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

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

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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 January 1, 2006 AND ENDING December 31, 2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Arbor Advisors, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

3300 Hillview Drive, Suite 170

(No. and Street)

Palo Alto

(City)

California

(State)

94304-1203

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Stan Christensen (650) 354-1833

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Elizabeth Tractenberg, CPA

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

3832 Shannon Rd., Los Angeles, CA 90027

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

B MAR 29 2007

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, Stan Christensen, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Arbor Advisors, LLC, 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:

Stan Christensen
Signature
Managing Member
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~~ Cash Flows
- (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 ~~and the Statement of Financial Condition~~
- (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).

JURAT

State/Commonwealth of California
County of Santa Clara } ss.

Subscribed and sworn to (or affirmed) before me
this 28th day of February 2007, by

(1) Star Christensen
Name of Signer #1

(2) _____
Name of Signer #2



Place Notary Seal and/or Any Stamp Above

Sylvia Lopez
Signature of Notary Public
Sylvia Lopez
Other Required Information (Printed Name of Notary, Residence, etc.)

OPTIONAL

Though the information in this section is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Annual Audited Report

Document Date: February 12, 2008 Number of Pages: 12

Signer(s) Other Than Named Above: _____

RIGHT THUMBPRINT OF SIGNER #1
Top of thumb here

RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

ANNUAL AUDIT REPORT

DATE - DECEMBER 31, 2006

ARBOR ADVISORS, LLC

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ELIZABETH CERTIFIED
TRACTENBERG PUBLIC
ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

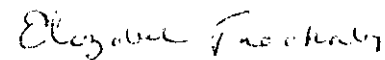
Members
Arbor Advisors, LLC

I have audited the accompanying statement of financial condition of Arbor Advisors, LLC (the Company) as of December 31, 2006 and related statements of operations, cash flows, and changes in members' equity for the year then ended. These financial statements are being filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 and include the supplemental schedule of the net capital computation required by rule 15c3-1. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, such financial statements referred to above present fairly, in all material respects, the financial condition of the Company as of December 31, 2006 and the results of its operations, cash flows and member' equity for the year then ended in conformity with accounting principles generally accepted in the United States.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Supplementary Information on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements but includes supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Elizabeth Tractenberg, CPA
Los Angeles, California
February 12, 2007

ARBOR ADVISORS, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2006

ASSETS	
Cash and equivalent	\$ 217,711
Commissions receivable - non allowable	25,000
Property and Equipment, at cost, net of accumulated depreciation of \$1,969	<u>6,075</u>
 TOTAL ASSETS	 <u><u>\$ 248,786</u></u>

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES	
Accounts payable and accrued liabilities	\$ 47,331
Accrued income taxes	<u>3,300</u>
 TOTAL LIABILITIES	 50,631
 MEMBERS' EQUITY	 <u>198,155</u>
 TOTAL LIABILITIES AND MEMBERS' EQUITY	 <u><u>\$ 248,786</u></u>

See accompanying notes to financial statements

ARBOR ADVISORS, LLC
STATEMENT OF INCOME (LOSS)
FOR YEAR ENDED DECEMBER 31, 2006

REVENUES

Fees	\$ 662,972
Other income	<u>12</u>

TOTAL REVENUES	<u>662,984</u>
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TOTAL OPERATING EXPENSES (page 9)	<u>737,440</u>
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INCOME BEFORE TAX PROVISION	(74,456)
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INCOME TAX PROVISION	<u>3,300</u>
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NET INCOME (LOSS)	<u><u>\$ (77,756)</u></u>
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See accompanying notes to financial statements

ARBOR ADVISORS, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR YEAR ENDED DECEMBER 31, 2006

	<u>Total</u>
Balance, December 31, 2005	\$ 195,911
Capital contribution	80,000
Net Income (loss)	<u>(77,756)</u>
Balance, December 31, 2006	<u>\$ 198,155</u>

See accompanying notes to financial statements

ARBOR ADVISORS, LLC
STATEMENT OF CASH FLOWS
FOR YEAR ENDED DECEMBER 31, 2006

Cash Flows from Operating Activities:	
Net income (loss)	\$ (77,756)
Depreciation	1,215
Changes in operating assets and liabilities:	
Commissions receivable	(24,999)
Accounts payable and accrued liabilities	47,331
Accrued income taxes	<u>3,300</u>
Net cash provided by operating activities	<u>(50,911)</u>
Cash Flows for Acquisition Activities:	
Purchase of equipment	<u>(7,290)</u>
Cash Flows for Investing Activities:	
Capital contribution	<u>80,000</u>
Net increase in cash	21,800
Cash - beginning of the year	<u>195,911</u>
Cash - December 31, 2006	<u><u>\$ 217,711</u></u>
Supplemental Cash Flow Information	
Cash paid for interest	<u>\$ 0</u>
Cash paid for income tax	<u>\$ 0</u>

See accompanying notes to financial statements

ARBOR ADVISORS, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 - NATURE OF BUSINESS

Arbor Advisors, LLC (Company) was formed to conduct business primarily as an investment banking and financial advisory firm. The Company was approved by the NASD on January 23, 2006.

The Company does not hold customers' funds or securities. As a result, the Company is exempt from certain provisions and requirements under Rule 15c3-3, pursuant to SEC Rule 17a-5(d)(3)(k)(2)(i) of the Securities Exchange Commission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents – for the purposes of the balance sheet and statement of cash flows, all highly liquid investments with original maturities of three months or less are considered cash equivalents. The Company does not have any cash equivalents at December 31, 2006

Revenue Recognition – Investment banking fees are contingent on, and are recognized upon, the successful completion of a project. Investment banking fees are generated from services related to a limited number of transactions. Due to the nature of the Company's business, the size of any one transaction may be significant to the Company's operations for the period. During 2006, revenues were generated from ten customers.

Income taxes - The Company with consent of its Members has elected to be a California Limited Liability Company. For tax purposes the Company is treated like a partnership, therefore in lieu of business income taxes, the Members are taxed on the Company's taxable income. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements. The State of California has similar treatment, although there exists a provision for a gross receipts tax and a minimum Franchise Tax of \$800.

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.

ARBOR ADVISORS, LLC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 3 - NET CAPITAL REQUIREMENT

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital (\$5,000), as defined, under such provisions. See page 8 for the computation of net capital.

NOTE 4 – INCOME TAXES

The Company is subject to a limited liability company gross receipts tax, with a minimum provision of \$800. For the year ended December 31, 2006, the Company recorded the minimum liability company income tax of \$800 and gross receipts tax of \$2,500.

NOTE 5 - COMPUTATION OF DETERMINATION OF RESERVE REQUIREMENTS PURSUANT TO RULE 15c3-3.

A computation of reserve requirements is not applicable to Arbor Advisors, LLC as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i) – “Special Account for the Exclusive Benefit of Customers” maintained.

NOTE 8 – INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3

Information relating to possession or control requirements is not applicable to Arbor Advisors, LLC as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i).

ELIZABETH CERTIFIED
TRACTENBERG PUBLIC
ACCOUNTANT

Independent Auditor's Report on Supplemental Information

Members
Arbor Advisors, LLC

My report on my audit of the basic financial statements of Arbor Advisors, LLC for December 31, 2006 was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of operating expenses on Page 9 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

Elizabeth Tractenberg

Elizabeth Tractenberg, CPA
Los Angeles, California
February 12, 2007

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ARBOR ADVISORS, LLC
 COMPUTATION OF NET CAPITAL REQUIREMENTS PURSUANT
 TO RULE 15c3-1
 DECEMBER 31, 2006

COMPUTATION OF NET CAPITAL

Total ownership equity from statement of financial condition	\$ 198,155
Nonallowable assets:	
Commissions receivable - non allowable	(25,000)
Equipment	<u>(6,075)</u>
NET CAPITAL	<u>\$ 167,081</u>

COMPUTATION OF NET CAPITAL REQUIREMENTS

Minimum net aggregate indebtedness - 6.67% of net aggregate indebtedness	<u>\$ 3,377</u>
Minimum dollar net capital required	<u>\$ 5,000</u>
Net Capital required (greater of above amounts)	<u>\$ 5,000</u>
EXCESS CAPITAL	<u>\$ 162,081</u>

Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	<u>\$ 162,018</u>
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COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities	<u>\$ 50,631</u>
Aggregate indebtedness to net capital	0.30

RECONCILIATION

The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):

NET CAPITAL PER COMPANY'S COMPUTATION	\$ 170,378
VARIANCE -	
Accrued income taxes	(3,300)
Rounding	<u>3</u>
NET CAPITAL PER AUDITED REPORT	<u>\$ 167,081</u>

See accompanying notes to financial statements

ARBOR ADVISORS, LLC
SCHEDULE OF OPERATING EXPENSES
FOR YEAR ENDED DECEMBER 31, 2006

OPERATING EXPENSES	
Advertising/marketing	\$ 16,687
Auto expense	13,153
Computer and IT services	21,958
Depreciation	1,215
Dues and subscriptions	2,748
Insurance	15,156
Miscellaneous expenses	9,291
Office expense	8,528
Postage	1,279
Printing	3,947
Professional fees	21,296
Regulatory fees	5,169
Rent	34,376
Salaries and payroll taxes	519,911
Telephone	12,453
Travel and entertainment	43,678
Utilities	6,593
TOTAL OPERATING EXPENSES	<u>\$ 737,440</u>

See accompanying notes to financial statements

Members
Arbor Advisors, LLC

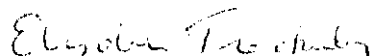
management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation 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 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.

My 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 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, I noted no matters involving internal control, including control activities for safeguarding securities, that I consider to be material weaknesses as defined above.

I 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 my study, I believe that the Company's practices and procedures were adequate on December 31, 2006 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, 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 for anyone other than these specified parties.



Elizabeth Tractenberg, CPA
Los Angeles, California
February 12, 2007

END