENT OF INCOME**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

Revenues:	
Consulting income	\$ 513,000
Private placement fees	35,000
Other income	81,531
Interest and dividends	<u>2,222</u>
Total revenue	<u>\$ 631,753</u>
Expenses:	
Employee compensation and benefits	\$ 328,553
Contract labor and professional fees	28,686
Communications and occupancy	40,836
Other operating expenses	<u>191,665</u>
Total expenses	<u>\$ 589,740</u>
Net income before taxes	42,013
Provision for income taxes	<u>456</u>
Net income	<u><u>\$ 41,557</u></u>

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

**BLACK POINT PARTNERS, INC.**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Common Stock</u>	<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at January 1, 2005	\$ 5	\$ 4,495	\$ 294,068	\$ 298,568
Distributions			(144,648)	\$ (144,648)
Net income			<u>41,557</u>	<u>\$ 41,557</u>
Balance at December 31, 2005	<u>\$ 5</u>	<u>\$ 4,495</u>	<u>\$ 190,977</u>	<u>\$ 195,477</u>

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

**BLACK POINT PARTNERS, INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

Cash flows from operating activities:

Net income	\$ 41,557
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	8,705
Increase in accounts receivable	(48,460)
Decrease in prepaid expenses	1,550
Increase in accounts payable, accrued expenses, and other liabilities	<u>9,160</u>
Total adjustments	<u>(29,045)</u>
Net cash provided by operating activities	<u>12,512</u>

Cash flows from investing activities:

None	<u>-</u>
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Cash flows from financing activities:

Distributions	<u>(144,648)</u>
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Net decrease in cash	(132,136)
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Cash at beginning of the year	<u>199,992</u>
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Cash at end of the year	<u>\$ 67,856</u>
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Supplemental cash flow disclosures:

Interest payments	<u>\$ -</u>
Income tax payments	<u>\$ 456</u>

Disclosure of accounting policy:

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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

**BLACK POINT PARTNERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**NOTE 1- SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Company was organized as a Massachusetts corporation on November 29, 2001, for the purpose of doing business as a broker-dealer in securities, and provider of financial services.

**Revenue and Expenses**

Consulting revenue and related expenses are recognized on the accrual basis.

**Property and Equipment**

Property and equipment are recorded at cost. The cost of maintenance and repairs are charged to expense as incurred. Major improvements to property and equipment are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation expense for 2005 was \$8,705.

**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 amount of assets and liabilities as of 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.

**Compensated Absences**

Employees of the Company are entitled to paid vacation, sick and personal days depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when actually paid to employees.

**BLACK POINT PARTNERS, INC.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**DECEMBER 31, 2005**

**NOTE 2- INCOME TAXES**

The company is an S corporation for federal and state income tax purposes. Accordingly, income and losses flow directly to the shareholders, and taxes are paid at that level.

**NOTE 3- NET CAPITAL**

As a broker dealer, the Company is subject to the Securities and Exchange Commission's regulations and operating guidelines, which require the Company to maintain a specified amount of net capital, as defined, and a ratio of aggregate indebtedness to net capital, as derived, not exceeding 15 to 1. The Company's net capital, as computed under 15c3-1, was \$58,138 at December 31, 2005, which exceeded required net capital of \$5,000 by \$53,138. The Ratio of aggregate indebtedness to net capital at December 31, 2005, was 16.72%.

**NOTE 4- COMMITMENTS AND CONTINGENCIES**

The Company is committed to an operating lease for office space and an automobile. Approximate future minimum lease payments of all non-cancelable operating leases for the next five years are as follows:

2006	\$ 32,030
2007	35,298
2008	35,298
2009	<u>14,708</u>
Total	<u>\$117,334</u>

Rent expense for the office space for the fiscal year 2005 was \$23,367. Total automobile lease payments for 2005 were \$8,847.

**BLACK POINT PARTNERS, INC.**

**SUPPLEMENTARY SCHEDULES**

**DECEMBER 31, 2005**

**SCHEDULE I**

**BLACK POINT PARTNERS, INC.**

**COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL  
PURSUANT TO RULE 15c3-1**

**DECEMBER 31, 2005**

<b>AGGREGATE INDEBTEDNESS:</b>	
Accounts payable, accrued expenses, and other liabilities	\$ 9,718
<b>TOTAL AGGREGATE INDEBTEDNESS</b>	<u>\$ 9,718</u>
<b>NET CAPITAL:</b>	
Common stock	\$ 5
Additional paid in capital	4,495
Retained earnings	<u>190,977</u>
	195,477
<b>ADJUSTMENTS TO NET CAPITAL:</b>	
Prepaid expenses	(913)
Deposits	(5,800)
Furniture & equipment	(27,815)
Accounts receivable	<u>(102,811)</u>
Net capital, as defined	<u>\$ 58,138</u>
<b>MINIMUM NET CAPITAL REQUIREMENT</b>	<u>5,000</u>
<b>NET CAPITAL IN EXCESS OF REQUIREMENT</b>	<u>\$ 53,138</u>
<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	<u>16.72%</u>

**BLACK POINT PARTNERS, INC.**

**RECONCILIATION OF NET CAPITAL  
PURSUANT TO RULE 15c3-1  
(X-17A-5)  
AT DECEMBER 31, 2005**

**SCHEDULE I (CONTINUED)**

	FOCUS REPORT - PART IIA QUARTER ENDED <u>December 31, 2005</u>	<u>ADJUSTMENTS</u>	ANNUAL FINANCIAL STATEMENTS AT <u>December 31, 2005</u>
<b>COMPUTATION OF NET CAPITAL</b>			
Total ownership equity from statement of financial condition	\$ <u>202,135</u>	\$ <u>(6,658)</u>	\$ <u>195,477</u>
Deductions and/or charges:			
Total nonallowable assets from statement of financial condition	136,676	663	137,339
Haircuts on securities	<u>-</u>	<u>-</u>	<u>-</u>
Total deductions	<u>136,676</u>	<u>663</u>	<u>137,339</u>
Net capital	<u>\$ 65,459</u>	<u>\$ (7,321)</u>	<u>\$ 58,138</u>

**SCHEDULE II**

**BLACK POINT PARTNERS, INC.**

**COMPUTATION FOR DETERMINATION OF  
RESERVE REQUIREMENTS FOR BROKER-DEALER UNDER  
RULE 15c3-3 Of THE SECURITIES EXCHANGE ACT Of 1934**

**DECEMBER 31, 2005**

The Company is exempt from the reserve requirements of Rule 15c3-3 as its transactions are limited such that they do not handle customer funds or securities, accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirement pursuant to Rule 15c3-3 are not applicable.

Brace & Sussman, PLLC  
*Certified Public Accountants*  
12 Parmenter Road  
Londonderry, NH 03053

**Independent Auditor's Report on Internal  
Control Structure Required by SEC Rule 17a-5**

Board of Directors  
Black Point Partners, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Black Point Partners, Inc., (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 the 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 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 of 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 statements in conformity with accounting principles general 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.

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 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 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, our study and evaluation disclosed that a lack of segregation of function exists. Although this condition may be considered to be a material weakness in internal control, it is a common condition in entities of this size. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of Black Point Partners, Inc. for the year ended December 31, 2005 and this report does not effect our report thereon dated February 24, 2006.

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 the Company's practices and procedures were adequate at December 31, 2005, to meet the SEC's objectives.

This report is intended solely for information and use of the Board of Directors, management, the Securities and Exchange Commission, The National Association of Securities Dealers, Inc. 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.

*Brace & Sussman, PLLC*

Brace & Sussman, PLLC  
Certified Public Accountant  
Londonderry, New Hampshire  
February 24, 2006

Brace & Sussman, PLLC  
*Certified Public Accountants*