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SECURITIES AND EXCHANGE COMMISSION  
20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: February 28, 2010  
Estimated average burden hours per response..... 12.00

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

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SEC FILE NUMBER  
8-53696

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 1/1/06 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Professional Funds Distributor, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
760 Moore Rd.  
King of Prussia (No. and Street) PA 19406  
(City) (State) (Zip Code)

OFFICIAL USE ONLY  
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Philip H. Biancardi, President  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Siana Carr & O'Connor LLP  
(Name - if individual, state last, first, middle name)  
1500 E. Lancaster Ave., Paoli, PA 19301  
(Address) (City) (State) (Zip Code)

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

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FINANCIAL

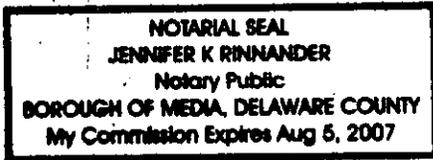
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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OATH OR AFFIRMATION

I, Philip H. Rinnander, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Professional Funds Distributor, LLC, as of 12/31, 2006, 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:



Philip H Rinnander  
Signature  
President  
Title

Jennifer K Rinnander  
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 15c3-1 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).

*Financial Report*

**PROFESSIONAL FUNDS DISTRIBUTOR, LLC**

*December 31, 2006 and 2005*

**SIANA CARR & O'CONNOR, LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

**PROFESSIONAL FUNDS DISTRIBUTOR, LLC**  
**Financial Statements and Supplementary Financial Information**  
**December 31, 2006 and 2005**

and

**INDEPENDENT AUDITOR'S REPORT**

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**INDEPENDENT AUDITOR'S REPORT**

To the Directors of  
Professional Funds Distributor, LLC  
King of Prussia, Pennsylvania

We have audited the accompanying statements of financial condition of Professional Funds Distributor, LLC (the Company) as of December 31, 2006 and 2005, and the related statements of operations and member's equity, 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 U. S. generally accepted auditing standards. 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 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 Professional Funds Distributor, LLC as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with U. S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 7 to 10 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.

*Siana Carr & O'Connor, LLP*  
SIANA CARR & O'CONNOR, LLP

February 20, 2007

**PROFESSIONAL FUNDS DISTRIBUTOR, LLC**  
**Statements of Financial Condition**  
**December 31, 2006 and 2005**

<b>Assets</b>	2006	2005
Cash	\$1,806,688	\$229,501
Accounts receivable	19,104	24,065
Deposits	5,536	6,439
Marketable securities	180	167
Property and equipment, net	2,281	1,834
<b>Total assets</b>	<b>\$1,833,789</b>	<b>\$262,006</b>
<b>Liabilities and member's equity</b>		
<b>Liabilities:</b>		
Accrued expenses	\$ 5,700	\$ 8,910
Payables to non-customers	1,643,622	187,273
<b>Total liabilities</b>	<b>1,649,322</b>	<b>196,183</b>
<b>Member's equity</b>	<b>184,467</b>	<b>65,823</b>
<b>Total liabilities and member's equity</b>	<b>\$1,833,789</b>	<b>\$262,006</b>

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

**PROFESSIONAL FUNDS DISTRIBUTOR, LLC**  
**Statements of Operations and Member's Equity**  
**For the Years Ended December 31, 2006 and 2005**

	2006	2005
<b>Revenues:</b>		
Consulting income	\$135,000	\$ 125,000
Interest income	48,970	252
Unrealized gain on marketable securities	13	3
<b>Total revenues</b>	<b>183,983</b>	<b>125,255</b>
<b>Expenses:</b>		
Advertising	14,310	19,640
Consulting	176,500	106,000
Depreciation	881	672
Insurance	616	725
Licenses and permits	26,402	78,729
Loss on sale of assets	204	329
Office supplies & expense	4,812	4,250
Postage and delivery	1,183	1,068
Professional fees	12,090	5,949
Rent	4,000	4,000
Travel and entertainment	1,041	2,610
Expense reimbursements from customer	(66,700)	(117,438)
<b>Total expenses</b>	<b>175,339</b>	<b>106,534</b>
Net income	8,644	18,721
Member's equity - beginning of year	65,823	67,102
Member contributions	120,000	-0-
Member distributions	(10,000)	(20,000)
<b>Member's equity - end of year</b>	<b>\$184,467</b>	<b>\$ 65,823</b>

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

**PROFESSIONAL FUNDS DISTRIBUTOR, LLC**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2006 and 2005**

	2006	2005
<b>Cash flows from operating activities:</b>		
Net income	\$ 8,644	\$ 18,721
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	881	672
Loss on sale of assets	204	329
Unrealized gain on marketable securities	(13)	(3)
(Increase) decrease in accounts receivable	4,961	(3,651)
Decrease in deposits	903	717
Decrease in accrued expenses	(3,210)	(500)
Increase in payables to non-customers	1,456,349	147,757
<b>Net cash provided by operating activities</b>	<b>1,468,719</b>	<b>164,042</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(1,532)	(573)
Purchase of marketable securities	-0-	(100)
<b>Net cash used by investing activities</b>	<b>(1,532)</b>	<b>(673)</b>
<b>Cash flows from financing activities:</b>		
Member contributions	120,000	-0-
Member distributions	(10,000)	(20,000)
<b>Net cash provided (used) by financing activities</b>	<b>110,000</b>	<b>(20,000)</b>
<b>Net increase in cash</b>	<b>1,577,187</b>	<b>143,369</b>
<b>Cash - beginning of year</b>	<b>229,501</b>	<b>86,132</b>
<b>Cash - end of year</b>	<b>\$1,806,688</b>	<b>\$229,501</b>

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

**PROFESSIONAL FUNDS DISTRIBUTOR, LLC**  
**Notes to Financial Statements**  
**December 31, 2006 and 2005**

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**(1) ORGANIZATION AND BACKGROUND**

Professional Funds Distributor, LLC (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. The Company is a single member Delaware limited liability company.

**(2) SIGNIFICANT ACCOUNTING POLICIES**

*Consulting income*

The Company earns consulting income in the form of an annual fee that is received on a monthly and quarterly basis. The revenue is recognized evenly over the term of the contract.

*Accounts receivable*

The Company carries its accounts receivable at cost and establishes an allowance for doubtful accounts based on a history of past write-offs and collections. A receivable is considered past due if payments have not been received by the Company for 90 days. Accounts are written off as uncollectible if no payments are received after 90 days. At December 31, 2006 and 2005, the Company considered accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

*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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

*Income taxes*

The Company is not a taxpaying entity for federal or state income tax purposes, and thus no income tax expense has been recorded in the statements. Income of the Company is taxed to the member on his individual tax return.

**(3) CONCENTRATIONS OF CREDIT RISK**

*Cash in excess of FDIC insurance*

At various times during the year, the Company's cash balances exceeded the federally insured limit. At December 31, 2006, the Company's uninsured cash balances totaled \$1,642,331.

**PROFESSIONAL FUNDS DISTRIBUTOR, LLC**  
**Notes to Financial Statements**  
**December 31, 2006 and 2005**

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**(4) MAJOR CUSTOMER**

The Company has an agreement with its largest customer to serve as a distributor and principal underwriter to several families of mutual funds. Under this agreement, the Company is to be reimbursed for all registration fees and other out-of-pocket expenses. Reimbursements from this customer totaled \$66,700 and \$117,438 for the years ended December 31, 2006 and 2005, respectively. For the years ended December 31, 2006 and 2005, consulting income received from this customer represented 92.6% and 100% of total revenues, respectively.

**(5) NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of a minimum net capital and a ratio of aggregate indebtedness to net capital, not exceeding 15 to 1. At December 31, 2006, the Company had net capital, as defined, of \$169,763, which was \$59,809 in excess of its minimum required net capital of \$109,954. The Company's ratio of aggregate indebtedness to net capital was 9.72 to 1 as of December 31, 2006.

The SEC customer protection rule (Rule 15c3-3) requires the maintenance of reserves for customers accounts. The Company is exempt from this under SEC Rule 15c3-3(k)(1), because its business is limited to the distribution of mutual funds and/or variable life insurance or annuities. The Company does not hold customer funds or safekeep customer securities. Therefore, Schedules II and III on pages 8 and 9 are not applicable.

**(6) RELATED PARTY TRANSACTIONS**

The Company had a one year servicing agreement with a party related through common ownership under which it received office space and professional services. Servicing fees paid under this agreement totaled \$170,500 and \$100,000 for the years ended December 31, 2006 and 2005, respectively, and have been included in consulting expense. If the Company was autonomous, its financial position and results of operations could significantly differ from those presented as of and for the years ended December 31, 2006 and 2005. This agreement was terminated on December 31, 2006.

Effective January 1, 2007, the Company replaced the above agreement with a one year servicing agreement with another party related through common ownership and management. Under this agreement, the Company receives office space and professional services.

**(7) LEASE COMMITMENTS**

The Company leases their office space under a license agreement. This agreement renews annually. Rent expense incurred in connection with this lease was \$4,000 for the years ended December 31, 2006 and 2005. The Company was reimbursed for rent expense in accordance with the distributor agreement (see Note 4).

SUPPLEMENTARY

FINANCIAL

INFORMATION

## Schedule I

**PROFESSIONAL FUNDS DISTRIBUTOR, LLC**  
**Computation of Net Capital Under Rule 15c3-1**  
**of the Securities and Exchange Commission**  
**December 31, 2006**

Net capital:	
Total member's equity	\$ 184,467
Less - ownership equity not allowable for net capital	-0-
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Total member's equity qualified for net capital	184,467
Less - total non-allowable assets	14,677
Less - haircuts on securities	27
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Net capital	\$ 169,763
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Aggregate indebtedness	\$1,649,322
<hr/>	
Total aggregate indebtedness	\$1,649,322
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Computation of basic net capital requirement:	
Net capital requirement	\$ 109,954
Net capital	169,763
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Excess of net capital	\$ 59,809
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Excess of net capital at 1000%	\$ 4,831
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Ratio of aggregate indebtedness to net capital	9.72 to 1
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**PROFESSIONAL FUNDS DISTRIBUTOR, LLC**  
**Computation for Determination of Reserve Requirement**  
**Under Rule 15c3-3 of the Securities and Exchange Commission**  
**December 31, 2006**

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**Not Applicable: The Company's business is limited to the distribution of mutual funds and/or variable life insurance or annuities. The Company does not hold customer funds or safekeep customer securities.**

**PROFESSIONAL FUNDS DISTRIBUTOR, LLC**  
**Notes to Supplemental Schedules**  
**December 31, 2006**

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**Reconciliation of the audited computation of Net Capital (Schedule I) and the computation of Net Capital included in the Company's unaudited December 31, 2006 Focus Part IIA filing.**

**Not Applicable: There are no differences between the audited computation of Net Capital (Schedule I) and the computation of Net Capital included in the Company's unaudited December 31, 2006 FOCUS Part IIA filing.**

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

**PROFESSIONAL FUNDS DISTRIBUTOR, LLC**  
*Year Ended December 31, 2006*

**SIANA CARR & O'CONNOR, LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT**

To the Directors of  
Professional Funds Distributor, LLC  
King of Prussia, Pennsylvania

In planning and performing our audit of the financial statements of Professional Funds Distributor, LLC (the Company) as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's 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 consideration of control activities for safeguarding securities. This study included 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 17a-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 customers as 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 that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and 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 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 and 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.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and 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, as described in the second paragraph of this report, were adequate at December 31, 2006, to meet the SEC's objectives.

This report is intended solely for the information and use of the directors, management, the SEC, the NASD, 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.

*Siana Carr & O'Connor, LLP*  
SIANA CARR & O'CONNOR, LLP

February 20, 2007

*END*