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07006041

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Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2007
Estimated average burden hour per response	12.00

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

SEC FILE NUMBER
8- 29124

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER Meridian Investments, Inc.

OFFICIAL USE ONLY

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

FIRM ID. NO.

1266 Furnace Brook Parkway

(No and Street)

Quincy

MA

02169

(City)

(State)

(Zip Code)

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

John P. McDonough

(617) 328-6200

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Jacobs, Veiella & Kerr, P.C.

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

388 Hillside Avenue

Needham

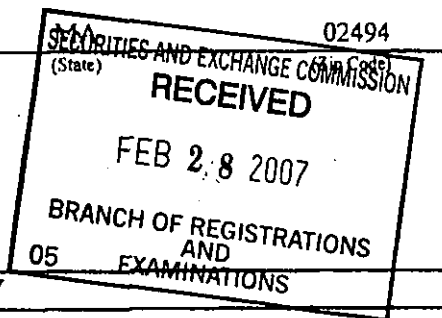
02494

(Address)

(City)

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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APR 04 2007

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OATH OR AFFIRMATION

I, John P. McDonough, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Meridian Investments, Inc., as

of December 31, 20 06, 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:

John P. McDonough
Signature
President
Title

Carol O'Keefe
Notary Public



CAROL A. O'KEEFE
Notary Public
Commonwealth of Massachusetts
My Commission Expires
February 15, 2013

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 Proprietor's 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).

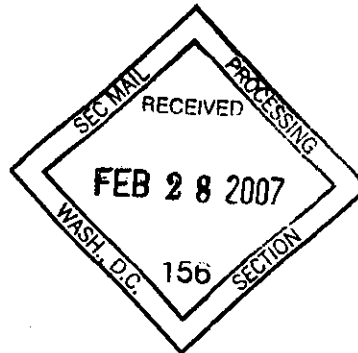
MERIDIAN INVESTMENTS, INC.

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY
INFORMATION**

**For the Years Ended
December 31, 2006 and 2005**

MERIDIAN INVESTMENTS, INC.
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For the Years Ended December 31, 2006 and 2005

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MERIDIAN INVESTMENTS, INC.
INDEPENDENT AUDITOR'S REPORT



Jacobs, Veillella & Kerr, P.C.

Certified Public Accountants

388 Hillside Avenue • Needham, MA 02494-1221

Tel.: (781) 449-1090 • Fax: (781) 449-9370

Members

American Institute of
Certified Public Accountants

Massachusetts Society of
Certified Public Accountants

Herman Jacobs CPA 1949-1988

Alberto Veillella CPA

Peter H. Kerr CPA

Michael E. Carlson CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of:

Meridian Investments, Inc.

Quincy, Massachusetts

We have audited the accompanying statements of financial condition of Meridian Investments, Inc. (an S corporation) as of December 31, 2006 and 2005 and the related statements of income, stockholders' equity and cash flows for the years then ended, that are being filed 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 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 of 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 Meridian Investments, Inc. as of December 31, 2006 and 2005 and the results of its operations and cash flows for the years then ended, respectively, in conformity with accounting principles generally accepted in the United States of America.

Jacobs, Veillella & Kerr, P.C.

Needham, Massachusetts

February 12, 2007

MERIDIAN INVESTMENTS, INC.
AUDITED FINANCIAL STATEMENTS

MERIDIAN INVESTMENTS, INC.
STATEMENTS OF FINANCIAL CONDITION
December 31, 2006 and 2005

	2006	2005
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,865,008	\$ 2,625,753
Commissions and accounts receivable	727,828	2,417,536
Deposits and prepaid expenses	159,853	42,282
Deferred income taxes	23,580	72,646
Due from related parties	606,136	229,234
	3,382,405	5,387,451
PROPERTY AND EQUIPMENT, net of accumulated depreciation		
	99,748	97,485
	\$ 3,482,153	\$ 5,484,936
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accrued liabilities and taxes	\$ 527,057	\$ 2,025,352
Deferred income taxes	32,796	110,091
	559,853	2,135,443
DEFERRED INCOME TAXES		
	1,750	1,602
STOCKHOLDERS' EQUITY		
Common stock, no par value, 12,500 shares authorized, 1,000 shares issued and	131,000	131,000
Additional paid-in capital	5,819	5,819
Retained earnings	2,833,731	3,261,072
	2,970,550	3,397,891
Treasury stock - at cost, 200 shares	(50,000)	(50,000)
	2,920,550	3,347,891
	\$ 3,482,153	\$ 5,484,936

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

MERIDIAN INVESTMENTS, INC.
STATEMENTS OF INCOME
For the Years Ended December 31, 2006 and 2005

	2006	2005
REVENUE		
Commissions	\$ 10,866,017	\$ 26,898,143
TOTAL REVENUE	10,866,017	26,898,143
EXPENSES		
Commissions	4,769,507	13,351,726
Other operating expenses	2,784,141	2,979,466
TOTAL EXPENSES	7,553,648	16,331,192
INCOME FROM OPERATIONS	3,312,369	10,566,951
OTHER INCOME (EXPENSE)		
Interest income	56,457	52,682
Dividend income	208	61
Interest expense	(180)	(28)
TOTAL OTHER INCOME	56,485	52,715
NET INCOME BEFORE PROVISION FOR (BENEFIT FROM) FOR INCOME TAXES	3,368,854	10,619,666
PROVISION FOR (BENEFIT FROM) INCOME TAXES		
Current	52,386	401,554
Deferred	(28,081)	(30,785)
TOTAL PROVISION FOR INCOME TAXES	24,305	370,769
NET INCOME	\$ 3,344,549	\$ 10,248,897

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

MERIDIAN INVESTMENTS, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2006 and 2005

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>
Balance - December 31, 2004	\$ 131,000	\$ 5,819	\$ 3,336,806	\$ (50,000)
Net income for the year ended December 31, 2005	-	-	10,248,897	-
Stockholders' distributions for the year ended December 31, 2005	-	-	(10,324,631)	-
Balance - December 31, 2005	131,000	5,819	3,261,072	(50,000)
Net income for the year ended December 31, 2006	-	-	3,344,549	-
Stockholders' distributions for the year ended December 31, 2006	-	-	(3,771,890)	-
Balance - December 31, 2006	<u>\$ 131,000</u>	<u>\$ 5,819</u>	<u>\$ 2,831,731</u>	<u>\$ (50,000)</u>

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

MERIDIAN INVESTMENTS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,344,549	\$ 10,248,897
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	(28,081)	(30,785)
Depreciation and amortization	45,328	47,597
Expenses allocated from related party	9,934,313	17,206,363
Inter-company interest income	(25,400)	(23,572)
(Increase) decrease in:		
Commissions and accounts receivable	1,689,708	717,092
Deposits and prepaid expenses	(117,571)	23,108
Increase (decrease) in:		
Accrued liabilities and taxes	(1,498,295)	(38,399)
NET CASH PROVIDED BY OPERATING ACTIVITIES	13,344,551	28,150,301
CASH FLOWS FROM INVESTING		
Advances from related party	-	500,001
Advances to related party	(10,285,816)	(17,340,000)
Purchases of property and equipment allocated from related party	(47,590)	(49,140)
NET CASH USED IN INVESTING ACTIVITIES	(10,333,406)	(16,889,139)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions to shareholders	(3,771,890)	(10,324,631)
NET CASH USED IN FINANCING ACTIVITIES	(3,771,890)	(10,324,631)
NET INCREASE (DECREASE) IN CASH	(760,745)	936,531
CASH - BEGINNING	2,625,753	1,689,222
CASH - ENDING	\$ 1,865,008	\$ 2,625,753
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for income taxes	\$ 442,374	\$ 375,643
Cash paid for interest	\$ 180	\$ 28

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

MERIDIAN INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS

MERIDIAN INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL INFORMATION

Meridian Investments, Inc. is a Massachusetts corporation formed in December 1981 with office locations in Massachusetts and Maryland. The Company is a securities broker-dealer firm, registered with the Securities and Exchange Commission (SEC) and securities regulatory commissions in various states and Washington D.C. It is a member of the National Association of Securities Dealers (NASD) and the Securities Investor Protection Corporation (SIPC). The Company is primarily involved in placing tax advantaged investments in affordable housing limited partnerships.

B. 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.

C. CASH AND CASH EQUIVALENTS

For financial statement purposes, the Company considers all short-term debt and investment securities purchases with a maturity of three months or less to be cash equivalents.

D. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The Company experiences a low rate of its accounts receivable that become uncollectible. Therefore, these financial statements do not contain a provision for uncollectible accounts.

E. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed using methods and lives sufficient to amortize the cost of the applicable assets over their useful lives. The cost and related accumulated depreciation of assets sold or otherwise disposed are removed from the related accounts and the resulting gains or losses are reflected in income, except on assets traded. Expenditures for normal maintenance and repairs are expensed, while major renewals are capitalized.

F. REVENUE AND COST RECOGNITION

Commission revenues are recognized upon the completion of a sale of an investment (earned). The related commission expense is recognized when the commission is earned by the Company.

G. ADVERTISING COSTS

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be realized.

H. COMPENSATED ABSENCES

Employees of the Company are entitled to paid vacation days depending on job classification, length of service and other factors. It is impracticable 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 future absences when actually paid to employees.

MERIDIAN INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

I. INCOME TAXES

The Company elected under the Internal Revenue Code on February 9, 1994, with the consent of its stockholders, to be taxed as an S corporation. The election was effective as of December 1, 1992. On December 28, 2000, the corporation elected to become a qualified subchapter S subsidiary of Meridian Investment Properties Trust, which elected to be taxed as a qualified subchapter S trust. On January 1, 2004, Meridian Investments, Inc., after completion of the adopted plan of liquidation of its parent trust, Meridian Investment Properties Trust, elected to again be taxed as an S corporation.

In lieu of federal income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, these financial statements do not contain a provision for federal income taxes. For the years ended December 31, 2006 and 2005, a provision for state income taxes is provided for pursuant to Massachusetts law concerning the taxation of "large" S corporations.

NOTE 2 - DUE TO/FROM RELATED PARTY

Due to/from related party represents monies advanced to/borrowed from Meridian Properties, Inc., an affiliated corporation. The balances outstanding at December 31, 2006 and 2005 are comprised of (1) amounts actually advanced to/borrowed from the affiliate, (2) specific expenses actually paid by the affiliate for the benefit of the Company and (3) common operating expenses allocated to the Company.

Interest on the note is charged on the average monthly balance at the applicable federal rate per annum. Interest receivable on the balance at December 31, 2006 and 2005 was \$ 24,500 and \$ 23,572, respectively.

NOTE 3 - PROPERTY AND EQUIPMENT

At December 31, 2006 and 2005, property and equipment consisted of the following:

	2006	2005
Computer equipment and software	\$ 259,339	\$ 217,122
Equipment	53,369	53,369
Furniture and fixtures	68,702	67,610
Leasehold improvements	93,282	88,999
	<u>474,692</u>	<u>427,100</u>
Less: accumulated depreciation	(374,944)	(329,615)
	<u>\$ 99,748</u>	<u>\$ 97,485</u>

NOTE 4 - LEASES

The Company leases its office locations in Massachusetts and Maryland under operating leases through its affiliated corporation, Meridian Properties, Inc. The Maryland lease expired on September 30, 1997 and the option to renew for an additional five years was exercised. During 1998, additional office space

MERIDIAN INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2006 and 2005

NOTE 4 – LEASES – continued

in Maryland was leased for a term of four years and three months, beginning June 1, 1998, expiring on August 31, 2002. The new lease provides for rental escalation based upon the Consumer Price Index beginning in the second lease year and every year thereafter. On March 1, 2002, the lease was renegotiated to expire on February 28, 2007.

The Massachusetts lease dated January 25, 1989, as amended on various dates through 2001, was amended on September 1, 2005 to amend the amount and location of the office space being leased.

The Massachusetts office also began leasing various pieces of office equipment in the years ended December 31, 2002 and 2005, under operating leases expiring on various dates during the years ended December 31, 2006 through 2010.

For the year ended December 31, 2006, 50% of the lease payments for the Massachusetts and Maryland operating leases were allocated to the Company.

Based upon the aforementioned allocations, future minimum rental payments under the operating leases are as follows:

<u>Year Ended</u>	<u>Amount</u>
December 31, 2007	\$ 108,009
December 31, 2008	97,060
December 31, 2009	102,624
December 31, 2010	83,863
December 31, 2011	-
	<u>\$ 812,053</u>

Rent expense for years ended December 31, 2006 and 2005 was \$ 142,900 and \$ 211,393, respectively.

NOTE 5 - RELATED PARTY TRANSACTIONS

During the years ended December 31, 2006 and 2005, the Company shared office space at its locations with Meridian Properties, Inc. Meridian Capital Investments, Inc., Carbon Energy, LLC, Meridian Clean Fuels, Inc., Meridian Finance Company, LLC and Meridian Capital Partners, LLC, all affiliated entities. Except for items specifically identified to one of the related entities, overhead and other operating expenses, including personnel costs, are shared with the affiliated entities. Allocations of all shared expenses are determined by personnel time devoted to each entity.

For the period January 1, 2005 through August 31, 2005, subsequent to the annual personnel time review, the allocation ratio was as follows:

MERIDIAN INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2006 and 2005

NOTE 5 - RELATED PARTY TRANSACTIONS – continued

Related entity	Allocation %
Meridian Investments, Inc.	75.00%
Carbon Energy, LLC	10.00%
Meridian Clean Fuels, Inc.	10.00%
Meridian Capital Partners, LLC	5.00%
	100.00%

For the period September 1, 2005 through December 31, 2005, subsequent to a second personnel time review, the allocation ratio was revised to the following:

Related entity	Allocation %
Meridian Investments, Inc.	75.00%
Carbon Energy, LLC	10.00%
Meridian Clean Fuels, Inc.	10.00%
Meridian Capital Partners, LLC	4.00%
Meridian Finance Company, LLC	1.00%
	100.00%

For the year ended January 1, 2006 through December 31, 2006, subsequent to the annual review of personnel time conducted at the beginning of 2006, the allocation ratio was revised to the following:

Related entity	Allocation %
Meridian Investments, Inc.	50.00%
Meridian Capital Partners, LLC	20.00%
Meridian Clean Fuels, Inc.	15.00%
Carbon Energy, LLC	10.00%
Meridian Finance Company, LLC	5.00%
	100.00%

NOTE 6 - SALE OF STOCK RESTRICTIONS

At December 31, 2006 and 2005, certain shareholders of the Company were restricted with respect to the sale of their shares in the Company. An agreement, reviewed annually, permits the Company the right of first refusal upon the proposed sale of Company shares to anyone except the Company. Term life insurance policies on these shareholders have been purchased by the Company in order to facilitate a death related buyout. Upon the death of one of these shareholders, proceeds from the life insurance policies will be used to purchase their respective shares.

After December 31, 2006, the Company chose not to renew the life insurance policies to be used to fund a future death-related buyout of the stock of a deceased stockholder.

MERIDIAN INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2006 and 2005

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The Company is engaged in the placement of tax advantaged investments in affordable housing in the United States. The Company generates substantially all of its income from fees earned from the sale of these investments.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of commissions' receivable. Concentrations of credit risk with respect to commissions' receivable arise due to the fact that the Company conducts business with a limited number of companies. As of December 31, 2006 and 2005, commissions' receivable due from one company (two companies for the year ended December 31, 2005) totaled \$ 727,828 and \$ 2,407,957, respectively.

The Company also maintains cash balances at one financial institution located in Boston, Massachusetts. The combined balances in all accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$ 100,000. At December 31, 2006 and 2005, the Company had uninsured cash balances totaling \$ 1,765,008 and \$ 2,525,753, respectively.

NOTE 8 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital of \$ 5,000 or 6.66% of total aggregate indebtedness, whichever is higher, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2006 and 2005, the Company had net capital, required net capital, excess net capital, aggregate indebtedness and a net capital ratio as follows:

	<u>2006</u>	<u>2005</u>
Net Capital	\$ 1,613,265	\$ 1,695,081
Required Net Capital	37,403	142,327
Excess Net Capital	<u>\$ 1,575,862</u>	<u>\$ 1,552,754</u>
Aggregate Indebtedness	<u>\$ 561,603</u>	<u>\$ 2,137,045</u>
Net Capital Ratio	<u>0.35 to 1</u>	<u>1.26 to 1</u>

NOTE 9 - DEFERRED TAXES

In accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes* (SFAS 109), the Company recognizes deferred tax assets or liabilities for the future tax benefit or expense arising from the different methods of recognition for certain items of income and expense for book and income tax purposes. Amounts presented on the balance sheets represent the amount of deferred tax assets and liabilities recognized during the year.

Temporary differences giving rise to deferred tax assets consist of accrued expenses which are deducted when paid (cash basis), for tax purposes, rather than when the liability is incurred (accrual basis), for financial statement purposes.

MERIDIAN INVESTMENTS, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended December 31, 2006 and 2005

NOTE 9 - DEFERRED TAXES - continued

Temporary differences giving rise to deferred tax liabilities consist of accounts receivable which are reported when received (cash basis) for tax purposes, rather than when earned (accrual basis) for financial statement purposes. In addition, prepaid expenses are deducted when paid (cash basis) for tax purposes, rather than when the related liability is incurred (accrual basis) for financial statement purposes. Also, the excess of tax depreciation over the amount reported for financial statement purposes gives rise to deferred tax liabilities.

At December 31, 2006 and 2005, the deferred tax asset is comprised of the following:

	<u>2006</u>	<u>2005</u>
Accrued expenses	\$ 23,580	\$ 72,646
TOTAL CURRENT DEFERRED TAX ASSET	\$ 23,580	\$ 72,646

At December 31, 2006 and 2005, the deferred tax liability is comprised of the following:

	<u>2006</u>	<u>2005</u>
Accounts receivable	\$ 32,752	\$ 108,789
Prepaid expenses	44	1,302
TOTAL CURRENT DEFERRED TAX LIABILITY	32,796	110,091
Excess tax depreciation over book depreciation	1,750	1,602
TOTAL NON-CURRENT DEFERRED TAX LIABILITY	1,750	1,602
TOTAL DEFERRED TAX LIABILITY	\$ 34,546	\$ 111,693

MERIDIAN INVESTMENTS, INC.

SUPPLEMENTARY INFORMATION



Jacobs, Veleva & Kerr, P.C.

Certified Public Accountants

388 Hillside Avenue • Needham, MA 02494-1221
Tel.: (781) 449-1090 • Fax: (781) 449-9370

Members

American Institute of
Certified Public Accountants

Massachusetts Society of
Certified Public Accountants

Herman Jacobs CPA 1949-1988

Alberto Veleva CPA
Peter H. Kerr CPA

Michael E. Carlson CPA

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION REQUIRED BY RULE 17A-5 OF THE SECURITIES AND EXCHANGE COMMISSION

To the Board of Directors and Stockholders of:
Meridian Investments, Inc.
Quincy, Massachusetts

We have audited the accompanying financial statements of Meridian Investments, Inc. as of and for the years ended December 31, 2006 and 2005 and have issued our report thereon dated February 12, 2007. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information contained in Schedule 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 our 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.

Jacobs, Veleva & Kerr, P.C.
Needham, Massachusetts

February 12, 2007

MERIDIAN INVESTMENTS, INC.
SCHEDULE I – OPERATING EXPENSES
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
OPERATING EXPENSES		
Bank charges and fees	\$ 1,601	\$ 2,165
Computer supplies and expense	34,846	80,559
Charitable contributions	39,672	35,200
Depreciation expense	45,328	47,597
Dues and subscriptions	47,635	58,519
Education and training	10,643	44,633
Employee benefits	205,237	140,114
Filing fees	48,069	51,130
Insurance	33,978	87,542
Legal and accounting	249,688	428,976
Meetings and conferences	212,545	15,367
Office supplies and expense	57,484	64,998
Penalties and fines	910	-
Pension fees and contributions	124,785	123,492
Postage and delivery	18,299	16,675
Professional fees	29,900	43,262
Rent	142,900	211,393
Repairs and maintenance	633	3,846
Research and due diligence	580,227	503,228
Salaries and wages	300,859	146,018
Selling expense	140	5,860
Taxes - payroll	183,776	265,100
Taxes - other	6,841	5,606
Telephone	44,503	68,130
Travel, meals and entertainment	363,642	530,056
	<u> </u>	<u> </u>
TOTAL OPERATING EXPENSES	\$ 2,784,141	\$ 2,979,466

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

MERIDIAN INVESTMENTS, INC.
SCHEDULE II – COMPUTATION OF NET CAPITAL UNDER
RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION
December 31, 2006 and 2005

	2006	2005
NET CAPITAL COMPUTATION		
SHAREHOLDERS' EQUITY	\$ 2,920,550	\$ 3,347,891
LESS: NON-ALLOWABLE ASSETS		
Commissions receivable in excess of accrued commissions	(417,968)	(1,211,163)
Deposits and prepaid expenses	(159,853)	(42,282)
Property and equipment	(99,748)	(97,485)
Deferred income taxes	(23,580)	(72,646)
Due from related party	(606,136)	(229,234)
NET CAPITAL	\$ 1,613,265	\$ 1,695,081

RECONCILIATION WITH COMPANY'S COMPUTATION

NET CAPITAL PER FOCUS REPORT	\$ 1,547,234	\$ 1,696,200
AUDIT ADJUSTMENTS FOR:		
Cash	(114)	
Deposits and prepaid expenses	(10,002)	(8,640)
Property and equipment	-	47,938
Deferred taxes	77,147	2,530
Due from related parties	-	(42,947)
Accrued expenses	(1,000)	-
NET CAPITAL	\$ 1,613,265	\$ 1,695,081

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



Jacobs, Velella & Kerr, P.C.

Certified Public Accountants

388 Hillside Avenue • Needham, MA 02494-1221

Tel.: (781) 449-1090 • Fax: (781) 449-9370

Members

American Institute of
Certified Public Accountants

Massachusetts Society of
Certified Public Accountants

Herman Jacobs CPA 1949-1988

Alberto Velella CPA
Peter H. Kerr CPA

Michael E. Carlson CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROL

To the Board of Directors and Stockholders of:
Meridian Investments, Inc.
Quincy, Massachusetts

In planning and performing our audit of the financial statements of Meridian Investments, Inc. as of December 31, 2006 and 2005 and for the years then ended, respectively, we considered its internal control structure, including procedures 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, including tests of compliance with 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 in determining compliance with the exemptive provision of rule 15c3-3. We did not review the practices and procedures followed by the Company (1) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13; (2) in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System; and (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3, 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 the 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 SEC's above-mentioned objective. Two of the objectives of an internal control structure and the practice 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.

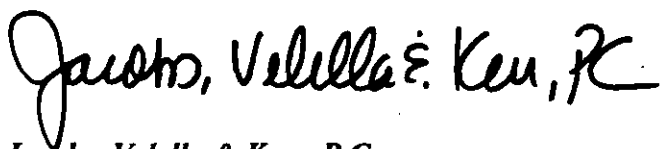
Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors and irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of 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 the internal control structure 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 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 weaknesses as defined above.

In addition, no facts came to our attention indicating that the exemption provision of Rule 15c3-3 has not been complied with during the year.

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 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 consideration of the internal control structure, we believe that the Company's practices and procedures were adequate at December 31, 2006 and 2005, 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 and Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.



Jacobs, Veleva & Kerr, P.C.
Needham, Massachusetts

February 12, 2007



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INDEPENDENT AUDITORS REPORT ON MATERIAL INADEQUACIES

To the Board of Directors and Stockholders of:
Meridian Investments, Inc.
Quincy, Massachusetts

We have audited the financial statements of Meridian Investments, Inc. as of December 31, 2006 and 2005 and for the years then ended. The report has been submitted to the proper regulatory agencies.

The above noted audits did not disclose any material inadequacies.

Jacobs, Veleva & Kerr, P.C.
Needham, Massachusetts

February 12, 2007

END