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**ANNUAL AUDITED REPORT
FORM X-17A-5¹
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 01/01/18 AND ENDING 12/31/18
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Northeast Capital & Advisory, Inc.**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

111 Partridge Run

(No. and Street)

Schenectady

NY

12309

(City)

(State)

(Zip Code)

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

Arthur L. Loomis, II

(518) 786-0100

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Wolf & Company, P.C.

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

1500 Main Street

Springfield

MA

01115

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

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*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)

RMS

OATH OR AFFIRMATION

I, Arthur L. Loomis, II, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Northeast Capital & Advisory, Inc. as of December 31, 2018, 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:

Handwritten signature of Arthur L. Loomis, II

Signature

President

Title

Handwritten signature of Donna M. Jordan, Notary Public

DONNA M. JORDAN
Notary Public, State of New York
No. 01JO6024094
Qualified in Saratoga County

Commission Expires May 3, 2019

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

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income...
(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).

NORTHEAST CAPITAL & ADVISORY, INC.

**FINANCIAL STATEMENTS AND SUPPLEMENTARY
SCHEDULE PURSUANT TO RULE 17a-5 OF THE
SECURITIES AND EXCHANGE COMMISSION
AND REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
YEAR ENDED DECEMBER 31, 2018**

NORTHEAST CAPITAL & ADVISORY, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	1-2
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL CONDITION	3
STATEMENT OF OPERATIONS	4
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7-10
SUPPLEMENTARY INFORMATION	
SCHEDULE 1 - COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION	11
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	12
EXEMPTION REPORT	13



Report of Independent Registered Public Accounting Firm

To the Shareholder of Northeast Capital & Advisory, Inc.:

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Northeast Capital & Advisory, Inc. (the "Company") as of December 31, 2018, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes (collectively, referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant

estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Supplementary Information

The Computation of Net Capital Pursuant to Rule 15c3-1 (“supplementary information”) has been subjected to audit procedures performed in conjunction with the audit of 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 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 17 C.F.R. § 240.17a-5. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Company’s auditor since 2017.



Boston, Massachusetts
February 15, 2019

NORTHEAST CAPITAL & ADVISORY, INC.
STATEMENT OF FINANCIAL CONDITION
December 31, 2018

ASSETS

		<u>2018</u>
Assets		
Cash and cash equivalents	\$	89,522
Receivables		438
Investments		<u>217,760</u>
 Total Assets	 \$	 <u><u>307,720</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Due to Parent	\$	<u>23,308</u>
 Total Liabilities	 \$	 <u>23,308</u>

Commitments and Contingencies

Stockholder's Equity

Common stock, \$.01 par value; 2,000,000 shares authorized; 100 shares issued and outstanding		1
Additional paid-in capital		20,999
Retained earnings		<u>263,412</u>
 Total Stockholder's Equity		 <u>284,412</u>
 Total Liabilities and Stockholder's Equity	 \$	 <u><u>307,720</u></u>

See accompanying notes to financial statements.

**NORTHEAST CAPITAL & ADVISORY, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018
Revenues	
Investment banking income	\$ 23,948
Interest and dividends	13,746
Realized and unrealized losses on marketable equity securities, net	(56,126)
Total Revenues	\$ (18,432)
Expenses	
Salaries	\$ 24,491
Insurance	2,473
Rent & office supplies	4,010
Travel	3,724
Regulatory	4,150
Other & miscellaneous	2,337
Professional	404
Dues, database, & subscriptions	3,202
Total Expenses	\$ 44,791
Loss Before Income Taxes	\$ (63,223)
Income Tax Benefit	(18,575)
Net Loss	\$ (44,648)

NORTHEAST CAPITAL & ADVISORY, INC.
 STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
Balance, December 31, 2017	<u>\$ 1</u>	<u>\$ 20,999</u>	<u>\$ 308,060</u>	<u>\$ 329,060</u>
Net Loss	<u>-</u>	<u>-</u>	<u>(44,648)</u>	<u>(44,648)</u>
Balance, December 31, 2018	<u>\$ 1</u>	<u>\$ 20,999</u>	<u>\$ 263,412</u>	<u>\$ 284,412</u>

NORTHEAST CAPITAL & ADVISORY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018
Cash Flows From Operating Activities	
Net Loss	\$ (44,648)
Adjustments to reconcile net loss to net cash used by operating activities:	
Realized and unrealized losses on marketable securities, net	56,126
Changes in:	
Receivables	31,212
Accounts Payable	(72,032)
Due to Parent	(25,236)
Net Cash Used By Operating Activities	\$ (54,578)
Cash Flows From Investing Activities	
Proceeds from sales of securities	\$ 24,076
Net Cash Provided By Investment Activities	\$ 24,076
Net Decrease In Cash and Cash Equivalents	\$ (30,502)
Cash and Cash Equivalents:	
Beginning of Year	120,024
End of Year	\$ 89,522

NORTHEAST CAPITAL & ADVISORY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. ORGANIZATION AND NATURE OF OPERATIONS

Northeast Capital & Advisory, Inc. (the "Company") was organized in December 1992 for the purpose of providing brokerage and investment banking advice to small and mid-sized corporations. The Company is a limited business broker, is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is a wholly owned subsidiary of Loomis & Company, Inc. (the "Parent"). The Company began operations in June 1993. Investment banking income during the year ended December 31, 2018 was derived principally from services provided to one customer. The Company operates primarily in New York.

The Parent's personnel are utilized to facilitate the completion of projects undertaken by the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606 on January 1, 2018. Our accounting policies following the adoption of this ASC are included below.

The Company recognizes investment banking, underwriting and placement activities, and advisory revenue when services are provided to clients in accordance with the terms of the contract with the client. To determine the amount and timing of revenue recognition, the Company must (i) identify the contract with the client, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the Company satisfies a performance obligation.

All such revenue relates to projects referred to the Company by the Parent.

Expenses

All expenses, excluding direct expenses, are allocated to the Company from the Parent based on the ratio of the Company's operating revenues to the Parent's consolidated operating revenues, where interest, dividends, and capital gains or losses are excluded from revenues.

Cash Equivalents

The Company considers all highly liquid investments, with maturities at time of purchase of less than three months, to be cash equivalents. Cash equivalents consist of money market mutual funds.

Investments and Fair Value Measurements

Investments are recorded at fair value. Unrealized gains and losses are reflected in the statement of operations.

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.

NORTHEAST CAPITAL & ADVISORY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

A hierarchal framework has been established, which prioritizes and ranks the level of market price observation used in measuring fair value. 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 based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Investments and Fair Value Measurements

Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that management has the ability to access at the measurement date.

Level 2—Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3—Inputs include unobservable inputs that reflect management's assumptions about the assumptions that market participants would use in pricing the asset or liability. Management develops these inputs based on the best information available, including management's own data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Income Taxes

The Company is included in the consolidated federal and state income tax return filed by the Parent. Consolidated tax expense is allocated using the separate return method. Under this method, taxes are estimated and reported in the financial statements for the subsidiary as if it filed a separate return.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a liability if the Company has taken an uncertain tax position that more likely than not, would not be sustained upon examination of taxing agencies. Company management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Company is subject to routine audits by taxing authorities; however there are no audits in progress for any tax periods. Company management believes it is no longer subject to income tax examinations for years prior to 2015.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally

**NORTHEAST CAPITAL & ADVISORY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 could differ from those estimates.

Securities and Exchange Commission Rule 15c3-3 Exemption

The Company claims exemption from the requirements of Rule 15c3-3 under Section (k)(2)(i) of Rule 15c3-3 of the Securities and Exchange Commission at December 31, 2018. Customer transactions are not handled by the Company, rather transactions are processed through an independent escrow account.

The Company does not maintain margin accounts for their customers. The Company has no liabilities subordinated to the claims of general creditors. The Company is not a member of any securities exchange.

3. INVESTMENTS

Fair values of assets measured on a recurring basis consist of equity securities of entities in the financial services industry. The following table categorizes within the fair value hierarchy (Note 2), the Company's financial assets measured at fair value on a recurring basis as of December 31, 2018:

December 31, 2018				
<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Securities	\$ 217,760	\$ -	\$ -	\$ 217,760

For the year ended December 31, 2018, there were no transfers in or out of levels 1, 2 or 3.

All investments in equity securities are summarized as follows:

December 31, 2018			
<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Equity Securities	\$ 211,930	\$ 42,063	\$ (36,233)
			\$ 217,760

NORTHEAST CAPITAL & ADVISORY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

4. RELATED PARTY TRANSACTIONS

The Parent incurs certain costs related to both the Parent and the Company. Pursuant to an expense sharing agreement, the Parent is reimbursed for certain general operating costs related to the Company when the Company undertakes certain projects. All direct expenses of the Company are paid by the Company.

Expenses allocated to the Company by the Parent for the year ended December 31, 2018 were \$39,176.

5. INCOME TAXES

Income tax benefit for the year ended December 31, 2018 is as follows:

	<u>2018</u>
Current Income Tax Benefit	
Federal	\$ (13,674)
State	<u>(4,901)</u>
Total Current Tax Benefit	<u>\$ (18,575)</u>

6. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital of 6 2/3% of aggregate indebtedness but not less than \$5,000. The Rule also restricts payments of dividends in certain cases. At December 31, 2018, the Company had net capital, as defined, of approximately \$240,000, which was approximately \$235,000 in excess of its minimum required net capital December 31, 2018.

7. CONTINGENCIES

The Company is a member of FINRA and is subject to compliance with rules and regulations established by FINRA. The Company undergoes periodic reviews by FINRA. The Company believes that they are operating in compliance with all FINRA rules and regulations.

NORTHEAST CAPITAL & ADVISORY, INC.
SCHEDULE 1
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2018

	2018
Net Capital	
Total stockholder's equity	\$ 284,412
Non-allowable assets (accounts receivable)	438
Net capital before haircuts on securities positions	283,974
Haircuts on securities positions - 15%	(32,664)
Undue concentration	(11,347)
Net Capital	\$ 239,963
Aggregate Indebtedness	
Items included in the statement of financial condition:	
Due to Parent	\$ 23,308
Total Aggregate Indebtedness	\$ 23,308
Computation of basic net capital requirement	
Minimum net capital required (6-2/3% of aggregate indebtedness)	\$ 1,554
Net capital requirement (greater of \$5,000 or minimum net capital required)	\$ 5,000
Excess net capital over minimum net capital requirement	\$ 234,963
Net capital less 10% of aggregate indebtedness	\$ 237,632
Ratio: Aggregate indebtedness to net capital	9.71%

Statement pursuant to paragraph (d)(4) of Rule 17a-5

Note: There are no material differences between the Company's computation of net capital as filed in the unaudited Form X-17A-5 as of December 31, 2018 and the above schedule.



Report of Independent Registered Public Accounting Firm

To the Shareholder of Northeast Capital & Advisory, Inc.:

We have reviewed management's statements, included in the accompanying Exemption Report, in which (a) Northeast Capital & Advisory, Inc., (the "Company") identified the following provisions under 17 C.F.R. § 240.15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(i) (the "exemption provisions") and (b) the Company stated that it 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, includes inquiries and other review procedures to obtain evidence about the Company'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 provisions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Wolf & Company, P.C.

Boston, Massachusetts

February 15, 2019

February 15, 2019

Northeast Capital & Advisory, Inc. Exemption Report

Northeast Capital & Advisory, Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d) (1) and (4). To the best of its knowledge and belief, the Company states the following:

The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k)(2)(i).

The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k)(2)(i) throughout the most recent fiscal year without exception.

Northeast Capital & Advisory, Inc.

I, Arthur L. Loomis, II, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.


Signature

President
Title