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

| SEC FILE NUMBER |
|-----------------|
| 66968           |

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 01/01/2006 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: N.E. Private Client Advisors, Ltd.

| OFFICIAL USE ONLY |
|-------------------|
| FIRM I.D. NO.     |

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

55 Cedar Street

(No. and Street)

Providence,

(City)

RI

(State)

02903

(Zip Code)

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

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

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

Muto, Vollucci & Co., Ltd.

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

51 Jefferson Blvd., Suite 400, Warwick,

(Address)

(City)

RI

(State)

02888

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 29 2007

| FOR OFFICIAL USE ONLY |
|-----------------------|
| FRONSON FINANCIAL     |

\*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)

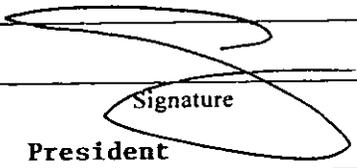
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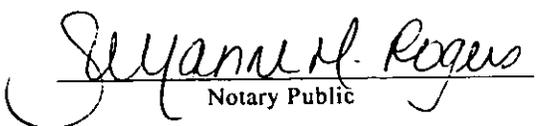
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OATH OR AFFIRMATION

I, Sergio A. DeCurtis, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of N.E. Private Client Advisors, Ltd., as of December 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:

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

  
\_\_\_\_\_  
Signature  
President  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 8/13/10

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. **Retained Earnings**
- N/A  (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.
- N/A  (m) A copy of the SIPC Supplemental Report.
- N/A  (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).

\* Exempt under Rule 15c-3-3(k) 2(b)-No Customer Accounts

**N.E. Private Client Advisors, Ltd.**

**Financial Statements**

**For the Year Ended  
December 31, 2006**

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**Muto, Vollucci & Co., Ltd.**

Certified Public Accountants

Independent Auditors' Report

51 Jefferson Blvd.

Suite 400  
Warwick, RI  
02888

401/461-9400

Fax:  
401/461-1270

P.O. Box 3116  
Newport, RI  
02840

401/846-1800

Fax:  
401/846-0994

e-mail:  
mvollucci@mutovollucci.com  
mmuto@mutovollucci.com

Sergio DeCurtis, President  
N.E. Private Client Advisors, Ltd.  
55 Cedar Street  
Providence, RI 02903

We have audited the accompanying balance sheet of N.E. Private Client Advisors, Ltd., an S corporation, as of December 31, 2006 and the related statements of income, changes in retained earnings, and cash flows for the year then ended. 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 N.E. Private Client Advisors, Ltd. at December 31, 2006 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.

  
MUTO, VOLLUCCI & CO., LTD.

February 20, 2007

**N.E. Private Client Advisors, Ltd.**  
**Balance Sheet**  
**December 31, 2006**

Assets

|                        | <u>ALLOWABLE</u> | <u>NON-<br/>ALLOWABLE</u> | <u>TOTAL</u> |
|------------------------|------------------|---------------------------|--------------|
| Current assets:        |                  |                           |              |
| Cash (Note 2)          | \$50,098         | \$                        | \$50,098     |
| 12b-1 fees receivable  |                  | 19,848                    | 19,848       |
| Commissions receivable | 3,208            |                           | 3,208        |
| Prepaid expense        |                  | 1,000                     | 1,000        |
|                        |                  |                           |              |
| Total current assets   | 53,306           | 20,848                    | 74,154       |
| Total assets           | \$53,306         | \$20,848                  | \$74,154     |

Liabilities and Stockholder's Equity

|  |          |          |          |
|--|----------|----------|----------|
| Current liabilities:                       |          |          |          |
| Accrued expenses                           | \$ 4,000 | \$       | \$ 4,000 |
| Employee withholdings                      | 1,200    |          | 1,200    |
|  |          |          |          |
| Total current liabilities                  | 5,200    |          | 5,200    |
| Stockholder's equity:                      |          |          |          |
| Common stock                               | 50,000   |          | 50,000   |
| Additional paid-in-capital                 | 50,000   |          | 50,000   |
| Retained earnings                          | (51,894) | 20,848   | (31,046) |
|  |          |          |          |
| Total stockholder's equity                 | 48,106   | 20,848   | 68,954   |
| Total liabilities and stockholder's equity | \$53,306 | \$20,848 | \$74,154 |

See independent auditors' report  
and accompanying notes.

**N.E. Private Client Advisors, Ltd.**  
**Statement of Income**  
**For the Year Ended December 31, 2006**

|                                  |                        |
|----------------------------------|------------------------|
| Revenue:                         |                        |
| Securities commissions           | \$ 5,257               |
| 12b-1 commissions                | <u>54,734</u>          |
| Total revenue                    | 59,991                 |
| Expenses:                        |                        |
| Compliance expense               | 500                    |
| Licenses, registrations and dues | 1,515                  |
| Office expenses                  | 469                    |
| Payroll                          | 38,116                 |
| Payroll taxes                    | 3,752                  |
| Professional fees                | 3,000                  |
| Rent (Note 4)                    | 2,700                  |
| State corporate filing fee       | 500                    |
| Telephone (Note 4)               | <u>900</u>             |
| Total expenses                   | <u>51,452</u>          |
| Net income                       | <u><u>\$ 8,539</u></u> |

See independent auditors' report  
and accompanying notes.

**N.E. Private Client Advisors, Ltd.**  
**Statement of Changes in Retained Earnings**  
**For the Year Ended December 31, 2006**

|  |                          |
|--|--------------------------|
| Retained earnings, beginning of the period | \$(39,585)               |
| Net income                                 | <u>8,539</u>             |
| Retained earnings, end of the period       | <u><u>\$(31,046)</u></u> |

See independent auditors' report  
and accompanying notes.

**N.E. Private Client Advisors, Ltd.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2006**

|  |                        |
|--|------------------------|
| Cash flows from operating activities:  |                        |
| Net income   | \$ 8,539               |
| Adjustments to reconcile net income to net cash<br>provided by operating activities: |                        |
| Increase (decrease) in cash from changes<br>in assets and liabilities:               |                        |
| 12b-1 fees receivable  | (19,848)               |
| Commissions receivable   | (3,208)                |
| Prepaid expense  | (1,000)                |
| Accrued expenses   | 4,000                  |
| Employee withholdings  | <u>1,200</u>           |
| Total adjustments  | <u>(18,856)</u>        |
| Net cash used in operating activities  | (10,317)               |
| Net cash provided by financing activities:   |                        |
| Stockholder's paid in capital  | <u>50,000</u>          |
| Increase in cash   | 39,683                 |
| Cash, beginning of the year  | <u>10,415</u>          |
| Cash, end of the year  | <u><u>\$50,098</u></u> |

See independent auditors' report  
and accompanying notes.

**N.E. Private Client Advisors, Ltd.**  
**Notes to Financial Statements**

1. Business Activity

Operated as a corporation organized as of the August 20, 2004 in the State of Rhode Island, the registered broker and dealer in securities limits its operations as described in SEC Rule 15c3-1(a)(2)(vi) (Subscriptions to mutual funds Firm ID No. 136058) along with placement of variable annuities and variable life insurance policies. The Company is a member of the National Association of Securities Dealers (NASD). The majority of activity arises from New England.

2. Summary of Significant Accounting Policies

Handling Customers' Funds

Customers' checks are made payable directly to the mutual funds ordered by the customer. The checks are promptly submitted to the mutual fund firms, i.e., not held beyond overnight, and do not enter the accounts of the Company. The same procedure is followed with placements of variable annuities and variable life insurance policies to insurance companies.

Amounts Receivable

Both commissions and fees receivable are recorded at the amount the Company expects to collect on balances outstanding at December 31, 2006. Management provides for an allowance based on its assessment of the current status of individual accounts, historical performance and projections of trends. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance account and a credit to accounts receivable.

Revenue Recognition

Commission income from securities transactions and investment longevity fees (12b-1) are recorded on a trade date basis, or when earned.

Income Taxes

Under the provisions of Subchapter S of the Internal Revenue Code (Sec. 1363), the Company does not pay federal and state corporate income taxes. Instead, each shareholder of an S Company separately accounts for his pro rata share of corporate items of income, deduction, loss, and credit in his tax year in which the Company's tax year ends (Code Sec. 1366).

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 reporting period. Actual results could differ from those estimates.

See independent auditors' report.

**N.E. Private Client Advisors, Ltd.**  
**Notes to Financial Statements**

3. Net Capital and Reserve Requirements

As a registered broker and dealer in securities, the Company is subject to the Uniform Net Capital Rule (Rule 15c3-1), which requires that the Company maintain minimum net capital of \$5,000 and a ratio of aggregate indebtedness to net capital not exceeding 15 to 1.

At December 31, 2006, the Company had a net capital of \$48,106, which was \$43,106 in excess of its required net capital of \$5,000. At December 31, 2006, the Company's aggregate indebtedness to net capital ratio was 10.8 to 1.

4. Related Party Transaction

The Company rents its shared office space from an affiliate on a month-to-month basis and shares telephone expense. During 2006, the Company incurred \$2,700 in rent and \$900 in telephone expense.

See independent auditors' report.

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION



**Muto, Vollucci & Co., Ltd.**

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION**

Sergio DeCurtis, President  
N.E. Private Client Advisors, Ltd.  
55 Cedar Street  
Providence, RI 02903

51 Jefferson Blvd.  
Suite 400  
Warwick, RI  
02888

401/461-9400  
Fax:  
401/461-1270

P.O. Box 3116  
Newport, RI  
02840

401/846-1800  
Fax:  
401/846-0994

e-mail:  
mvollucci@mutovollucci.com  
mmuto@mutovollucci.com

We have audited the accompanying financial statements of N.E. Private Client Advisors, Ltd. as of and for the year ended December 31, 2006, and have issued our report thereon dated February 20, 2007. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying computations of net capital, basic net capital requirement and aggregate indebtedness (additional information) of N.E. Private Client Advisors, Ltd. as of December 31, 2006 included in the accompanying prescribed form is presented for purposes of complying with the rules and regulations of the Securities and Exchange Commission (SEC) and are not intended to be a complete presentation of the stockholder's capital and changes in stockholder's capital and is not a required part of the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, presents fairly, in all material respects, the computations of net capital, basic net capital requirements, and aggregate indebtedness, in relation to the basic financial statements taken as a whole in accordance with the requirements of the SEC, which differ from accounting principles generally accepted in the United States of America. Accordingly, this additional information in prescribed form is not designed for those who are not informed about such differences.

  
MUTO, VOLLUCCI & CO., LTD.

February 20, 2007

## COMPUTATION OF NET CAPITAL

|  |         |         |         |
|--|---------|---------|---------|
| 1. Total ownership equity from Statement of Financial Condition                                    |         | 68,954  |         |
|  |         |         | (3480)  |
| 2. Deduct ownership equity not allowable for Net Capital   |         | 0       | (3480)  |
| 3. Total ownership equity qualified for Net Capital  |         | 68,954  | (3500)  |
| 4. Add:  |         | 0       |         |
| A. Liabilities subordinated to claims of general creditors allowable in computation of net capital |         |         | (3520)  |
| B. Other (deductions) or allowable credits (List)  |         |         |         |
|  | (3525A) |         | (3525B) |
|  | (3525C) |         | (3525D) |
|  | (3525E) |         | (3525F) |
|  |         | 0       | (3525)  |
| 5. Total capital and allowable subordinated liabilities  |         | 68,954  | (3530)  |
| 6. Deductions and/or charges:  |         |         |         |
| A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)                 | 20,848  |         | (3540)  |
| B. Secured demand note deficiency  |         |         | (3590)  |
| C. Commodity futures contracts and spot commodities - proprietary capital charges                  |         |         | (3600)  |
| D. Other deductions and/or charges   |         |         | (3610)  |
|  |         | -20,848 | (3620)  |
| 7. Other additions and/or credits (List)   |         |         |         |
|  | (3630A) |         | (3630B) |
|  | (3630C) |         | (3630D) |
|  | (3630E) |         | (3630F) |
|  |         | 0       | (3630)  |
| 8. Net capital before haircuts on securities positions   |         | 48,106  | (3640)  |
| 9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):                     |         |         |         |
| A. Contractual securities commitments  |         |         | (3680)  |
| B. Subordinated securities borrowings  |         |         | (3670)  |
| C. Trading and investment securities:  |         |         |         |
| 1. Exempted securities   |         |         | (3735)  |
| 2. Debt securities   |         |         | (3733)  |
| 3. Options   |         |         | (3730)  |
| 4. Other securities  |         |         | (3734)  |

Note: Differences exist between the above computations and the computations included in the Company's corresponding unaudited FOCUS report on Form X-17A-5, Part IIA filing at December 31, 2006. Those differences are immaterial.

|                        |         |  |  |         |        |
|------------------------|---------|--|--|---------|--------|
| D. Undue Concentration |         |  |  |         |        |
|                        |         |  |  |         | (3650) |
| E. Other (List)        |         |  |  |         |        |
|                        | (3736A) |  |  | (3736B) |        |
|                        | (3736C) |  |  | (3736D) |        |
|                        | (3736E) |  |  | (3736F) |        |
|                        |         |  |  | (3736G) |        |
|                        |         |  |  |         | 0      |
|                        |         |  |  |         | (3740) |
| 10. Net Capital        |         |  |  |         | 48,106 |
|                        |         |  |  |         | (3750) |

### COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

|  |  |  |  |  |        |
|--|--|--|--|--|--------|
| Part A   |  |  |  |  | 347    |
| 11. Minimum net capital required (8-2/3% of line 10)   |  |  |  |  | (3750) |
| 12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note(A) |  |  |  |  | 5,000  |
|  |  |  |  |  | (3750) |
| 13. Net capital requirement (greater of line 11 or 12)   |  |  |  |  | 5,000  |
|  |  |  |  |  | (3760) |
| 14. Excess net capital (line 10 less 13)   |  |  |  |  | 43,106 |
|  |  |  |  |  | (3770) |
| 15. Excess net capital at 1000% (line 10 less 10% of line 10)  |  |  |  |  | 47,586 |
|  |  |  |  |  | (3780) |

### COMPUTATION OF AGGREGATE INDEBTEDNESS

|  |         |  |  |         |        |
|--|---------|--|--|---------|--------|
| 16. Total A.I. liabilities from Statement of Financial Condition                         |         |  |  |         | 5,200  |
|  |         |  |  |         | (3790) |
| 17. Add:   |         |  |  |         |        |
| A. Drafts for immediate credit   |         |  |  |         | (3800) |
| B. Market value of securities borrowed for which no equivalent value is paid or credited |         |  |  |         | (3810) |
| C. Other unrecorded amounts(List)  |         |  |  |         |        |
|  | (3820A) |  |  | (3820B) |        |
|  | (3820C) |  |  | (3820D) |        |
|  | (3820E) |  |  | (3820F) |        |
|  |         |  |  | (3820G) |        |
|  |         |  |  |         | 0      |
|  |         |  |  |         | (3830) |
| 18. Total aggregate indebtedness   |         |  |  |         | 5,200  |
|  |         |  |  |         | (3840) |
| 20. Percentage of aggregate indebtedness to net capital (line 18 / line 10)              |         |  |  | %       | 10.8   |
|  |         |  |  |         | (3850) |

Note: Differences exist between the above computations and the computations included in the Company's corresponding unaudited FOCUS report on Form X-17A-5, Part IIA filing at December 31, 2006. Those differences are immaterial.

INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL  
REQUIRED BY SEC RULE 17a-5



**Muto, Vollucci & Co., Ltd.**

Certified Public Accountants

51 Jefferson Blvd.  
Suite 400  
Warwick, RI  
02888

401/461-9400  
Fax:  
401/461-1270

P.O. Box 3116  
Newport, RI  
02840

401/846-1800  
Fax:  
401/846-0994

e-mail:  
mvollucci@mutovollucci.com  
mmuto@mutovollucci.com

**INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL  
REQUIRED BY SEC RULE 17a-5**

Sergio DeCurtis, President  
N.E. Private Client Advisors, Ltd.  
55 Cedar Street  
Providence, RI 02903

In planning and performing our audit of the financial statements of N.E. Private Client Advisors, Ltd. for the year ended December 31, 2006, we considered its internal control structure, 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 made a study of the practices and procedures followed by the Company including the 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 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 customer as required by Rule 15c3-3

The management of the Company is responsible for establishing and maintaining an 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 internal 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 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, errors 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 structure 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 elements does not reduce to a relatively low level the risk that errors on a financial statement 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 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, 2006 to meet the SEC's objectives.

This report is intended solely for the use of 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 for any other purpose.

  
MUTO, VOLLUCCI & CO., LTD.

February 20, 2007

END