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**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 1/1/2005 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: TripleTree, LLC

OFFICIAL USE ONLY

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

FIRM I.D. NO.

7601 France Avenue South, Suite 150

(No. and Street)

Edina, MN 55435

(City)

(State)

(Zip Code)

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

David Henderson

(952) 253 5300

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Silverman Olson Thorvilson & Kaufmann, LTD

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

920 Second Avenue South, Ste 1550 Minneapolis, MN 55402

(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 14 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)

SEC 1410 (06-02)

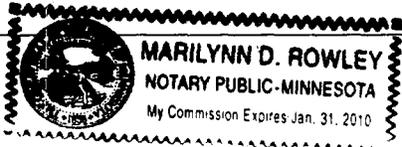
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Handwritten signature/initials and date 6/13/06

**TRIPLETREE, LLC**  
**FINANCIAL STATEMENTS**  
**For the Years Ended**  
**December 31, 2005 and 2004**

OATH OR AFFIRMATION

I, David Henderson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TripleTree, 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:



[Signature]  
Signature  
Managing Partner  
Title

[Signature]  
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).

TRIPLETREE, LLC

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For the Years Ended December 31, 2005 and 2004

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## INDEPENDENT AUDITORS' REPORT

Board of Governors  
TripleTree, LLC  
Edina, Minnesota

We have audited the accompanying statements of financial condition of TripleTree, LLC as of December 31, 2005 and 2004, and the related statements of income, changes in members' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the years then ended that you are filing pursuant to rule 17a-5 under the Securities 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 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 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 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 TripleTree, 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.

*Silverman Olson Thorvilson & Kaufmann LTD*  
SILVERMAN OLSON THORVILSON & KAUFMANN LTD  
CERTIFIED PUBLIC ACCOUNTANTS  
Minneapolis, Minnesota

January 20, 2006

TRIPLETREE, LLC

STATEMENTS OF FINANCIAL CONDITION

December 31, 2005 and 2004

<b>ASSETS</b>	<u>2005</u>	<u>2004</u>
Cash	\$ 654,499	\$ 380,316
Accounts receivables, net of allowance for doubtful accounts of \$0 and \$7,500, respectively	57,104	122,858
Accounts receivable - other	1,492	-
Prepaid expenses	15,743	20,920
Property and equipment, net (Note 2)	86,187	104,212
Other assets	<u>3,200</u>	<u>3,200</u>
Total assets	<u>\$ 818,225</u>	<u>\$ 631,506</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Liabilities:		
Accounts payable	\$ 31,349	\$ 34,653
Preferred distribution payable (Note 5)	50,000	50,000
Accrued expenses	71,492	47,263
Deferred rent	45,502	13,092
Subordinated notes payable, related parties (Note 4)	<u>-</u>	<u>250,000</u>
Total liabilities	<u>198,343</u>	<u>395,008</u>
Commitments and contingencies (Note 6)	-	-
Members' equity (Note 5)	<u>619,882</u>	<u>236,498</u>
Total liabilities and members' equity	<u>\$ 818,225</u>	<u>\$ 631,506</u>

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

TRIPLETREE, LLC

STATEMENTS OF INCOME

For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues:		
Investment banking fees	\$ 4,402,867	\$ 3,121,667
Interest	21,039	6,149
Other income	<u>1,265</u>	<u>4,422</u>
Total revenues	<u>4,425,171</u>	<u>3,132,238</u>
Expenses:		
Compensation, benefits and payroll taxes	3,102,200	2,153,076
Marketing	177,381	115,302
Interest	13,125	17,529
Occupancy	186,948	199,927
Other administrative expenses	<u>429,133</u>	<u>581,346</u>
Total expenses	<u>3,908,787</u>	<u>3,067,180</u>
Net income	516,384	65,058
Preferential distribution to preferred members (Note 5)	<u>50,000</u>	<u>50,000</u>
Net income to common members	<u>\$ 466,384</u>	<u>\$ 15,058</u>

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

TRIPLETREE, LLC

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

For the Years Ended December 31, 2005 and 2004

Balance at January 1, 2004	\$ 421,440
Net income	65,058
Preferential distribution to members (Note 5)	( 50,000)
Distributions to common members (Note 5)	<u>( 200,000)</u>
Balance at December 31, 2004	236,498
Net income	516,384
Preferential distribution to members (Note 5)	( 50,000)
Redemption of member units (Note 5)	<u>( 83,000)</u>
Balance at December 31, 2005	<u>\$ 619,882</u>

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

TRIPLETREE, LLC

STATEMENTS OF CHANGES IN SUBORDINATED BORROWINGS

For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Subordinated borrowings at December 31	\$ 250,000	\$ 250,000
Repayment of subordinated notes payable (Note 4)	<u>( 250,000)</u>	<u>-</u>
Subordinated borrowings at December 31	<u>\$ -</u>	<u>\$ 250,000</u>

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

TRIPLETREE, LLC

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>Cash flows from operating activities:</b>		
Net income	\$ 516,384	\$ 65,058
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	44,106	59,799
Loss on disposal of property and equipment	449	586
Decrease (increase) in assets:		
Accounts receivables	65,754	( 65,351)
Accounts receivable - other	( 1,492)	-
Prepaid expense	5,177	( 5,176)
Other assets	-	( 1,750)
Increase (decrease) in liabilities:		
Accounts payable	( 3,304)	33,655
Accrued expenses	24,229	1,562
Deferred rent	32,410	13,092
Net cash provided by operating activities	<u>683,713</u>	<u>101,475</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	( 28,540)	( 48,594)
Proceeds from disposal of property and equipment	2,010	-
Net cash used in investing activities	<u>( 26,530)</u>	<u>( 48,594)</u>
<b>Cash flows from financing activities:</b>		
Preferential distribution to preferred members	( 50,000)	( 100,000)
Repayment of subordinated notes payable	( 250,000)	-
Distributions	-	( 200,000)
Redemption of member units	( 83,000)	-
Net cash used in financing activities	<u>( 383,000)</u>	<u>( 300,000)</u>
Increase (decrease) in cash	274,183	( 247,119)
Cash - beginning of year	<u>380,316</u>	<u>627,435</u>
Cash - end of year	<u>\$ 654,499</u>	<u>\$ 380,316</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the year for:		
Interest	<u>\$ 13,125</u>	<u>\$ 17,529</u>

**Supplemental disclosures of non-cash transactions:**

During 2005 and 2004, the Company declared preferred unit distributions aggregating \$50,000 and \$50,000, respectively, (Note 5) which are reflected on the accompanying statement of financial condition as preferred distributions payable.

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

TRIPLETREE, LLC

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2005 and 2004

**Note 1: Summary of Significant Accounting Policies**

**Nature of Business:**

TripleTree, LLC (the "Company") was organized on January 13, 1997 in accordance with Chapter 322B of the Minnesota statutes relating to limited liability companies. Pursuant to the articles of organization, the Company will exist for a thirty year period, expiring January 13, 2027. The Company primarily provides investment banking consulting services to clients in the information technology and health care industries located throughout the United States. In addition, the Company is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and a member of the National Association of Securities Dealers ("NASD"). The Company's corporate offices are located in Minneapolis, Minnesota, with a branch office in San Diego, California.

**Reserve Requirements:**

The Company is exempt from preparing the computation for determination of reserve requirements pursuant to Rule 15c3-3 of the Securities and Exchange Commission and Information related to the possession or control requirements under that rule.

**Concentration of Credit Risk:**

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and accounts receivable. The Company maintains cash in bank deposit accounts, which, at times, may exceed federally insured limits (Note 6). The Company believes it has its cash deposits at a high quality financial institution. The Company believes no significant credit risk exists with respect to these deposits.

Accounts receivable arise from the Company providing investment banking services to its clients located throughout the United States. The Company is typically dependent on a small number of customers for its investment banking fees (Note 6) and generally does not require any collateral from its customers. At December 31, 2005 and 2004, 71.8% and 44.3%, respectively, of accounts receivable were due from five customers and two customers, respectively.

**Accounts Receivable and Allowance for Doubtful Accounts:**

The Company evaluates the collectibility of accounts receivable based on a combination of factors. In circumstances where the Company is aware of a specific customer's inability to meet its financial obligations, a specific reserve is recorded to reduce the receivable to the amount the Company believes will be collected. For all other customers, the Company records allowances for doubtful accounts based on the length of time the receivables are past due and historical experience. Typically, the Company considers all receivables not paid within specified terms of the invoice (generally ninety days) as past due. As of December 31, 2005 and 2004, accounts receivable specified as past due aggregated \$4,468 and \$36,576, respectively. If circumstances change, the Company's estimates of the collectibility of amounts due could be reduced by a material amount.

Trade accounts receivable serve as collateral for the Company's line of credit (Note 3).

**TRIPLETREE, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2005 and 2004**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Property and Equipment:**

Property and equipment is stated at cost. Depreciation is computed using straight-line and accelerated methods and is charged to expense based on the estimated useful lives of the assets. Expenditures for additions and improvements are capitalized, while repairs and maintenance are expensed as incurred.

**Revenue Recognition:**

The Company typically earns and records monthly fees in connection with investment banking and consulting engagements. The Company also receives success fees on its investment banking engagements that are earned and recorded upon the successful closing of each transaction and at such time the fee is reasonably determinable.

**Income Taxes:**

The Company is a Minnesota limited liability company. Taxable income or loss of the Company is allocated in accordance with the general provisions of the member control agreement. The Company has chosen to be taxed as partnership, accordingly, no tax liability or benefit is presented on these financial statements, as the tax attributes will be allocated directly to the members.

**Guaranteed Payments to Members:**

Guaranteed payments to members that are intended as compensation for services rendered are accounted for as Company expenses rather than as capital distributions.

**Use of Estimates:**

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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Note 2: Property and Equipment**

Property and equipment consisted of the following at December 31:

	2005	2004	Estimated Useful Lives In Years
Office furniture and equipment	\$ 244,446	\$ 234,673	7
Computer equipment	110,754	98,943	5
Leasehold improvements	<u>82,357</u>	<u>82,357</u>	5
Total property and equipment	437,557	415,973	
Less accumulated depreciation	<u>351,370</u>	<u>311,761</u>	
Property and equipment, net	<u>\$ 86,187</u>	<u>\$ 104,212</u>	

Depreciation expense was \$44,106 and \$59,799 for 2005 and 2004, respectively.

TRIPLETREE, LLC

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2005 and 2004

**Note 3: Note Payable, Bank**

The Company has a \$250,000 discretionary line of credit, all of which was unused as of December 31, 2005. The line of credit bears interest at a variable rate (7.75% at December 31, 2005), is collateralized by substantially all corporate assets and is guaranteed by two officers/members of the Company. The line of credit expires in April 2006.

At December 31, 2004, the Company had a similar unused revolving line of credit agreement.

**Note 4: Subordinated Notes Payable, Related Parties**

In September 2002, the Company entered into two subordinated notes payable aggregating \$250,000 with two of its officer/members. The notes accrued and paid interest quarterly at 7%, and were subordinated to the claims of all creditors of the Company. The subordinated notes payable were available in computing net capital under the SEC's uniform net capital rule. In addition, the loan agreements provided for restrictions on the amount of equity that could be withdrawn from the Company during the term of the agreements. The loans matured September 2005 and were repaid as the Company was in compliance with certain minimum net capital requirements.

During the year ended December 31, 2005 and 2004, the Company incurred and paid \$13,125 and \$17,500, respectively, of interest related to these notes.

**Note 5: Members' Equity**

The Company's articles of organization require that each ownership unit have the same financial and governance rights; however, the Board of Governors can establish or designate more than one class of units as well as the relative rights and preferences of each such class of units.

As of December 31, 2005 and 2004, the Company had authorized an aggregate of 30,000,000 units with 10,000,000 units authorized for each unit class (Voting Class A, Non-Voting Class B and Preferred). Issued outstanding units were as follows:

	Units		
	Voting Class A Common	Non-Voting Class B Common	Preferred Units
December 31, 2005	4,340,000	3,000	500,000
December 31, 2004	4,500,000	4,000	500,000

**Class A and B Common Units:**

Class A common units have voting rights whereas Class B common units do not have voting rights.

In 2005 and 2004, the Company had a mandatory distribution policy whereby at least 50% of the Company's income would be distributed to common unit holders within 60 days after a year end. Upon unanimous approval of the Board of Governors or two-thirds approval of outstanding Class A Common Unit holders, the amount of the distribution could be modified or forgone. In 2005 and 2004, respectively, no amounts were distributed to common unit holders.

TRIPLETREE, LLC

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2005 and 2004

**Note 5: Members' Equity (Continued)**

Redemption of Capital:

During 2005, the Company redeemed 160,000 Class A common units and 1,000 Class B common units for \$83,000.

Preferred Units:

Preferred units have voting rights and are convertible, at the option of the holder, into Class A common units at any time. Each preferred unit will automatically convert into one Class A common unit on December 31, 2008 or upon an initial public offering of units by the Company or its successor. Preferred units accrue a cumulative annual preferred return distribution of \$.10 per unit.

During 2005 and 2004, the Company declared \$50,000 and \$50,000, respectively, of preferred unit distributions. As of December 31, 2005 and 2004, these declared distributions are reflected as preferred distributions payable on the accompanying statement of financial condition.

Preferred units do not participate in any distributions of the Company other than the preferred distribution as described above and a preferential distribution at liquidation of the Company.

The Company's member control agreement provides that preferred returns are treated as guaranteed payments within the meaning of Section 707(c) of the Internal Revenue Code (IRC). Otherwise, all income, profits, gains, losses, and tax credits will be allocated to the holders of the common units for income tax and financial accounting purposes based on the same manner as distributions were allocated.

**Note 6: Commitments and Contingencies**

Operating Leases:

The Company leases office space in Minnesota under a non-cancelable operating lease. Pursuant to the lease, the Company is required to pay a monthly base rent plus a pro-rata share of operating expenses and real estate taxes. The lease expires February, 2010 and has a renewal option for an additional five years.

The Company leases office space in California on a month-to-month basis. Also, the Company leases office equipment under a noncancelable lease expiring February, 2009.

TRIPLETREE, LLC

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2005 and 2004

**Note 6: Commitments and Contingencies (Continued)**

Operating Leases (Continued):

The future minimum payments required on the Minnesota lease is as follows for the years ending December 31:

2006	\$ 106,791
2007	\$ 106,791
2008	\$ 106,791
2009	\$ 104,228
Thereafter	\$ 17,333
	<u>\$ 441,934</u>

Total rent expense aggregated \$192,203 and \$202,556 for 2005 and 2004, respectively.

401(k) Profit Sharing Plan:

The Company has a 401(k) profit sharing plan covering all employees who meet certain eligibility requirements. Participant contributions are made through elective deferrals of compensation up to a maximum percentage allowable by statute. Participants vest immediately in their own contributions. The Company may provide matching and profit sharing contributions at the discretion of management. The participants become vested in the Company's contributions after three years of service. Company contributions for the years ended December 31, 2005 and 2004 were \$48,097 and \$29,763, respectively. The 2005 and 2004 contributions are included in accrued expenses on the accompanying statement of financial condition.

Financial Instruments:

At December 31, 2005, the Company had deposits in excess of federally insured amounts aggregating \$1,039,059 at a financial institution.

Significant Customers:

During 2005, the Company had sales to three significant customers which represented 50.6% of investment banking fees. There was \$8,058 of accounts receivable relating to these customers at December 31, 2005.

During 2004, the Company had sales to two significant customers which represented 67.9% of investment banking fees. There was \$40,353 of accounts receivable relating to these customers at December 31, 2004.

**Note 7: 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 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2005, the Company had net capital of \$456,156, which was \$442,933 in excess of its required net capital of \$13,223. The Company's ratio of aggregate indebtedness to net capital was .43:1 at December 31, 2005.

**SUPPLEMENTARY INFORMATION**

John L. Thorvilson CPA  
Allen B. Kaufmann CPA  
William G. Hogle CPA, JD, MBT  
Kimberly R. Schwichtenberg CPA/PFS  
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**INDEPENDENT AUDITORS' REPORT ON**  
**SUPPLEMENTARY INFORMATION**  
**REQUIRED BY RULE 17a-5 OF**  
**THE SECURITIES AND EXCHANGE COMMISSION**

Board of Governors  
TripleTree, LLC  
Edina, Minnesota

We have audited the accompanying financial statements of TripleTree, LLC as of and for the year ended December 31, 2005 and have issued our report thereon dated January 20, 2006. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is 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 of 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.

*Silverman Olson Thorvilson & Kaufmann LTD*  
SILVERMAN OLSON THORVILSON & KAUFMANN LTD  
CERTIFIED PUBLIC ACCOUNTANTS  
Minneapolis, Minnesota

January 20, 2006

TRIPLETREE, LLC

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

December 31, 2005

Net Capital:	
Total members' equity	\$ 619,882
Add:	
Subordinated notes payable allowable in computation of net capital	<u>          -</u>
Total capital and allowable subordinated note payable	619,882
Deductions:	
Total non-allowable assets	<u>( 163,726)</u>
Net capital	<u>\$ 456,156</u>
Aggregate Indebtedness:	
Items included in statement of financial condition:	
Accounts payable	\$ 31,349
Accrued expenses	71,492
Deferred rent	45,502
Preferred distribution payable	<u>50,000</u>
Total aggregate indebtedness	<u>\$ 198,343</u>
Computation of basic net capital required:	
Net capital requirement is the greater of:	
Minimum dollar net capital requirement	<u>\$ 5,000</u>
6-2/3% of aggregate indebtedness	<u>\$ 13,223</u>
Excess net capital at 1,500 percent	<u>\$ 442,933</u>
Excess net capital at 1,000 percent	<u>\$ 436,321</u>
Ratio of aggregate indebtedness to net capital	<u>.43:1</u>
Reconciliation with Company's Computation (included in Part IIA of Form X-17A-5 as of December 31, 2005):	
Net capital, as reported in Company's Part II (unaudited) FOCUS report	\$ 456,155
Audit adjustments, net (rounding)	<u>          1</u>
Net capital per above	<u>\$ 456,156</u>
Total aggregate indebtedness, as reported in Company's Part II (unaudited) FOCUS Report	\$ 198,343
Audit adjustments, net	<u>          -</u>
Total aggregate indebtedness per above	<u>\$ 198,343</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

Board of Governors  
TripleTree, LLC  
Edina, Minnesota

In planning and performing our audit of the financial statements and supplemental schedule of TripleTree, 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 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 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 making quarterly securities examinations, counts, verifications and comparisons, recordation of differences required by rule 17a-13 or in 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 or obtaining and maintaining physical possession and control of all fully paid and excess margin securities of customers and required by rule 15c3-3.

The management of the Company 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 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 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 control procedures that we consider to be a material weakness 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 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 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 information of the Board of Governors, management, the SEC, the Company's designated self-regulatory organization and other regulatory agencies that 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 used by anyone other than these specified parties.

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