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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 January 1, 2006 AND ENDING December 31, 2006  
MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: John J. Carroll & Company

OFFICIAL USE ONLY  
 FIRM I.D. NO.

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

2001 Ninth Avenue Suite 102

(No. and Street)

Vero Beach

(City)

Florida

(State)

32960

(Zip Code)

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

John J. Carroll

772/567 - 5238

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Berger, Toombs, Gaines & Frank, CPAs

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

111 Orange Avenue, Suite 300, Fort Pierce, Florida 3490

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

**MAR 22 2007**

**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)

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*BB 2/2*

*3/19*

OATH OR AFFIRMATION

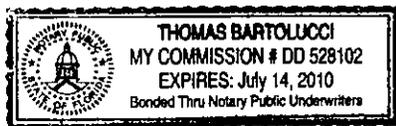
I, John J. Carroll, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of John J. Carroll & Company, as of December 31, 2006, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

John J. Carroll  
Signature

Proprietor  
Title

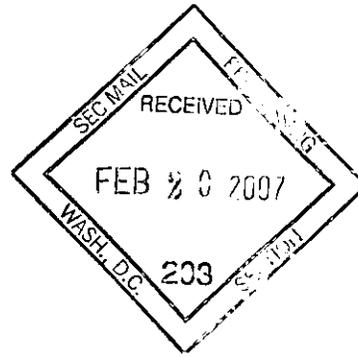
Thomas Bartolucci  
Notary Public



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 15c3-3 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).



**John J. Carroll**  
**d/b/a John J. Carroll & Company**

**ANNUAL FINANCIAL REPORT**

**December 31, 2006**

John J. Carroll d/b/a John J. Carroll & Company

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2006

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# Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

SunTrust Bank Building  
Suite 300  
111 Orange Avenue  
Fort Pierce, Florida 34950

772/461-6120 // 461-1155  
FAX: 772/468-9278

## Report of Independent Auditors

To the Proprietor  
Mr. John J. Carroll  
d/b/a John J. Carroll & Company  
Vero Beach, Florida

We have audited the accompanying statement of financial condition of John J. Carroll d/b/a John J. Carroll & Company as of December 31, 2006, and the related statements of income and proprietor's capital, and cash flows for the year then ended that are being filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the proprietor. 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 condition of John J. Carroll d/b/a John J. Carroll & Company as of December 31, 2006, 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 conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information contained in Schedule I is presented for the purposes of additional analysis and is not a required part of the basic financial statements, but is supplemental information required by Rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing

Fort Pierce / Stuart



Berger, Toombs, Elam,  
Gaines & Frank

Certified Public Accountants PL

To the Proprietor  
Mr. John J. Carroll  
d/b/a John J. Carroll & Company

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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.

*Berger, Toombs, Elam,  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

January 26, 2007

**John J. Carroll d/b/a John J. Carroll Company**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2006**

Assets

Cash	\$ 12,459
Prepaid expenses	452
Securities owned at fair market value (\$169,231 cost)	170,048
Furniture and equipment net of accumulated depreciation of \$8,604	<u>1,819</u>

Total Assets \$ 184,778

Liabilities and Proprietor's Capital

Liabilities

Deferred Revenue	\$ 2,750
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Proprietor's Capital 182,028

Total Liabilities and Proprietor's Capital \$ 184,778

The accompanying notes are an integral part of this statement.

John J. Carroll d/b/a John J. Carroll Company  
**STATEMENT OF INCOME AND CHANGES IN PROPRIETOR'S CAPITAL**  
For the Year Ended December 31, 2006

Revenues	
Commissions	\$ 27,502
Dividends and interest	13,121
Net unrealized gain on securities	<u>817</u>
Total Revenues	<u>41,440</u>
Expenses	
Commissions	10,022
Rent	7,743
Accounting	2,175
Dues, fees and subscriptions	1,402
Other (including depreciation of \$596)	<u>6,789</u>
Total Expenses	<u>28,131</u>
Net Income	13,309
Proprietor's Capital - January 1, 2006	161,893
Proprietor's Contributions	<u>6,826</u>
Proprietor's Capital - December 31, 2006	<u><u>\$ 182,028</u></u>

The accompanying notes are an integral part of this statement.

**John J. Carroll d/b/a John J. Carroll Company**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2006**

Cash Flows From Operating Activities	
Net Income	\$ 13,309
Adjustments to reconcile net income to cash provided by operating activities	
Depreciation	596
Increase in Deferred revenue	2,750
Unrealized gain on securities	<u>(817)</u>
Net Cash Provided By Operations	15,838
Cash Flows From Investing Activities	
Acquisition of securities	(13,921)
Cash Flows From Financing Activities	
Capital contributions	<u>6,826</u>
Net Increase In Cash	8,743
Cash - January 1, 2006	<u>3,716</u>
Cash - December 31, 2006	<u><u>\$ 12,459</u></u>

The accompanying notes are an integral part of this statement.

**John J. Carroll d/b/a John J. Carroll & Company**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

John J. Carroll & Company (Company), a non-clearing securities broker, is organized as a sole proprietorship. The primary business activities of the company consist of the buying and selling of securities for clients in the Vero Beach and Melbourne, Florida areas.

Marketable securities held for the investment are stated at quoted market price.

Furniture and equipment are stated at cost. Depreciation is computed on straight line and accelerated methods over the estimated useful life of the asset.

The Company, operating as a proprietorship, is not a taxable entity. The results of its operations are includable with the other activities of the owner in the tax return filed by the proprietor. Accordingly, no income tax provision is reflected in the accompanying financial statements.

Advertising costs are generally charged to operations in the year incurred and totaled \$148 in 2006.

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 reported period. Actual results could differ from those estimates.

Cash and cash equivalents include checking accounts for the purposes of the statement of cash flows.

**NOTE B – NET CAPITAL**

The Company is subject to the Securities and Exchange Commission uniform net capital rule (Rule 15c3-1). This rule provides that a broker or dealer in securities is required to maintain a minimum "net capital" equal to the greater of its requirement as determined by classification or 6-2/3% of aggregate indebtedness. The "net capital" of the Company as of December 31, 2006 was \$182,028 and its minimum requirement was \$25,000 for 2006.

**John J. Carroll d/b/a John J. Carroll & Company**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2006**

**NOTE B – NET CAPITAL (CONTINUED)**

Reconciliation with Company's computation (included in Part IIA of form X-17A-5 as of December 31, 2006):

Net capital, as reported in Company's Part IIA (unaudited) FOCUS report	<u>\$154,250</u>
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Net capital per computation	<u>\$154,250</u>
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**NOTE C – SUBORDINATED LIABILITIES**

The Company did not have any liabilities subordinated to claims of general creditors as of December 31, 2006.

**SUPPLEMENTAL INFORMATION**

**John J. Carroll d/b/a John J. Carroll & Company**  
**COMPUTATION OF NET CAPITAL**  
**SCHEDULE I**  
**For the Year Ended December 31, 2006**

Proprietor's Capital Per Statement of Financial Condition:		\$ 182,028
Deduct:		
Assets which cannot be readily converted into cash (non-allowable assets)	2,271	
Haircuts on securities	<u>25,507</u>	<u>27,778</u>
Net Capital		154,250
Minimum Net Capital		<u>25,000</u>
Excess Net Capital		<u>\$ 129,250</u>