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

SEC  
 Mail Processing  
 Section  
 FEB 27 2015  
 Washington DC

SEC FILE NUMBER
8- 66849

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 01/01/14 AND ENDING 12/31/14  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: N3 Financial Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

777 Mariners Island Blvd. Suite 750

(No. and Street)

San Mateo

CA

94404

(City)

(State)

(Zip Code)

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

Mark Rogers 415-738-6220

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Michael Coglianese CPA, P.C.

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

125 E Lake Street, Ste 303

Bloomington

IL

60108

(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

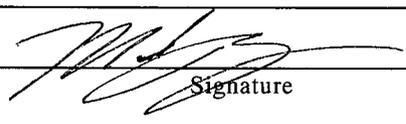
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

CP  
3/12/15

## OATH OR AFFIRMATION

I, Mark Rogers, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of N3 Financial, 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  
President & CEO  
\_\_\_\_\_  
Title

SEE ATTACHED

\_\_\_\_\_  
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.
- (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 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).*

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

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.

State of California )  
County of SAN MATEO )

On 2-19-2015 before me, DARLENE SWIATLO A NOTARY PUBLIC  
Date Here Insert Name and Title of the Officer

personally appeared MARK ROGERS  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature]  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: OATH OR AFFIRMATION Document Date: REPORT DATED 1-1-2014-12-31-2014  
Number of Pages: \_\_\_\_\_ Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_  
 Corporate Officer -- Title(s): \_\_\_\_\_  
 Partner --  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
 Corporate Officer -- Title(s): \_\_\_\_\_  
 Partner --  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

**N3 FINANCIAL, INC.**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2014



Subject: 2014 Annual Report

Please find attached your copy of the 2014 Annual Report of N3 Financial, Inc.

This report has been prepared by an independent certified public accountant and contains a summary of N3 Financial Inc.'s financial activity for the year ended December 31, 2014.

To the best of my knowledge and belief, the information contained in this document is accurate and complete.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Rogers'.

Mark Rogers  
President  
N3 Financial, Inc.

Date Signed: 2/10/2015

# N3 FINANCIAL, INC.

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## **Report of Independent Registered Public Accounting Firm**

To the Board of Directors of N3 Financial, Inc.

We have audited the accompanying financial statements of N3 Financial, Inc. which comprise the balance sheet as of December 31, 2014, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements. 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 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 N3 Financial, Inc. 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 supplemental information listed in the accompanying table of contents have been subjected to audit procedures performed in conjunction with the audit of N3 Financial, Inc.'s financial statements. The supplemental information is the responsibility of N3 Financial, Inc.'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 information presented in 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 SEC Rule 17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Michael Coglianese CPA, P.C.*

Bloomington, IL  
February 4, 2015

# N3 FINANCIAL, INC.

## STATEMENT OF FINANCIAL CONDITION

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December 31, 2014

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### Assets

Cash and cash equivalents	\$	279,390
Prepaid expenses		1,418
		<hr/>
Total assets	\$	280,808
		<hr/>

### Liabilities and stockholders' equity

#### Liabilities

Accounts payable	\$	6,690
Other liabilities		3,867
		<hr/>
Total liabilities		10,557
		<hr/>

#### Stockholders' equity

Common stock (no par value, 100 shares issued and outstanding)		100
Paid in capital		174,900
Retained earnings		95,251
		<hr/>
Total stockholders' equity		270,251
		<hr/>

Total liabilities and stockholders' equity	\$	280,808
		<hr/>

# N3 FINANCIAL, INC.

## STATEMENT OF OPERATIONS

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Year ended December 31, 2014

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### Expenses

Professional fees	\$ 6,500
Regulatory fees	1,805
Internet	390
Insurance expense	734
Execution & quote data expenses	(160)
Other operating expenses	130
Total expenses	<u>9,399</u>
<b>Income (loss) before interest and income taxes</b>	(9,399)
Interest income	317
<b>Net Income</b>	<u>\$ (9,082)</u>

# N3 FINANCIAL, INC.

## STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Year ended December 31, 2014

	Common Stock	Paid in Capital	Retained Earnings	Total
Stockholders' equity, beginning of year	\$ 100	\$ 174,900	\$ 104,333	\$ 279,333
Capital contributions	-	-	-	-
Capital withdrawals	-	-	-	-
Net income (loss)	-	-	(9,082)	(9,082)
Stockholders' equity, end of year	\$ 100	\$ 174,900	\$ 95,251	\$ 270,251

See accompanying notes to financial statements.

# N3 FINANCIAL, INC.

## STATEMENT OF CASH FLOWS

---

Year ended December 31, 2014

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**Cash flows from operating activities**

Net Income	\$ (9,082)
Adjustments to reconcile net income to net cash provided by (used) by operating activities:	
(Increase) decrease in:	
Prepaid expenses	880
Accounts payable	3,012
Other liabilities	<u>(3,333)</u>
<b>Net cash provided (used) by operating activities</b>	<u>(8,523)</u>
<b>Net change in cash and cash equivalents</b>	(8,523)
<b>Cash and cash equivalents, beginning of year</b>	<u>287,913</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 279,390</u>

# N3 Financial, Inc.

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of operations and summary of significant accounting policies

#### *Nature of Operations*

N3 Financial, Inc. (the "Company"), (formerly Barastone Capital, Inc.) a California corporation, is a private placement and introducing broker-dealer, registered with the Financial Industry Regulatory Authority ("FINRA"), and licensed by the Securities and Exchange Commission ("SEC"). The Company primarily derives execution and referral fees from a limited number of institutional clients. In July 2014 the name of the Company was changed from Barastone Capital, Inc. to N3 Financial, Inc.

During 2014 no execution or referral fees were earned by the Company.

#### *Government and other Regulation*

The Company's business is subject to significant regulation by governmental agencies and self-regulatory organizations. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the applicable requirements of these organizations.

#### *Basis of Presentation*

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as detailed in the Financial Accounting Standards Board's Accounting Standards Codification ("ASC").

#### *Cash Equivalents*

The Company considers all demand deposits held in banks and certain highly liquid investments with maturities of 90 days or less, other than those held for sale in the ordinary course of business, to be cash equivalents.

#### *Fair Value- Definition and Hierarchy*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches. ASC 820, "Fair Value Measurements and Disclosures" establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. ASC 820 requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels: quoted market prices in active markets for identical assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for an asset or liability (Level 3)

ASC 820 did not have a material impact on the Company's financial statements.

# N3 Financial, Inc.

## NOTES TO FINANCIAL STATEMENTS

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### 1. Nature of operations and summary of significant accounting policies (continued)

#### *Investment Income*

Interest is recognized on the accrual basis.

#### *Income Taxes*

The Company's Parent files a consolidated income tax return in which the Company is included as a fully owned subsidiary. Therefore the Company is not required to make an income tax provision. Generally, the Company's Parent is no longer subject to income tax examinations by major taxing authorities for years before 2011.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the amounts disclosed in the financial statements. Actual results could differ from those estimates.

### 2. Net capital requirements

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1) which requires the Company to maintain a minimum net capital equal to or greater than \$5,000 and a ratio of aggregate indebtedness to net capital not exceeding 15 to 1, both as defined. At December 31, 2014, the Company's net capital was \$268,833 which exceeded the requirement by \$263,833.

### 3. Related party transactions

The Company has an Expense Sharing Agreement with Synthym, Inc., its parent company. During 2014 the shared expenses included in the Statement of Operations were \$6,390.

### 4. Concentration of credit risk

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

### 5. Subsequent events

These financial statements were approved by management and available for issuance on February 04, 2015. Subsequent events have been evaluated through this date. There were no subsequent events requiring disclosures and or adjustments.

# N3 FINANCIAL, INC.

## SUPPLEMENTAL INFORMATION

December 31, 2014

**Schedule I**  
**Computation of Net Capital under Rule 15c3-1**  
**of the Securities and Exchange Commission**

Net capital:	
Total Stockholders' Equity qualified for net capital	\$ 270,251
Less: Non allowable assets	<u>(1,418)</u>
Net capital	268,833
Haircut	<u>-</u>
Adjusted net capital	268,833
Net minimum capital requirement of 6.67% of aggregate indebtedness of \$10,557 or \$5,000 whichever is greater	<u>5,000</u>
Excess net capital	<u>\$ 263,833</u>

**Reconciliation with Company's Net Capital Computation**  
**(included in Part II of Form X-17A-5)**

Net capital as reported in Company's Part II of Form X-17A-5 as of December 31, 2014	\$ 268,834
Rounding	<u>(1)</u>
Net capital per above computation	<u>\$ 268,833</u>

# **N3 FINANCIAL, INC.**

## **SUPPLEMENTAL INFORMATION**

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**For the year ended December 31, 2014**

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

Not applicable

**Information for Possession or Control  
Requirements under Rule 15c3-3**

Not applicable

**Reconciliation between Audited and Unaudited  
Statement of Financial Condition**

There are no reconciling items for the year ended December 31, 2014



**INDEPENDENT ACCOUNTANT'S AGREED-UPON PROCEDURES REPORT  
ON SCHEDULE OF ASSESSMENT AND PAYMENTS (FORM SIPC-7)**

Board of Directors  
N3 Financial, Inc.  
San Mateo, CA

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 Schedule of Assessment and Payments (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2014, which were agreed to by N3 Financial, Inc., and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating N3 Financial, Inc.'s compliance with the applicable instructions of Form SIPC-7. N3 Financial, Inc.'s management is responsible for N3 Financial, Inc.'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 in the general ledger noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2014, as applicable, 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 (if applicable).

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.

*Michael Coglianese CPA, P.C.*

Bloomington, IL  
February 4, 2015

**SIPC-7**

(33-REV 7/10)

**SECURITIES INVESTOR PROTECTION CORPORATION**

P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

**General Assessment Reconciliation**

**SIPC-7**

(33-REV 7/10)

For the fiscal year ended 12/31/2014

(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

2222.....3343.....MIXED AADC 220  
066849 FINRA DEC  
N3 FINANCIAL INC  
777 MARINERS ISLAND BLVD STE 750  
SAN MATEO CA 94404-5041

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Mark Rogers 415 738-6220

- 2. A. General Assessment (item 2e from page 2) \$0
- B. Less payment made with SIPC-6 filed (exclude interest) ( 0 )
- \_\_\_\_\_ Date Paid
- C. Less prior overpayment applied ( 0 )
- D. Assessment balance due or (overpayment) 0
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum 0
- F. Total assessment balance and interest due (or overpayment carried forward) \$0
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$0
- H. Overpayment carried forward \$( 0 )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):  
\_\_\_\_\_  
\_\_\_\_\_

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

N3 Financial, Inc.  
\_\_\_\_\_  
(Name of Corporation, Partnership or other organization)  
  
\_\_\_\_\_  
(Authorized Signature)  
President & CEO  
\_\_\_\_\_  
(Title)

Dated the 27th day of January, 20 15

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER**

Dates: \_\_\_\_\_  
Postmarked \_\_\_\_\_ Received \_\_\_\_\_ Reviewed \_\_\_\_\_  
Calculations \_\_\_\_\_ Documentation \_\_\_\_\_ Forward Copy \_\_\_\_\_  
Exceptions:  
Disposition of exceptions:

**DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning 1/1/2014  
and ending 12/31/2014

Item No.	Eliminate cents
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)	\$ 317
<b>2b. Additions:</b>	
(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.	_____
(2) Net loss from principal transactions in securities in trading accounts.	_____
(3) Net loss from principal transactions in commodities in trading accounts.	_____
(4) Interest and dividend expense deducted in determining item 2a.	_____
(5) Net loss from management of or participation in the underwriting or distribution of securities.	_____
(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.	_____
(7) Net loss from securities in investment accounts.	_____
Total additions	317
<b>2c. Deductions:</b>	
(1) 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 products.	_____
(2) Revenues from commodity transactions.	_____
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.	_____
(4) Reimbursements for postage in connection with proxy solicitation.	_____
(5) Net gain from securities in investment accounts.	_____
(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.	_____
(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).	_____
(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):	_____
Interest	317
(Deductions in excess of \$100,000 require documentation)	_____
(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.	\$ _____
(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).	\$ _____
Enter the greater of line (i) or (ii)	0
Total deductions	317
2d. SIPC Net Operating Revenues	\$ 0
2e. General Assessment @ .0025	\$ 0

(to page 1, line 2.A.)



**Report of Independent Registered Public Accounting Firm**

To the Members of N3 Financial, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) N3 Financial, Inc. ("the Company") identified the following provisions of 17 C.F.R. § 15c3-3(k) under which N3 Financial, Inc. claimed an exemption from 17 C.F.R. § 240.15c3-3: k (2)(ii), (the "exemption provisions") and (2) N3 Financial, Inc. stated that the Company met the identified exemption provisions throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about N3 Financial, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the conditions set forth in paragraph (k) (2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Michael Coglianese CPA, P.C.*

Bloomington, IL  
February 4, 2015



February 04, 2015

Securities & Exchange Commission  
100 F Street, NE  
Washington, DC 20549

**Re: Exemption Report for SEC Rule 15c3-3 for Fiscal Year 2014**

Dear Sir/Madame:

For the fiscal year ending December 31, 2014, N3 Financial, Inc. claimed exemption from SEC Rule 15c3-3 as outlined under paragraph (k)(2)(ii) of the respective rule. This section states the following:

The provisions of this section shall not be applicable to a broker or dealer who, as an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and who promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Sections 240.17a-3 and 240.17a-4 of this chapter, as are customarily made and kept by a clearing broker or dealer.

N3 Financial, Inc. met the exemption provided above for the period ending December 31, 2014.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Rogers', written over a horizontal line.

Mark Rogers  
President & CEO