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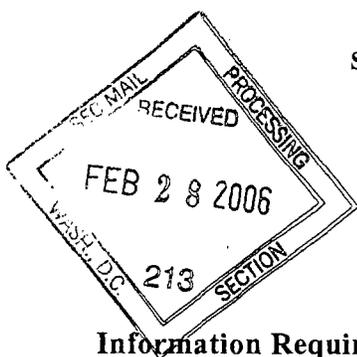


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SECUR...SSION

Washington, D.C. 20549

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

SEC FILE NUMBER
8- 52258

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: River Capital Markets, L.L.C.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

121 West Long Lake Road
(No. and Street)

Bloomfield Hills Michigan 48304
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Michael Feldman 248-433-3170
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

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

5750 New King Street, Suite 200 Troy Michigan 48098
(Address) (City) (State) (Zip Code)

CHECK ONE:

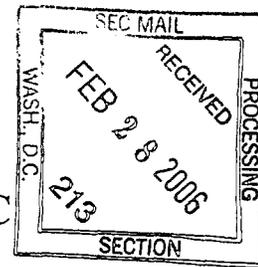
- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED
MAY 06 2006
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)

RIVER CAPITAL MARKETS, L.L.C
Bloomfield Hills, Michigan



**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
IN ACCORDANCE WITH RULE 17a-5
AND
INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL**

**For the Year Ended
December 31, 2005**

OATH OR AFFIRMATION

I, Michael J. Feldman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of River Capital Markets, L.L.C., 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:

PATRICIA A. RIGHETTINI
NOTARY PUBLIC OAKLAND CO., MI
MY COMMISSION EXPIRES Apr 9, 2008

Handwritten signature of Patricia A. Righettini
Notary Public

Handwritten signature of Michael J. Feldman
Signature
MANAGING DIRECTOR
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. N/A
(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. N/A
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report. N/A
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
(o) An independent audit report on internal control.

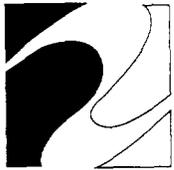
**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

RIVER CAPITAL MARKETS, L.L.C.

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REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

February 10, 2006

Board of Directors
River Capital Markets, L.L.C.
Bloomfield Hills, Michigan

We have audited the accompanying statement of financial condition of **RIVER CAPITAL MARKETS, L.L.C.** as of December 31, 2005, and the related statements of operations, members' equity, and cash flows for the year then ended pursuant to Rule 17a-5 under the Securities and Exchange Act of 1934. 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 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 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 **RIVER CAPITAL MARKETS, L.L.C.** at December 31, 2005, 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Net Capital Calculation on page 8 is presented for the 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 and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

RIVER CAPITAL MARKETS, L.L.C.
STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2005

ASSETS	
Cash and cash equivalents	\$ 36,103
Investments - municipal bonds	50,000
Interest receivable	5,833
Office and computer equipment, net of depreciation of \$6,493	<u>7,864</u>
Total assets	<u><u>\$ 99,800</u></u>
 LIABILITIES AND MEMBERS' EQUITY	
Liabilities	
Accounts payable	\$ 611
Members' equity	<u>99,189</u>
Total liabilities and members' equity	<u><u>\$ 99,800</u></u>

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

RIVER CAPITAL MARKETS, L.L.C.

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2005

Revenue	
Consulting fees	\$ 9,000
Interest and dividend income	14,391
Total revenues	<u>23,391</u>
Operating expenses	<u>81,139</u>
Net loss	<u><u>\$ (57,748)</u></u>

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

RIVER CAPITAL MARKETS, L.L.C.

STATEMENT OF MEMBERS' EQUITY

YEAR ENDED DECEMBER 31, 2005

Balance, January 1, 2005	\$ 254,791
Member withdrawals	(97,854)
Net loss	<u>(57,748)</u>
Balance, December 31, 2005	<u><u>\$ 99,189</u></u>

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

RIVER CAPITAL MARKETS, L.L.C.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2005

Cash flows from operating activities	
Cash received from customers	\$ 9,000
Cash paid to suppliers	(88,252)
Interest and dividends received	8,684
	<hr/>
Net cash used in operating activities	(70,568)
Cash flows provided by investing activities	
Redemption of municipal bonds	125,000
	<hr/>
Cash flows used in financing activities	
Members' withdrawals	(97,854)
	<hr/>
Decrease in cash and cash equivalents	(43,422)
Cash and cash equivalents, January 1, 2005	79,525
	<hr/>
Cash and cash equivalents, December 31, 2005	\$ 36,103

Reconciliation of Net Loss to Net Cash Used In Operating Activities

Net loss	\$ (57,748)
Adjustment to reconcile net loss to net cash provided by operating activities	
Depreciation	2,516
Changes in assets and liabilities which used cash	
Interest receivable	(5,707)
Accounts payable	(954)
Accrued expenses	(8,675)
	<hr/>
Net cash used in operating activities	\$ (70,568)

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

RIVER CAPITAL MARKETS, L.L.C.

NOTES TO FINANCIAL STATEMENTS

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

River Capital Markets, L.L.C. (the Company), was organized May 20, 1997 as a limited liability company under the laws of the State of Michigan. The Company is a registered securities broker/dealer. The Company does not carry customer accounts or hold securities.

Revenue and Expense Recognition

The Company utilizes the accrual basis of accounting in which revenues and expenses are recorded in the period earned or incurred, rather than when received or paid, respectively.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes commercial checking accounts and brokerage money market accounts.

Investments

The Company holds investments in municipal bonds. The bonds are reported at their estimated fair values, which approximate cost as of December 31, 2005. Realized gains or losses on the sale of these bonds are determined using the specific identification method.

Office and Computer Equipment

Office and computer equipment are stated at cost. Major renewals are capitalized, while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired.

Depreciation

The Company uses the straight-line balance method of depreciation for office equipment and furniture and fixtures over useful lives of five to seven years.

Income Taxes

The Company is a Limited Liability Company. Accordingly, no provision for income taxes has been made on these financial statements. All profits and losses are taxed on the members' individual tax return.

RIVER CAPITAL MARKETS, L.L.C.

NOTES TO FINANCIAL STATEMENTS

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 reporting period. Actual results could differ from those estimates.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred.

2. NET CAPITAL

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) under the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, not exceed 15 times net capital, as defined. At December 31, 2005, the Company's net capital was \$89,731, minimum required net capital is \$5,000 and the ratio of the Company's aggregate indebtedness to the Company's net capital is approximately .6809 to 1.0.

3. OPERATING LEASE

The Company has a lease agreement for its offices. The lease is on a month-to-month basis. The payments are classified as rent expense. The lease requires payments of \$2,000 per month. For the year ended December 31, 2005, the amount of rent paid was \$16,000.

* * * * *

Supplementary Information

RIVER CAPITAL MARKETS, L.L.C.

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2005

Net capital	
Total member's equity qualified for net capital	\$ 99,189
Add allowable credits	<u>-</u>
Total capital and allowable credits	99,189
Deduct non-allowable assets - office equipment	<u>7,864</u>
Net capital before haircuts on securities positions	91,325
Less haircuts on securities positions	<u>1,594</u>
Net capital	<u>\$ 89,731</u>
Aggregate Indebtedness	
Items included in statement of financial condition	
Accounts payable	<u>\$ 611</u>
Total aggregate indebtedness	<u>\$ 611</u>
Computation of basic net capital requirement	
Minimum net capital required (greater of)	
Company (6.67% of total aggregate indebtedness)	\$ 41
Broker-dealer	<u>5,000</u>
Minimum dollar net capital requirement	<u>\$ 5,000</u>
Excess net capital	<u>\$ 84,731</u>
Excess net capital at 1.000%	<u>\$ 89,670</u>
Ratio - aggregate indebtedness to net capital	0.6809%
Reconciliation with company's computation	
(included in Part IIA of Form X-17A-5 as of December 31) -	
Net capital, as reported in Company's Part IIA FOCUS report	\$ 80,863
Net capital per above	<u>89,731</u>
Difference - Accounts payable and fixed asset audit adjustments	<u>\$ (8,868)</u>

See independent auditors' report.



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

February 10, 2006

To the Board of Directors
River Capital Markets, L.L.C.
Bloomfield Hills, Michigan

In planning and performing our audit of the financial statements of *River Capital Markets, L.L.C.* (the "Company") 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 purposes 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 the Company 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 perform 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.

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 the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that procedures 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 the 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 elements 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 the following matters involving the accounting system and control procedures that we considered to be a material weakness as defined above:

- The size of the business and resultant limited number of employees imposes practical limitations on the effectiveness of those control policies and procedures that depend on the segregation of duties. Because this condition is inherent in the size of the Company, the specific weaknesses are not described herein and no corrective action has been taken or proposed by the Company.

The foregoing condition was considered in determining the nature, timing, and extent of audit tests to be applied in our audit of the financial statements, and this report on such conditions does not modify our opinion dated February 10, 2006, on such financial statements.

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 purposes 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, except for the matters noted in the second preceding paragraph, the Company's practices and procedures were adequate at December 31, 2005, to meet the SEC's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities 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.

Lehmann Johnson