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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 01/01/06 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Stonnington Group, LLC

OFFICIAL USE ONLY

FIRM ID. NO.

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

515 S. Figueroa Street, Suite 1100  
(No. and Street)

**PROCESSED**

Los Angeles  
(City)

California  
(State)

**APR 03 2007**

90071  
(Zip Code)

**THOMSON  
FINANCIAL**

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

Nicholas H. Stonnington

(213) 683 - 4511

(Area Code -- Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Rothstein, Kass & Company, P.C.

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

9171 Wilshire Boulevard, Suite 500  
(Address)

Beverly Hills  
(City)

California

90210  
(Zip Code)

**CHECK ONE:**

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

SECURITIES AND EXCHANGE COMMISSION
<b>RECEIVED</b>
MAR 01 2007
BRANCH OF REGISTRATIONS AND EXAMINATIONS
02

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).

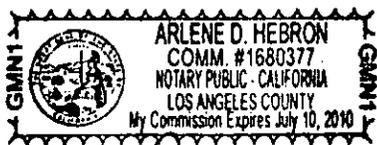
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OATH OR AFFIRMATION

I, Nicholas H. Stonnington, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Stonnington Group, LLC, as of December 31, 20 06, 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



[Signature]  
Notary Public

[Signature]  
Signature

Nicholas H. Stonnington

Principal  
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).

Certified  
Public  
Accountants

Rothstein, Kass & Company, PC  
9171 Wilshire Boulevard, 5th Floor  
Beverly Hills, CA 90210  
tel 310.273.2770  
fax 310.273.6649  
www.rkco.com

Beverly Hills  
Dallas  
Denver  
Grand Cayman  
New York  
Roseland  
San Francisco  
Walnut Creek

# Rothstein Kass

## INDEPENDENT AUDITORS' REPORT

To the Member of Stonnington Group, LLC

We have audited the accompanying statement of financial condition of Stonnington Group, LLC (the "Company") as of December 31, 2006, and the related statement of operations, changes in member's equity and cash flows for the year 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 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 statement, 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 Stonnington Group, LLC 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 expressing an opinion on the basic financial statements taken as a whole. The supplementary information listed in the accompanying table of contents 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 under the Securities 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.

*Rothstein, Kass & Company, P.C.*

Beverly Hills, California  
February 26, 2007

# STONNINGTON GROUP, LLC

## STATEMENT OF FINANCIAL CONDITION

December 31, 2006

### ASSETS

Cash	\$	460,993
Receivables from broker-dealers and clearing organizations		16,228
Commissions, management fees and other receivables		25,543
Deposit with clearing firm		100,000
Fixed assets, net of accumulated depreciation of \$5,346		32,023
Other assets		4,688
	\$	<u>639,475</u>

### LIABILITIES AND MEMBER'S EQUITY

#### Liabilities

Accounts payable and accrued expenses	\$	26,435
Salaries payable		<u>10,057</u>
Total liabilities		<u>36,492</u>

#### Member's equity

	<u>602,983</u>
\$	<u>639,475</u>

# STONNINGTON GROUP, LLC

## STATEMENT OF OPERATIONS

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Year Ended December 31, 2006

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### Revenues

Management fees and other advisory fees	\$ 1,077,975
Commissions and sales credits	578,391
Principal transactions	43,355
Other income	<u>6,458</u>
Total income	<u>1,706,179</u>

### Expenses

Salaries and payroll expenses	245,641
Business processing and clearing charges	37,898
Professional fees	178,706
Insurance	67,937
Occupancy	31,384
Depreciation	5,346
Repairs and maintenance	41,736
Communications	33,666
Other operating expenses	<u>190,571</u>
Total expenses	<u>832,885</u>

<b>Net income</b>	<b>\$ <u>873,294</u></b>
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# STONNINGTON GROUP, LLC

## STATEMENT OF CHANGES IN MEMBER'S EQUITY

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Year Ended December 31, 2006

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Member's equity, beginning of year	\$ 144,689
Withdrawals	(415,000)
Net income	<u>873,294</u>
Member's equity, end of year	<u>\$ 602,983</u>

# STONNINGTON GROUP, LLC

## STATEMENT OF CASH FLOWS

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**Year Ended December 31, 2006**

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<b>Cash flows from operating activities</b>	
Net income	\$ 873,294
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	5,346
Changes in operating assets and liabilities:	
Receivables from broker-dealers and clearing organizations	(16,228)
Commissions, management fees and other receivables	15,437
Other assets	(4,688)
Accounts payable and accrued expenses	6,408
Salaries payable	7,478
	<hr/>
<b>Net cash provided by operating activities</b>	887,047
<b>Cash flows from investing activities</b>	
Purchases of fixed assets	(37,369)
<b>Cash flows from financing activities</b>	
Member withdrawals	<hr/> (415,000)
<b>Net increase in cash</b>	434,678
<b>Cash, beginning of year</b>	<hr/> 26,315
<b>Cash, end of year</b>	<hr/> <b>\$ 460,993</b>
<b>Supplemental disclosure of cash flow information</b>	
Cash paid during the year for taxes	<hr/> <b>\$ 800</b>

# STONNINGTON GROUP, LLC

## NOTES TO FINANCIAL STATEMENT

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### 1. Nature of operations and summary of significant accounting policies

#### *Nature of Operations*

Stonnington Group, LLC (the "Company") was formed in California and is approved as a securities broker-dealer by the Securities and Exchange Commission, the National Association of Securities Dealers and the state of California. The Company is also registered with the Securities and Exchange Commission as a Registered Investment Advisor and it receives prepaid investment advisory fees from its clients' custodians.

The Company is a limited liability company, wholly owned by its member, Mr. Nick Stonnington.

The Company has an agreement with Pershing, LLC (the "Clearing Broker"), to clear securities transactions, carry customers' accounts on a fully disclosed basis, and perform certain record keeping functions. Accordingly, the Company operates under the exemptive provisions of Securities and Exchange Commission (SEC) Rule 15c3-3 (k)(2)(ii).

#### *Revenue Recognition*

The firm's fee income is recognized upon consummation of contracts.

#### *Concentration of Credit Risk*

The Company is engaged in various brokerage activities in which counterparties primarily include broker-dealers, banks, and other institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

The Company maintains its cash in bank deposit accounts, which at times may exceed insured limits. The Company has not experienced any losses in such accounts.

Management estimates that 100% of the revenues were generated in the state of California.

#### *Fixed Assets*

Fixed assets are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Estimated useful life is four years.

#### *Lease*

The firm is operating on a month-to-month sublease. The sublease is with The Seidler Companies Incorporated, and calls for a monthly payment of \$3,066, with a six-month notice of cancellation by either party.

# STONNINGTON GROUP, LLC

## NOTES TO FINANCIAL STATEMENT

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### 1. Nature of operations and summary of significant accounting policies (continued)

#### *Related Party Transactions*

Stonnington Group, LLC has not entered into an expense sharing agreement with any entity. The Company pays directly for its operating expenses.

#### *Fair Value of Financial Instruments*

All of the Company's financial instruments are carried at fair value. Receivables and payables are carried at cost plus accrued interest, which approximates fair value.

#### *Use of Estimates*

To conform to accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 2. Fixed assets

Fixed assets consist of following as of December 31, 2006:

Hardwood and Office Equipment	\$ 29,559
Software	<u>7,810</u>
	37,369
Accumulated depreciation	<u>(5,346)</u>
Fixed assets, net	<u>\$ 32,023</u>

### 3. Income taxes

The Company was formed as a limited liability company and is disregarded for federal tax purposes. The member is taxed on the Company's taxable income. The state of California imposes a minimum LLC fee based upon gross receipts, which for the 12 months ended December 31, 2006 was an additional \$6,000.

### 4. Net capital requirements

The Company is subject to the Uniform Net Capital Rule (SEC Rule 15c3-1) of the Securities and Exchange Commission, which requires both the maintenance of minimum net capital and the maintenance of a maximum ratio of aggregate indebtedness to net capital. At December 31, 2006, the Company had net capital of \$543,885, which is \$443,885 in excess of the minimum \$100,000 required. Its ratio of aggregate indebtedness of \$36,492 to net capital was 0.07:1, which is substantially less than the 15:1 maximum ratio of a broker-dealer after the first year of operation.

*END*