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

SEC FILE NUMBER
8-65363

FACING PAGE

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

REPORT FOR THE PERIOD BEGINNING January 1, 2005 AND ENDING December 31, 2005
MM/DD/YY MM/DD/YY

*

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Daroth Capital Advisors LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

750 Third Avenue, 22nd Floor

(No. and Street)

New York

NY

10017

(City)

(State)

(Zip Code)

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

Peter Rothschild (212) 687-2500

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Berenson LLP

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

135 West 50th Street, New York, NY 10020

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED
APR 14 2006
THOMSON FINANCIAL

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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)

SEC 1410 (06-02)

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4/13/06

OATH OR AFFIRMATION

I, Peter Rothschild, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Daroth Capital Advisors LLC, as of December 31, 2005, 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:

MAX FRIEDMAN
Notary Public, State of New York
No. 31-4951717
Qualified In New York County
Commission Expires May 31, 2007

Max Friedman

Notary Public

Peter Rothschild

Signature

President and CEO

Title

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 15c3-3 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).

DAROTH CAPITAL ADVISORS LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2005

DAROTH CAPITAL ADVISORS LLC

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YEAR ENDED DECEMBER 31, 2005

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INDEPENDENT AUDITORS' REPORT

Member
Daroth Capital Advisors LLC
New York, NY

We have audited the accompanying statement of financial condition of Daroth Capital Advisors LLC as of December 31, 2005, that you are filing pursuant to Rule 17a-5 under the Securities and Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 statement referred to above presents fairly, in all material respects, the financial position of Daroth Capital Advisors LLC as of December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.



New York, NY
February 1, 2006

DAROTH CAPITAL ADVISORS LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2005

ASSETS

Cash and cash equivalents	\$1,671,430
Due from member	300
	<hr/>
	\$1,671,730
	<hr/>

LIABILITIES AND MEMBER'S EQUITY

Accrued expenses and other liabilities	\$ 47,658
Member's equity	1,624,072
	<hr/>
	\$1,671,730
	<hr/>

The accompanying notes are an integral part of the financial statement.

DAROTH CAPITAL ADVISORS LLC

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2005

1. Nature of business:

Daroth Capital Advisors LLC was organized on March 1, 2002, under the limited liability company laws of the State of Delaware. The Company, located in New York City, is engaged in the activities of a broker/dealer including providing certain corporate financial advisory services. The Company is a member of the National Association of Securities Dealers (NASD).

2. Significant accounting policies:

a. Cash and cash equivalents:

The Company maintains its cash account in one commercial bank. The balance in this bank is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At December 31, 2005, the Company's uninsured cash balance was approximately \$1,584,000. The Company considers all short-term investments, with an original maturity of three months or less, to be cash equivalents.

b. Income taxes:

No provision for federal and state income taxes has been made in the accompanying financial statements. Members are taxed individually on their pro rata share of company earnings. A provision for New York City Unincorporated Business Taxes has been included in the financial statements.

c. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles 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 year. Actual results could differ from those estimates.

DAROTH CAPITAL ADVISORS LLC

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2005

3. Related party transactions:
 - a. During the year ended December 31, 2005, the Company paid administrative fees of \$84,000 to its member, pursuant to the administrative services agreement which management believes reflects the Company's allocation of its share of common costs.
 - b. During the year ended December 31, 2005, the Company paid certain expenses on behalf of its member. At December 31, 2005, amounts due from this member totaled \$300.
4. Net capital requirements:

As a registered broker/dealer, the Company is subject to the Securities and Exchange Commission's Net Capital Rule which requires that the Company maintain minimum net capital, as defined, of 6-2/3% of aggregate indebtedness, as defined, or \$5,000, whichever is greater. Net capital and aggregate indebtedness change from day to day but, as of December 31, 2005, the Company had net capital of \$1,623,772, which exceeded requirements by \$1,618,772.