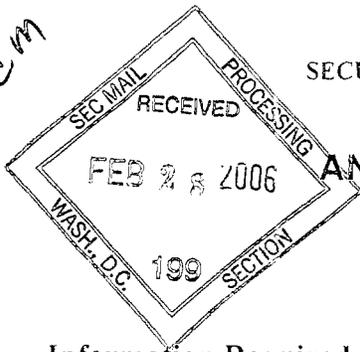


CM



SECUT



06004628

SSION

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	January 31, 2007
Estimated average burden	hours per response..... 12.00

SEC FILE NUMBER
8- 52879

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

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 01/01/05 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Shoreline Pacific LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

99 Sugar Loof Drive  
(No. and Street)  
Tiburon CA 94920  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Mr. Harlan P. Kleiman 415-435-4260  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Rowbotham & Company LLP  
(Name - if individual, state last, first, middle name)  
101 Second Street, Suite 1200 San Francisco CA 94105  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

**PROCESSED**  
JUN 02 2006 JUN 02 2006  
THOMSON FINANCIAL THOMSON FINANCIAL

**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)

3/11

MM

OATH OR AFFIRMATION

I, Harlan P. Kleiman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Shoreline Pacific, 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:

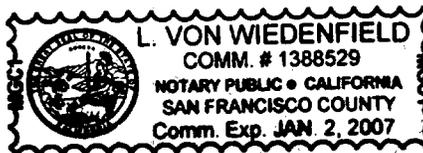
None

Harlan P. Kleiman  
Signature 2/27/06

Member

Title

L. Von Wiedenfeld  
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).

**SHORELINE PACIFIC, LLC**

**FINANCIAL STATEMENTS**

*For the Years Ended December 31, 2005 and 2004  
With  
Report of Independent Auditors*



**Rowbotham**  
& COMPANY LLP

## TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Auditors	1
Oath of Corporate Officer	2
Financial Statements:	
Statements of Financial Condition	3
Statements of Operations	4
Statements of Changes in Member's Equity	5
Statements of Cash Flows	6
Notes to the Financial Statements	7
Supplementary Information:	9
Report of Independent Auditors on Supplementary Information	10
Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	11
Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission	12
Information Relating to Possession or Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission	13
Reconciliation Pursuant to Rule 17a-5(d)(4) of the Securities and Exchange Commission	14
Report of Independent Auditors on Internal Control	15



**Report of Independent Auditors**

To the Member:

We have audited the accompanying statements of financial condition of Shoreline Pacific, LLC as of December 31, 2005 and 2004, and the related statements of operations, changes in member's equity, and cash flows for the years 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 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 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 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 Shoreline Pacific, LLC as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

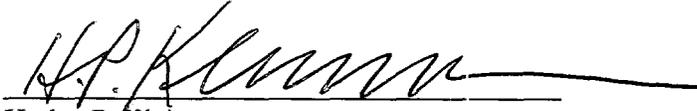
*Rowbotham & Company LLP*

San Francisco, California  
February 17, 2006

**SHORELINE PACIFIC, LLC**

Oath of Corporate Officer  
December 31, 2005

I affirm that to the best of my knowledge and belief the accompanying financial statements and supporting schedules are true and correct. I further affirm that neither the Company nor any member, proprietor, principal office or director has any proprietary interest in any account classified solely as that of a customer.

A handwritten signature in cursive script, appearing to read "H.P. Kleiman", is written over a horizontal line.

Harlan P. Kleiman  
Shoreline Pacific, LLC

SHORELINE PACIFIC, LLC

Statements of Financial Condition

As of December 31, 2005 and 2004

Assets

	<u>2005</u>	<u>2004</u>
Cash	\$130,321	\$37,311
Accounts receivable	209,745	---
Other assets	1,308	178
Total assets	<u>\$341,374</u>	<u>\$37,489</u>

Liabilities and Member's Equity

Accounts payable	\$ 7,254	\$ ---
Income taxes payable	1,700	6,800
Total liabilities	8,954	6,800
Member's equity	332,420	30,689
Total liabilities and member's equity	<u>\$341,374</u>	<u>\$37,489</u>

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

SHORELINE PACIFIC, LLC

Statements of Operations

For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Fees	\$275,221	\$3,025,233
Expenses:		
General and administrative	86,790	2,362,597
Income taxes	1,700	6,800
Total expenses	<u>88,490</u>	<u>2,369,397</u>
Net income (loss)	<u>\$186,731</u>	<u>\$ 655,836</u>

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

SHORELINE PACIFIC, LLC

**Statements of Changes in Member's Equity**  
*For the Years Ended December 31, 2005 and 2004*

	<u>Member's Equity</u>
Balance at January 1, 2004	\$ 9,853
Withdrawals	(635,000)
Net income	<u>655,836</u>
Balance at December 31, 2004	30,689
Contributions	175,000
Withdrawals	(60,000)
Net income	<u>186,731</u>
Balance at December 31, 2005	<u>\$ 332,420</u>

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

**SHORELINE PACIFIC, LLC****Statements of Cash Flows***For the Years Ended December 31, 2005 and 2004*

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Net income	\$ 186,731	\$ 655,836
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Accounts receivable	(209,745)	---
Other assets	(1,130)	1,525
Accounts payable	7,254	(1,500)
Income taxes payable	(5,100)	3,500
Net cash provided by (used in) operating activities	<u>(21,990)</u>	<u>659,361</u>
Cash flows from financing activities:		
Contributions	175,000	---
Withdrawals	<u>(60,000)</u>	<u>(635,000)</u>
Net cash provided by (used in) financing activities	<u>115,000</u>	<u>(635,000)</u>
Net increase in cash	93,010	24,361
Cash:		
At the beginning of the year	<u>37,311</u>	<u>12,950</u>
At the end of the year	<u>\$ 130,321</u>	<u>\$ 37,311</u>

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

**Notes to the Financial Statements**  
*For the Years Ended December 31, 2004 and 2003*

**1. Summary of Significant Accounting Policies**

**General** - Shoreline Pacific, LLC is a limited liability company established in August 2000. The last date on which Shoreline Pacific, LLC is to dissolve is December 31, 2045. On April 3, 2001, the National Association of Securities Dealers, Inc. approved Shoreline Pacific, LLC's membership. Shoreline Pacific, LLC will be providing financing and financial advisory services to public companies. Shoreline Pacific, LLC will not hold customer funds or safekeep customer securities.

**Basis of accounting** - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally 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.

**Revenue Recognition** - Shoreline Pacific, LLC's revenues are recognized when earned.

**Expense Recognition** - Shoreline Pacific, LLC's expenses are charged to expense as incurred.

**Income Taxes** - Shoreline Pacific, LLC is treated as a partnership for federal and state income tax purposes. Consequently, no provision has been made for federal or state income taxes, since these taxes are the responsibility of the member.

**Concentration of Credit Risk** - Financial instruments that potentially subject Shoreline Pacific, LLC to a concentration of credit risk principally consist of cash and accounts receivable.

Shoreline Pacific, LLC had cash in excess of federally insured limits of \$30,321 at December 31, 2005.

Shoreline Pacific, LLC had one customer that comprises 100% of total accounts receivable at December 31, 2005.

For the year ended December 31, 2005 approximately 73% and 27% of fees were from two customers. For the year ended December 31, 2004 approximately 56%, 25%, and 16% of fees were from three customers.

**Comprehensive Loss** - Shoreline Pacific, LLC has adopted the provisions to SFAS No. 130, "Comprehensive Income." SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components for general purpose financial statements. For all periods presented, there were no differences between net loss and comprehensive loss.

# SHORELINE PACIFIC, LLC

## Notes to the Financial Statements

*For the Years Ended December 31, 2004 and 2003*

### 2. Related Party Transactions

During 2005 and 2004, Shoreline Pacific, LLC distributed \$60,000 and \$635,000 to its member.

During 2005, Shoreline Pacific, LLC received \$175,000 from its member.

### 3. Net Capital Requirements

Shoreline Pacific, LLC is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregated indebtedness to capital, both as defined, shall not exceed 15 to 1. At December 31, 2005 and 2004, Shoreline Pacific, LLC had net capital of \$121,367 and \$30,511. Net capital is \$116,367 and \$25,511 in excess of its required net capital of \$5,000. At December 31, 2005 and 2004, Shoreline Pacific, LLC's ratio of aggregated indebtedness to net capital was 0.07 to 1 and 0.22 to 1.

Supplementary Information



**Report of Independent Auditors on Supplementary Information**

To the Member:

We have audited the accompanying financial statements of Shoreline Pacific, LLC as of and for the year ended December 31, 2005, and have issued our report thereon dated February 17, 2006. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in the following pages are 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. The supplementary information contained in the following page has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Rowbotham & Company LLP*

San Francisco, California  
February 17, 2006

**SHORELINE PACIFIC, LLC**

**Computation of Net Capital**  
**Under Rule 15c3-1 of the Securities and Exchange Commission**  
*As of December 31, 2005*

Net Capital

Total member's equity from statement of financial condition	\$ 332,420
Deduct member's equity not allowed for net capital	---
Total member's equity qualified for net capital	<u>332,420</u>
Add:	
Liabilities subordinated to claims of general creditors allowable in computation of net capital	---
Other (deductions) or allowable credits	---
Total capital and allowable subordinated liabilities	<u>332,420</u>
Deductions and/or charges:	
Total nonallowable assets from statement of financial condition	(211,053)
Secured demand note deficiency	---
Commodity futures contracts and spot commodities – proprietary capital charges	---
Other deductions and/or charges	---
Other additions and/or credits	---
Net capital before haircuts on securities position	<u>121,367</u>
Haircuts on securities:	
Contractual securities commitments	---
Subordinated securities borrowings	---
Trading and investment securities	---
Undue concentration	---
Other	---
Net capital	<u>\$121,367</u>
Minimum net capital required (6-2/3% of total aggregated indebtedness)	<u>\$597</u>
Minimum dollar net capital required	<u>\$5,000</u>
Net capital requirement (greater of minimum net capital required or minimum dollar net capital required)	<u>\$5,000</u>
Excess net capital	<u>\$116,367</u>
Excess capital at 1000%	<u>\$120,472</u>

Aggregate Indebtedness

Total liabilities from statement of financial condition	\$8,954
Less non-aggregate indebtedness	---
Total aggregated indebtedness	<u>\$8,954</u>
Ratio: Aggregated indebtedness to net capital	<u>0.07 to 1</u>

**SHORELINE PACIFIC, LLC**

**Computation for Determination of Reserve Requirements  
Under Rule 15c3-3 of the Securities and Exchange Commission**

*As of December 31, 2005*

Shoreline Pacific, LLC has no reserve requirements as of December 31, 2005, under Rule 15c3-3.

**SHORELINE PACIFIC, LLC**

**Information Relating to Possession or Control Requirements  
Under Rule 15c3-3 of the Securities and Exchange Commission**

*As of December 31, 2005*

Shoreline Pacific, LLC is in compliance with provisions of Rule 15c3-3(b), 15c3-3(c), and 15c3-3(d) at December 31, 2005.

SHORELINE PASIFIC, LLC

Reconciliation Pursuant to Rule 17a-5(d)(4) of the Securities and Exchange Commission

As of December 31, 2005

Reconciliation of differences between Computation of Net Capital as filed by Shoreline Pacific, LLC in Part IIA and computation contained in supplementary information to the financial statements:

Net capital as reported by Shoreline Pacific, LLC in Part IIA	\$127,367
Differences:	
Audit adjustment to correct provision for income taxes	(1,700)
Audit adjust to correct accounts payable	<u>(4,300)</u>
Net capital as reported in the financial statements	<u>\$121,367</u>



**Report of Independent Auditors on Internal Control**

To the Member:

In planning and performing our audit of the financial statements and supplementary schedules of Shoreline Pacific, LLC, for the year ended December 31, 2005, we considered its internal control, including control activities 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.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by Shoreline Pacific, LLC including tests of 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 for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or performs custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of Shoreline Pacific, LLC is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls 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 objectives. Two of the objectives of internal control and the practices 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 preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud 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 internal control would not necessarily disclose all matters in internal control 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 components does not reduce to a relatively low level the risk that error or fraud 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, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purpose 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 study, we believe that Shoreline Pacific, LLC's practices and procedures were adequate at December 31, 2005, to meet the SEC's objectives.

This report is intended solely for the information and use of the member, management, the SEC, the National Association of Securities Dealers, Inc., 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 is not intended to be and should not be used by anyone other than these specified parties.

*Rowbotham & Company LLP*

San Francisco, California  
February 17, 2006