



15046056

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

OMB Number: 3235-0123 Expires: March 31, 2016 Estimated average burden hours per response 12.00

SEC Mail Processing Section ANNUAL AUDITED REPORT FORM X-17A-5 PART III

SEC FILE NUMBER 8-47421

MAR 03 2015 Washington DC 404

M 3/13

FACING PAGE Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 1/1/2014 AND ENDING 12/31/2014 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Private Portfolio, Inc.

OFFICIAL USE ONLY FIRM I.D. NO.

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

7534 La Jolla Blvd. (No. and Street)

La Jolla, California 92037

(City)

(State)

(Zip Code)

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

Daniel Barba

(858) 551-2071

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

BOROS & FARRINGTON

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

11770 Bernardo Plaza Court, Suite 210, San Diego, CA 92128

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

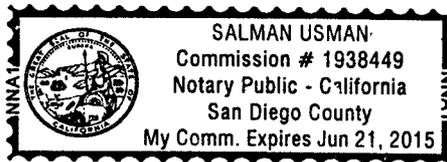
* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

PB 3/14/15

OATH OR AFFIRMATION

I, Daniel Barba, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Private Portfolio, Inc., as of December 31, 2014, 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:

None



Signature

Pres.

Title

Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

This report ** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (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 of Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

** For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

PRIVATE PORTFOLIO, INC.

**Financial Statements
And
Report of Independent Registered
Public Accounting Firm
Year Ended December 31, 2014**

Boros & Farrington
CERTIFIED PUBLIC ACCOUNTANTS

PRIVATE PORTFOLIO, INC.

**Financial Statements
And
Report of Independent Registered
Public Accounting Firm
Year Ended December 31, 2014**

PRIVATE PORTFOLIO, INC.

Table of Contents

	<i>Page</i>
Report of Independent Registered Public Accounting Firm	1
Audited Financial Statements:	
Statement of Financial Condition	2
Statement of Operations.....	3
Statement of Changes in Stockholder's Equity	4
Statement of Liabilities Subordinated to Claims of General Creditors	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6-7
Other Financial Information:	
Schedule I - Computation of Net Capital Pursuant to Rule 15c3-1	8
Schedule II - Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.....	9
Schedule III - Information Relating to the Possession or Control Requirements Pursuant to Rule 15c3-3	10

Boros & Farrington

CERTIFIED PUBLIC ACCOUNTANTS
A Professional Corporation

11770 Bernardo Plaza Court • Suite 210
San Diego, CA 92128-2424
(858) 487-8518 • Fax (858) 487-6794
borosfarrington@msn.com

Report of Independent Registered Public Accounting Firm

Private Portfolio, Inc.

We have audited the accompanying statement of financial condition of Private Portfolio, Inc. (the "Company") as of December 31, 2014, and the related statements of operations, changes in stockholder's equity, liabilities subordinated to claims of general creditors, 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the Company as of December 31, 2014, 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.

The information contained in Schedules I, II, and III ("supplemental information") has been subjected to audit procedures performed in conjunction with the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content is presented in conformity with 17 C.F.R § 240.17a-5. In our opinion, the information contained in Schedules I, II, and III is fairly stated, in all material respects, in relation to the financial statements as a whole.

Boros & Farrington APC

Boros & Farrington APC
San Diego, California
February 13, 2015

PRIVATE PORTFOLIO, INC.

Statement of Financial Condition

December 31, 2014

ASSETS

Cash	\$143,853
Deposit with clearing organization	100,000
Commission receivable	89,602
Prepaid expenses and other assets	1,800
Furniture and equipment, less accumulated depreciation of \$40,412	<u>5,561</u>
	<u>\$340,816</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities	
Accounts payable and accrued liabilities	<u>\$ 83,643</u>
Stockholder's equity	
Common stock, 100,000 shares authorized	131,816
Retained earnings	<u>125,357</u>
Total stockholder's equity	<u>257,173</u>
	<u>\$340,816</u>

See notes to financial statements.

PRIVATE PORTFOLIO, INC.

Statement of Operations Year Ended December 31, 2014

Revenues	
Commissions	\$ 1,527,974
Administration fees and other	510,580
Interest and dividends	<u>2,816</u>
	<u>2,041,370</u>
Expenses	
Commissions and clearing charges	1,669,968
Compensation and employee benefits	280,492
Regulatory fees	20,135
Outside services	11,971
Office supplies and printing	15,025
Rent	12,519
Telephone and postage	12,203
Travel and entertainment	4,403
Depreciation	4,208
Interest and bank charges	566
Other	<u>17,202</u>
	<u>2,048,692</u>
Net loss	<u>\$ (7,322)</u>

See notes to financial statements.

PRIVATE PORTFOLIO, INC.

Statement of Changes in Stockholder's Equity

Year Ended December 31, 2014

	<i>Common Stock</i>		<i>Retained</i>	<i>Total</i>
	<i>Shares</i>	<i>Amount</i>	<i>Earnings</i>	
Balance, beginning of year	1,000	\$131,816	\$ 132,679	\$ 264,495
Net loss	<u>-</u>	<u>-</u>	<u>(7,322)</u>	<u>(7,322)</u>
Balance, end of year	<u>1,000</u>	<u>\$131,816</u>	<u>\$ 125,357</u>	<u>\$ 257,173</u>

Statement of Liabilities Subordinated to Claims of General Creditors

Year Ended December 31, 2014

Balance, beginning of year	\$ -
Increases	-
Decreases	<u>-</u>
Balance, end of year	<u>\$ -</u>

See notes to financial statements.

PRIVATE PORTFOLIO, INC.

Statement of Cash Flows Year Ended December 31, 2014

Cash flows from operating activities	
Net loss	\$ (7,322)
Adjustments to reconcile net loss to net cash from operating activities	
Depreciation	4,208
Changes in operating assets and liabilities	
Commissions receivable	46,116
Accounts payable and accrued liabilities	<u>(33,886)</u>
Net cash from operating activities	<u>9,116</u>
Cash flows from investing activities	
Capital expenditures	<u>(5,190)</u>
Cash flows from financing activities	<u>-</u>
Net increase in cash	3,926
Cash, beginning of year	<u>139,927</u>
Cash, end of year	<u>\$ 143,853</u>
Supplemental disclosure of cash flow information:	
Interest paid	<u>\$ 566</u>
Income taxes paid	<u>\$ 800</u>

See notes to financial statements.

PRIVATE PORTFOLIO, INC.

Notes to Financial Statements

1. THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES

The Company. Private Portfolio, Inc. (the "Company") is a registered broker-dealer licensed by the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. The Company provides broker-dealer services as an introducing broker-dealer clearing customer transactions through another broker-dealer on a fully disclosed basis.

Accounting Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures 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 may differ from those estimates.

Revenue Recognition. Security transactions and the related commission revenue are recorded on a settlement date basis.

Furniture and Equipment. Furniture and equipment is stated at cost. Additions, renovations, and improvements are capitalized. Maintenance and repairs which do not extend asset lives are expensed as incurred. Depreciation is provided on the straight-line method over the estimated useful lives of the assets (generally 3-7 years).

Income Taxes. The Company has elected S corporation status under the state and federal tax laws. Accordingly, income or losses pass through to the Company's stockholder, and no provision for federal income taxes has been reflected in the accompanying financial statements. State income taxes have been provided at the reduced rate applicable to S corporations.

Concentration of Credit Risk. The company maintains cash balances with various financial institutions. Management performs periodic evaluations of the relative credit standing of these institutions. The Company has not sustained any material credit losses from these instruments.

Financial Instruments. The carrying values reflected in the statement of financial condition at December 31, 2014 reasonably approximate the fair values for financial instruments. In making such assessment, the Company has utilized discounted cash flow analyses, estimates, and quoted market prices as appropriate. No allowance for potential credit losses was considered necessary at December 31, 2014.

2. LEASE COMMITMENT

The Company leases its offices under a short-term operating lease.

3. NET CAPITAL REQUIREMENTS

Under Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital (as defined) and a ratio of aggregate indebtedness to net capital (as defined) not exceeding 15 to 1.

The Company's ratio at December 31, 2014 was 0.33 to 1. The basic concept of the Rule is liquidity, its object being to require a broker-dealer in securities to have at all times sufficient liquid assets to cover its current indebtedness. At December 31, 2014, the Company had net capital of \$249,812 was \$149,812 in excess of the amount required by the SEC.

PRIVATE PORTFOLIO, INC.

Notes to Financial Statements

4. **COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS AND INFORMATION RELATING TO THE POSSESSION AND CONTROL REQUIREMENTS UNDER RULE 15c3-3**

The Company relies on Section K (2) (ii) of the Securities Exchange Rule 15c3-3 to exempt them from the provisions of these rules.

5. **OFF BALANCE SHEET RISK**

As discussed in Note 1, the Company does not hold customer segregated cash or securities balances. Transactions are processed by a clearing firm on a fully disclosed basis. In conjunction with this arrangement, the Company is contingently liable for any unsecured debit balances in the customer accounts introduced by the Company. These customer activities may expose the Company to off-balance-sheet credit risk in the event the introduced customer is unable to fulfill its contracted obligations. The Company seeks to control such credit risk by monitoring its exposure to the risk of loss daily, on an account-by-account basis. At December 31, 2014, the Company was not responsible for any unsecured debits and did not have any open positions in its trading accounts.

6. **SUBSEQUENT EVENTS**

The Company has evaluated subsequent events from the statement of financial condition date through February 13, 2015 the date at which the financial statements were issued, and determined there are no other items to disclose.

PRIVATE PORTFOLIO, INC.

Schedule I Computation of Net Capital Pursuant to Rule 15c3-1

December 31, 2014

	<i>Audited Financial Statements</i>	<i>FOCUS X-17A-5 Part IIA</i>	<i>Differences</i>
Total stockholder's equity	\$ 257,173	\$ 229,292	\$ 27,881
Less non-allowable assets			
Prepaid expenses and other assets	(5,561)	(7,369)	1,808
Furniture and equipment	<u>(1,800)</u>	<u>(1,800)</u>	<u>-</u>
Net capital	<u>\$ 249,812</u>	<u>\$ 220,123</u>	<u>\$ 29,689</u>
Total aggregate indebtedness	<u>\$ 83,643</u>	<u>\$ 115,002</u>	<u>\$(31,359)</u>
Ratio of aggregate indebtedness to net capital	<u>0.33</u>	<u>0.52</u>	
Minimum net capital required	<u>\$100,000</u>	<u>\$100,000</u>	

Note: The differences between the net capital reported above and the net capital reported on form FOCUS X-17A-5 Part IIA as of December 31, 2014 result primarily from audit adjustments to accumulated depreciation and accrued liabilities.

PRIVATE PORTFOLIO, INC.

**Schedule II
Computation for Determination of Reserve Requirements
Pursuant to Rule 15c3-3**

December 31, 2014

The Company is exempt from Rule 15c3-3 under the exemptive provisions of section (k)(2)(ii) and, accordingly, has no reserve requirements. Consequently, a reserve requirement was not calculated in Part II of Form X-17A-5 of this Company's FOCUS report as of December 31, 2014; and a reconciliation to that calculation is not included herein.

PRIVATE PORTFOLIO, INC.

**Schedule III
Information Relating to the Possession or Control Requirements
Pursuant to Rule 15c3-3**

December 31, 2014

The Company is exempt from Rule 15c3-3 under the exemptive provisions of section (k)(2)(ii) and, accordingly, has no possession or control requirements.

● MAR 03 2015

**Washington DC
404**11770 Bernardo Plaza Court • Suite 210
San Diego, CA 92128-2424
(858) 487-8518 • Fax (858) 487-6794
borosfarrington@msn.com**SIPC SUPPLEMENTAL REPORT**Board of Directors
Private Portfolio, Inc.:

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2014, which were agreed to by Private Portfolio, Inc. (the "Company") and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2014, with the amounts reported in Form SIPC-7 for the year ended December 31, 2014 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Boros & Farrington APC
February 13, 2015
San Diego, California

PRIVATE PORTFOLIO, INC.

**Determination of "SIPC Net Operating Revenues"
General Assessment
And Schedule of Payments
Pursuant to SEC Rule 17a-5(e)(4)**

Year Ended December 31, 2014

Total revenue	\$2,041,370
Deductions	
Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures	(167,844)
Interest expense	<u>(171)</u>
SIPC net operating revenues	<u>\$1,873,355</u>
General assessment @ .0025	\$ 4,683
Less payment July 30, 2014	<u>(2,890)</u>
Assessment balance due	<u>\$ 1,793</u>