

7/22/15



SECURIT

07008877

N

Public

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	March 31, 2016
Estimated average burden hours per response.....	12.00

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

SEC  
Mail Processing  
Section  
JUL 20 2015  
Washington DC  
404

SEC FILE NUMBER
8- 49765

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: Aethlon Capital, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

4920 IDS Center, 80 South 8th Street

(No. and Street)

Minneapolis

(City)

MN

(State)

55402

(Zip Code)

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

Sima Griffith

612-677-1339

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Virchow, Krause & Company, LLP

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

7900 Xerxes Avenue South, Suite 2400 Minneapolis

(Address)

(City)

MN

(State)

55431

(Zip Code)

**CHECK ONE:**

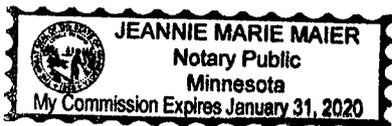
- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

**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)

OATH OR AFFIRMATION

I, Sima Griffith, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Aethlon Capital, LLC, 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:



Sima Griffith  
Signature  
Managing Principal  
Title

Jeannie Marie Maier  
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).

**AETHLON CAPITAL, LLC**

**STATEMENTS OF FINANCIAL CONDITION**  
December 31, 2006 and 2005

---

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
<b>CASH AND CASH EQUIVALENTS</b>	\$ 7,673	\$ 32,535
<b>MARKETABLE SECURITIES</b>	14,205	-
<b>COMMISSIONS RECEIVABLE</b>	24,662	7,145
<b>PREPAID EXPENSES</b>	4,029	4,160
<b>EQUIPMENT AND FURNITURE, NET</b>	<u>10,102</u>	<u>11,876</u>
<b>TOTAL ASSETS</b>	<u>\$ 60,671</u>	<u>\$ 55,716</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>LIABILITIES</b>		
Accrued expenses	\$ 8,832	\$ 15,493
<b>MEMBER'S EQUITY</b>	<u>51,839</u>	<u>40,223</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<u>\$ 60,671</u>	<u>\$ 55,716</u>

See accompanying notes to financial statements.

# AETHLON CAPITAL, LLC

## NOTES TO FINANCIAL STATEMENTS December 31, 2006 and 2005

---

### **NOTE 1 - Summary of Significant Accounting Policies**

---

#### *Nature of Business*

Aethlon Capital, LLC (the Company) was formed in October 1996 as a limited liability company under Chapter 322B of the Minnesota statutes. The Company will continue until October 30, 2026 unless terminated prior to that time.

The Company is a licensed securities broker-dealer and specializes in providing investment banking services for public and private emerging growth companies. Services provided include private placement of equity or debt and general corporate finance advisory services.

The Company is a member of the Securities Investors Protection Corporation (SIPC) and the National Association of Securities Dealers (NASD).

#### *Cash and Cash Equivalents*

For purposes of reporting the statement of cash flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash balances in excess of FDIC and similar insurance coverages are subject to the usual banking risks associated with funds in excess of those limits.

#### *Marketable Securities*

Marketable securities consist of common stock and are classified as trading securities. Trading securities are reported at fair market value with all unrealized gains (losses) included in other income on the statements of operations. The securities were transferred into the Company during 2006.

	Aggregate fair value	Cost	Gross unrealized gains
Marketable equity securities	\$ 14,205	\$ 12,969	\$ 1,236

#### *Commissions Receivable*

Commissions receivable are unsecured and do not accrue interest. No allowance for doubtful accounts is considered necessary at December 31, 2006 and 2005.

#### *Equipment and Furniture*

Equipment and furniture are recorded at cost and are being depreciated using straight-line and accelerated methods over estimated useful lives of 5 to 7 years. Repairs and maintenance costs are expensed as incurred.

# AETHLON CAPITAL, LLC

## NOTES TO FINANCIAL STATEMENTS December 31, 2006 and 2005

---

### **NOTE 1 - Summary of Significant Accounting Policies (cont.)**

---

#### *Revenue Recognition*

The Company's revenues were derived from consulting fees and commissions from private placements. Consulting fees are nonrefundable deposits received during the initial stages of a private placement. Consulting fees are deductible against the total commissions to be received upon the closing of a placement. Consulting fees are recognized upon receipt. Commission revenue is recognized at the time of the placement's closing.

#### *Advertising*

Advertising costs are charged to operations when incurred. Advertising expense was \$250 and \$7,931 for the years ended December 31, 2006 and 2005.

#### *Income Taxes*

The Company is a limited liability company for income tax purposes. Accordingly, these financial statements do not include any provision or liability for income taxes since the income and expenses are reported on the individual income tax returns of the sole member and the applicable income taxes, if any, are paid by the member.

#### *Management's 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the reporting period. Actual results could differ from those estimates.

---

### **NOTE 2 - Net Capital Requirements**

---

The Company is subject to the Securities and Exchange Commission Uniform Net Capital 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 fluctuate on a daily basis. At December 31, 2006 and 2005, the Company had net capital of \$10,900 and \$17,042 which was \$5,900 and \$12,042 in excess of its required net capital of \$5,000. The Company's net capital ratio was .81 to 1 and .91 to 1 at December 31, 2006 and 2005.

No material differences exist between the net capital calculated above and the net capital computed and reported in the Company's December 31, 2006 amended FOCUS filing. Per Rule 15c3-3 of the Securities and Exchange Commission Uniform Net Capital Rule, the Company is exempt under the (k)(2)(i) exemption.

**AETHLON CAPITAL, LLC**

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006 and 2005

---

**NOTE 3 - Equipment and Furniture**

---

Equipment and furniture consisted of the following at December 31:

	<u>2006</u>	<u>2005</u>
Equipment and Furniture	\$ 37,202	\$ 36,244
Less Accumulated Depreciation	<u>(27,100)</u>	<u>(24,368)</u>
	<u>\$ 10,102</u>	<u>\$ 11,876</u>

Depreciation expense was \$2,732 and \$2,081 for the years ended December 31, 2006 and 2005.

---

**NOTE 4 - Employee Benefit Plan**

---

The Company adopted a simplified employee pension plan in 1999. Contributions to the plan by the Company are discretionary. Employer contributions were \$0 and \$2,188 for the years ended December 31, 2006 and 2005.

---

**NOTE 5 - Significant Customers**

---

Four customers accounted for 35%, 22%, 17% and 17% of total revenues for the year ended December 31, 2006. One customer accounted for approximately 80% of total revenues for the year ended December 31, 2005.

---

**NOTE 6 - Leases**

---

The Company entered into a noncancelable operating lease for office space. The lease expires May 2010 and requires monthly base rents of \$2,742 which increase annually over the term of the lease to \$2,866. In addition, the Company is required to pay its pro rata share of the building's property taxes and operating expenses. The Company also leases a vehicle under a lease that expires May 2009. Monthly rent is \$539. Total rent for all leases, including operating expenses, was approximately \$67,800 and \$49,000 for the years ended December 31, 2006 and 2005.

Future minimum rental commitments are as follows for the years ending December 31:

2007	\$ 39,669
2008	40,160
2009	36,878
2010	<u>14,328</u>
	<u>\$ 131,035</u>

---

**NOTE 7 - Contingency**

---

During 2005, a former employee filed a claim against the Company for unpaid compensation. The former employee asked for a combination of cash and the assignment of warrants. The claim was resolved and dismissed in 2006.