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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT**  
**FORM X-1 7A-5**  
**PART III**

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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: SIERRA EQUITY GROUP, LTD  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
7700 CONGRESS AVENUE, #3207

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)  
BOCA RATON FL 33487  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
ERIC BLOOM 561-997-0047  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
BAGELL, JOSEPHS, LEVINE & COMPANY, L.L.C.

(Name - if individual, state last, first, middle name)  
200 HADDONFIELD BERLIN RD STE 402 GIBBSBORO NJ 08026  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

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)

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**SIERRA EQUITY GROUP, LTD.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2006**

**SIERRA EQUITY GROUP, LTD.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

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**BAGELL, JOSEPHS, LEVINE & COMPANY, L.L.C.**  
Certified Public Accountants

High Ridge Commons  
Suites 400-403  
200 Haddonfield Berlin Road  
Gibbsboro, New Jersey 08026  
(856) 346-2828 Fax (856) 346-2882

**INDEPENDENT AUDITORS' REPORT**

To the Stockholder  
Sierra Equity Group, Ltd.  
Boca Raton, FL 33487

We have audited the accompanying statement of financial condition of Sierra Equity Group, Ltd., (The Company) as of December 31, 2006 and the related statement of income, change in stockholder's equity, 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 Sierra Equity Group, Ltd., as of 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.

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 supplemental schedule listed in the accompanying index is presented for additional analysis and is not a required part of the basic financial statements, but is supplemental 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 financial statements taken as a whole.

***BAGELL, JOSEPHS, LEVINE & COMPANY, LLC.***

BAGELL, JOSEPHS, LEVINE & COMPANY, L.L.C.  
Gibbsboro, New Jersey  
February 24, 2007

MEMBER OF: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (AICPA)  
NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS  
PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
FLORIDA STATE BOARD OF ACCOUNTANCY

**SIERRA EQUITY GROUP, LTD.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2006**

**ASSETS**

**ASSETS**

Cash	\$ 56,306
Due from clearing firms	10,248
Prepaid Expenses	9,840
Clearing deposits	30,766
Employee Advances	<u>22,456</u>

**TOTAL ASSETS** \$ 129,616

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**LIABILITIES**

Accounts payable and accrued expenses	\$ 33,497
<b>Total liabilities</b>	<u><u>33,497</u></u>

**STOCKHOLDER'S EQUITY**

Common stock, \$0.01 par value; 10,000 shares authorized and issued	100
Additional paid-in capital	52,032
Retained earnings	43,987
<b>Total stockholder's equity</b>	<u><u>96,119</u></u>

**TOTAL LIABILITY AND STOCKHOLDER'S EQUITY** \$ 129,616

The accompanying notes are an integral part of these financial statements

**SIERRA EQUITY GROUP, LTD**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

<b>REVENUE</b>	
Commissions fee income- net	<u>\$ 526,705</u>
<b>TOTAL REVENUES</b>	<u>526,705</u>
 <b>OPERATING EXPENSES</b>	
Payroll and Commission expense	281,400
Rent	10,002
Office	6,899
Professional fees	48,223
Employee Benefits	8,092
Consulting fees	18,275
Clearing costs	19,794
Licenses and registration fees	17,500
Other	18,262
Insurance	1,933
Market Data	2,168
Telephone	17,101
Data services	10,425
Travel and entertainment	<u>17,925</u>
<b>TOTAL EXPENSES</b>	<u>477,999</u>
<b>INCOME FROM OPERATIONS</b>	<u>48,706</u>
 <b>OTHER INCOME</b>	
Interest income	<u>608</u>
<b>Total other income</b>	<u>608</u>
 <b>NET INCOME</b>	 <u><u>\$ 49,314</u></u>

The accompanying notes are an integral part of these financial statements

**SIERRA EQUITY GROUP, LTD**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	Common stock Shares	Amount	Additional Paid-In Capital	Retained Earnings	Total Stockholder's Equity
Balance at January 1, 2006	10,000	\$ 100	\$ 13,031	\$ (5,327)	\$ 7,804
Stockholder's contributions	-	-	39,001	-	39,001
Net income for the year	-	-	-	49,314	49,314
Balance at December 31, 2006	10,000	\$ 100	\$ 52,032	\$ 43,987	\$ 96,119

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

**SIERRA EQUITY GROUP, LTD.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income	<u>\$ 49,314</u>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>	
<b>(Increase) Decrease in operating assets:</b>	
Deposits with clearing broker, net	(10,248)
Commissions receivable	(22,456)
Prepaid Expenses	(9,840)
<b>Increase (Decrease) in operating liabilities:</b>	
Accounts payable and accrued expenses	<u>33,497</u>
<b>Total adjustments</b>	<u>(9,047)</u>
<b>Net cash provided by operating activities</b>	<u>40,267</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Due from related parties -	<u>(30,766)</u>
<b>Net cash (used in) investing activities</b>	<u>(30,766)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Stockholder's contributions	39,001
<b>Net cash provided by financing activities</b>	<u>39,001</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	48,502
<b>CASH - BEGINNING OF YEAR</b>	<u>7,804</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 56,306</u></u>

The accompanying notes are an integral part of these financial statements

**SIERRA EQUITY GROUP, LTD.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**NOTE 1- NATURE OF BUSINESS**

**Organization**

Sierra Equity Group, Ltd., (the "Company") is a registered broker-dealer in securities under the provisions of the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. (NASD) and the Securities Investor Protection Corporation.

The Company was incorporated in the state of Illinois in 1994 and went through several name changes. In August of 2005, while named Hillcrest Asset Management, Inc., the Company was purchased by its current sole shareholder and changed the name to Sierra Equity Group, Ltd., in February 2006.

The Company has an agreement ("Agreement") with a clearing broker ("Broker") to clear securities transactions, carry customers' accounts on a fully disclosed basis and perform certain recordkeeping functions. Accordingly, the Company operates under the exemptive provisions of Securities and Exchange Commission ("SEC") Rule 15c3-3(k)(2)(ii).

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and Cash Equivalents**

The Company considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents. The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

**Income Taxes**

The Company has elected to be taxed under the provisions of subchapter S of the Internal Revenue Code. As an S-corporation all items of income and expense are passed through to shareholders to be taxed on their individual tax returns.

**Start-Up Costs**

The Company adopted Statement of Position No. 98-5 ("SOP 98-5"), "Reporting the Costs of Start-up Activities." SOP 98-5 requires that all non-governmental entities expense the cost of start-up activities, including organizational costs as those costs are incurred.

**SIERRA EQUITY GROUP, LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2006**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Clearing Agent**

In accordance with the Agreement, all of the Company's property held by the Broker including, but not limited to, securities, deposits, monies and receivables are used as collateral to secure the Company's liabilities and obligations to the Broker.

**Regulatory Net Capital and Reserve Requirements**

The Company is subject to the Uniform Net Capital Rule under the Securities Exchange Act of 1934. In accordance with the Rule, the Company is required to maintain minimum net capital, as defined, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2006 the Company had net capital, as defined, of \$58,057, which was \$53,057 in excess of its required net capital of \$5,000. The Company's percentage of aggregate indebtedness to net capital was 57.70%.

Under the provisions of Rule 15c3-3, the Company is not required to segregate funds in a special reserve account for the exclusive benefit of customers and, is not subject to certain other requirements of the Consumer Protection Rule.

**NOTE 3- DUE FROM CLEARING FIRMS**

Due from the clearing organizations represent the net amount relating to commissions/trading income (loss) less clearing costs. As of December 31, 2006, the balance owed by the clearing organizations was \$10,248.

**NOTE 4- DEPOSIT ACCOUNT**

The deposit account represents a security deposit with the Company's main clearing agent, Sterne Agee Capital Markets. The amount of the deposit as of December 31, 2006 is \$25,000. The Company also has a deposit with the NASD and as of December 31, 2006 it was \$315, and other deposits as of December 31, 2006 was \$5,451.

**SIERRA EQUITY GROUP, LTD.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2006**

**NOTE 5- COMMITMENTS**

**CUSTOMER TRANSACTIONS**

In the normal course of business, the Company executes, as agent, securities transactions on behalf of its customers. If the agency transactions do not settle because of failure to perform by either the customer or the counter party, the Company may be obligated to discharge the obligation of the non-performing party and, as a result, is subject to market risk if the market value of the securities is different from the contract amount of the transactions.

The Company does not anticipate nonperformance by customers or counter parties in the above situations. The Company's policy is to monitor its market exposure and counter party risk. In addition, the Company has a policy of reviewing, as considered necessary, the credit standing of each counter party and customer with which it conducts business.

**OPERATING LEASE**

The Company leases office space under a lease agreement. Currently, the Company is paying \$3,646 per month plus utilities as a base rent.

Rent expense for the year ended December 31, 2006 was \$10,002.

**NOTE 6 - STOCKHOLDER'S EQUITY**

**Common Stock**

As of December 31, 2006, the Company has 10,000 shares of its \$0.01 par value common stock authorized, issued and outstanding.

The following details the stock transactions for the Company:

On January 25, 2006 the Company received a contribution from its sole stockholder in the amount of \$4,001.

On February 10, 2006, the Company received a contribution from its sole stockholders in the amount of \$35,000.

**SUPPLEMENTAL INFORMATION**

**SIERRA EQUITY GROUP, LTD.**  
**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1**  
**AND STATEMENT PURSUANT TO RULE 17a-5(d)(4)**  
**DECEMBER 31, 2006**

**Computation of Net Capital Pursuant to Rule 15c3-1**

**Computation of Net Capital**

Total stockholder capital from statement of financial condition	\$ 96,119
Less: Non-allowable assets:	
Total Non-Allowable Assets	<u>(38,062)</u>
Tentative net capital	58,057
Less: Haircut valuations	<u>-</u>
<b>NET CAPITAL</b>	<b><u><u>\$ 58,057</u></u></b>

**Computation of Basic Net Capital Requirement**

Minimum net capital required, 6-2/3% of \$33,497, pursuant to Rule 15c3-1	<u>\$ 2,233</u>
Minimum required net capital requirements	<u>\$ 5,000</u>
Minimum dollar net capital requirements of reporting broker/dealer	<u>\$ 5,000</u>
<b>EXCESS NET CAPITAL</b>	<b><u>\$ 53,057</u></b>

**Computation of Aggregate Indebtedness**

Accounts payable and accrued expenses	<u>\$ 33,497</u>
Calculation of aggregate indebtedness to net capital	<u>57.70%</u>

**Statement Pursuant to Rule 17a-5(d)(4)**

A reconciliation with the Company's computation of net capital as reported in the unaudited Part II A of Form X-17A-5 was not prepared as there are no material differences between the Company's computation of net capital and the computation contained herein.

**BAGELL, JOSEPHS, LEVINE & COMPANY, L.L.C.**

Certified Public Accountants

High Ridge Commons  
Suites 400-403  
200 Haddonfield Berlin Road  
Gibbsboro, New Jersey 08026  
(856) 346-2828 Fax (856) 346-2882

**REPORT ON INTERNAL CONTROL**

To the Stockholder  
Sierra Equity Group, Ltd.

In planning and performing our audit of the financial statements and supplemental schedules of Sierra Equity Group, Ltd., 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 the internal control structure.

Also, as required by Rule 17a-5 (g) (1) of the Securities and Exchange Commission, we have made a study of the practices and procedures followed by the company that we considered relevant to the objectives stated in Rule 17a-5 (g) in making the periodic computation of aggregate indebtedness and net capital under Rule 17a-3 (a) (11) and the procedures for determining compliance with exemptive provisions of Rule 15c3-3. We did not review practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in compliance with the requirements for prompt payment of securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 control structure policies and procedures 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 Commission's above-mentioned objectives. Two of the objectives of an internal control structure 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 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 any internal control structures or the practices and procedures referred to above, errors or irregularities may occur and may not be detected. Also, protection 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 the internal control structure that might be material weakness 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 structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 the internal control structure, including procedures for safeguarding securities that we consider to be material weakness 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 Commission to be adequate for its purpose in accordance with Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all materials 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 Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, and other regulatory agencies, which rely on Rule 17a-5 (g) under the Securities Exchange Act of 1934 and should not be used by anyone other than these specified parties.

***BAGELL, JOSEPHS, LEVINE & COMPANY, LLC.***

BAGELL, JOSEPHS, LEVINE & COMPANY, L.L.C.  
Certified Public Accountants  
Gibbsboro, New Jersey

February 24, 2007

MEMBER OF: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (AICPA)  
NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS  
PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
FLORIDA STATE BOARD OF ACCOUNTANCY

**END**