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

OMB APPROVAL	
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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 01/01/2009 AND ENDING 12/31/2009
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Da Vinci Capital Management, Inc

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

801 Cambridge Street

(No. and Street)

Cambridge

MA

02141

(City)

(State)

(Zip Code)

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

James J. McSweeney

(617) 354-0866 ext 16

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Samet & Company, PC

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

1330 Boylston Street

Chestnut Hill

MA

02467

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

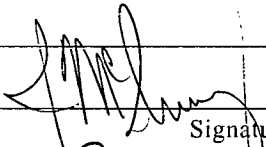
- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

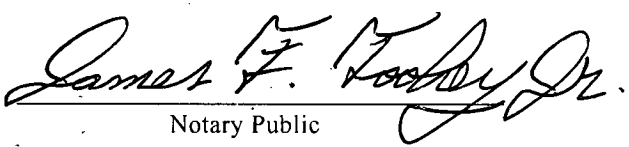
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, James J. McSweeney, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DaVinci Capital Management, Inc. of December 31, 2009, 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
President
Title


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).



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of
DaVinci Capital Management, Inc.

We have audited the accompanying statement of financial condition of DaVinci Capital Management, Inc. (a Delaware corporation) as of December 31, 2009 and the related statements of loss, changes in stockholder'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 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 DaVinci Capital Management, Inc. as of December 31, 2009 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 information included in the accompanying supplemental schedules 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.

Chestnut Hill, Massachusetts
February 23, 2010



DAVINCI CAPITAL MANAGEMENT, INC.

STATEMENT OF FINANCIAL CONDITION

December 31, 2009

ASSETS

Cash	\$ 102,281
Receivable from broker-dealers and clearing organizations	20,051
Deposits with clearing organization	28,412
Other trade receivables	853
Securities owned	19,863
Property and equipment, net	<u>11,345</u>
	\$ <u>182,805</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Accounts payable and accrued expenses	\$ <u>37,284</u>
Stockholder's equity:	
Common stock, no par value, Authorized 10,000 class A voting shares and 10,000 class B non-voting shares; issued and outstanding 900 class A shares	18,000
Additional paid-in capital	690,926
Accumulated deficit	(555,293)
Accumulated other comprehensive income (loss)	<u>(8,112)</u>
	<u>145,521</u>
	\$ <u>182,805</u>



DAVINCI CAPITAL MANAGEMENT, INC.

STATEMENT OF LOSS
Year Ended December 31, 2009

Revenues:	
Commission income	\$ 334,016
Financial planning income	6,834
Interest and dividend income	1,147
Referral fee income	41,991
Other revenue	<u>12,997</u>
	<u>396,985</u>
Operating expenses:	
Clearing charges	32,357
Commissions	255,623
Computer expenses	6,262
Depreciation and amortization	5,770
Dues and subscriptions	500
Equipment rental	2,943
Insurance	8,130
Office expense	8,253
Office rent	12,000
Professional fees	8,412
Regulatory expenses	38,277
Salaries and wages	84,000
Taxes - other	976
Telephone	2,624
Utilities	<u>1,436</u>
	<u>467,563</u>
Net loss	\$ <u><u>(70,578)</u></u>



DAVINCI CAPITAL MANAGEMENT, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

Year Ended December 31, 2009

	Class A		Additional	Accumulated	Accumulated	
	Common Stock		Paid-In	Accumulated	Other	
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Deficit</u>	<u>Comprehensive</u>	<u>Total</u>
					<u>Income (Loss)</u>	
Balance, January 1, 2009	900	\$ 18,000	\$ 586,926	\$ (484,715)	\$ (5,487)	<u>114,724</u>
Comprehensive income:						
Net loss	-	-	-	(70,578)	-	(70,578)
Capital contributions	-	-	104,000	-	-	104,000
Other comprehensive income:						
Unrealized holding loss on marketable securities	-	-	-	-	(2,625)	<u>(2,625)</u>
Total comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,797</u>
Balance, December 31, 2009	<u>900</u>	<u>\$ 18,000</u>	<u>\$ 690,926</u>	<u>\$ (555,293)</u>	<u>\$ (8,112)</u>	<u>145,521</u>



DAVINCI CAPITAL MANAGEMENT, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

Cash flows from operating activities:	
Net loss	\$ (70,578)
Adjustments to reconcile net loss to net cash used for operating activities:	
Depreciation and amortization	5,770
Noncash salaries and wages	84,000
Realized gain on securities owned	(13,050)
Changes in operating assets and liabilities:	
Receivable from broker-dealers and clearing organizations	(16,118)
Deposits with clearing organization	48,619
Other trade receivables	(853)
Accounts payable and accrued expenses	<u>(29,393)</u>
Net cash provided by operating activities	8,397
Cash flows from investing activities:	
Purchase of securities owned	(2,025)
Cash flows from financing activities:	
Capital contributions	<u>20,000</u>
Net increase in cash during the year	26,372
Cash, beginning of year	<u>75,909</u>
Cash, end of year	\$ <u><u>102,281</u></u>
Supplemental cash flow information:	
Cash paid during the year for:	
Corporate taxes	\$ <u><u>976</u></u>



DAVINCI CAPITAL MANAGEMENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Note 1

Organization and nature of business

DaVinci Capital Management, Inc. (the “Company”) was incorporated in December 1998 and is a Delaware Corporation that is wholly owned by Airgead LLC. The Company operates as a broker-dealer and registered investment advisor in the New England area. The Company does business on a fully disclosed basis and, therefore, does not hold or maintain any customer accounts. The Company is a registered broker under the Securities and Exchange Act of 1934 and is a member of FINRA (the Financial Industry Regulatory Authority) and SIPC (Securities Investor Protection Corp).

Note 2

Summary of significant accounting policies

Codification of accounting standards

On July 1, 2009, the Financial Accounting Standards Board (“FASB”) issued FASB Accounting Standards Codification (“ASC”) 105, “Generally Accepted Accounting Principles,” which establishes the FASB ASC as the sole source of authoritative generally accepted accounting principles (“GAAP”). Pursuant to the provisions of FASB ASC 105, the Company has revised its financial statement disclosures by eliminating specific references to standards and has adopted the “plain English” approach in describing its adherence to certain standards. The adoption of FASB ASC 105 did not impact the Company’s financial position or results of operations.

Revenue recognition

Commission revenue is recognized when commissions are earned and the amount and timing of revenue can be reasonably estimated.

Receivable from broker-dealers and clearing organizations

Receivables from broker-dealers and clearing organizations consist of commissions due under normal trade terms. The Company provides an allowance for doubtful collections which is based on a review of outstanding receivables, historical collection information, and existing economic conditions. At December 31, 2009 there was no reserve for uncollectible receivables.

Marketable securities

The Company accounts for its marketable securities at fair value, as the Company has categorized them as available-for-sale securities. Accordingly, unrealized holding gains and losses are excluded from earnings and reported in other comprehensive income, which is a separate component of stockholder's equity. Realized gains or losses are computed based on specific identification of the securities sold and are included in earnings.



DAVINCI CAPITAL MANAGEMENT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2009

Note 2

Summary of significant accounting policies (continued)

Property and equipment

Property and equipment is stated at cost. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of the related assets. Normal repair and maintenance costs are expensed as incurred.

Income taxes

The Company accounts for income taxes using an asset and liability approach. The difference between the financial statement and tax basis of assets and liabilities is determined annually. Deferred income tax assets and liabilities are computed for those differences that have future tax consequences using the currently enacted tax laws and rates that apply to the periods in which they are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce the deferred tax asset to the amount that will more likely than not be realized. Income tax expense or benefit from income taxes is the current tax payable or refundable for the period plus or minus the net change in the deferred tax assets or liabilities.

Income tax positions

In June 2006, FASB issued a standard that clarifies the accounting and recognition of income tax positions taken or expected to be taken in the Company's income tax returns. The Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The Company adopted the standard effective January 1, 2009. The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2006-2008.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fair value

Accounting standards require expanded disclosures to provide information about the extent to which fair value is used to measure certain assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. The Company's financial assets and liabilities reflected in the financial statements at fair value include securities owned (see Note 4). See Note 8 for additional information.



DAVINCI CAPITAL MANAGEMENT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2009

Note 2 **Summary of significant accounting policies (continued)**

Subsequent events

The Company has evaluated subsequent events through February 23, 2010, which is the date the financial statements were available to be issued.

Note 3 **Deposits with clearing organization**

The Company contracted with National Financial Services, Inc. ("NFS") to act as their clearing agent. In connection with this agreement, NFS has required the Company to maintain a deposit of \$25,000 which is held in an interest bearing account and is included in deposits with clearing organization on the accompanying statement of financial condition.

Note 4 **Securities owned**

The Company owns common stock in the NASDAQ Stock Market, Inc. These securities are deemed to be readily marketable. The estimated fair value at December 31, 2009 was \$17,838, as determined by quoted market prices. The cost of the securities was \$25,950. See Note 8 for additional information. In 2009, the Company exercised warrants to purchase additional shares of the NASDAQ Stock. The gain recognized of \$13,050 is included in other revenue on the statement of loss for the year ended December 31, 2009.

Note 5 **Property and equipment**

Property and equipment consisted of the following at December 31, 2009:

	<u>Estimated Useful Lives</u>	
Computer equipment	3 years	\$21,820
Leasehold improvements	Life of lease	<u>4,056</u>
		25,876
Less accumulated depreciation and amortization		<u>14,531</u>
		<u>\$11,345</u>

Depreciation and amortization expense for the year ended December 31, 2009 was \$5,770.



DAVINCI CAPITAL MANAGEMENT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2009

Note 6

Income taxes

The deferred tax asset, and related valuation allowance, includes the following components at December 31, 2009:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Deferred tax asset	\$ 97,500	\$ 27,500	\$125,000
Valuation allowance	(97,500)	(27,500)	(125,000)
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Company recognizes deferred taxes for operating losses that are available to offset future federal and state income taxes. The Company has available net operating loss carryforwards of approximately \$286,000 for federal and Massachusetts state tax purposes. The federal and state net operating losses can be used to offset future taxable income and expire at various dates through December 2029 and December 2014, respectively.

The valuation allowance was established to reduce the deferred tax asset to the amount that will more likely than not be realized. This reduction is necessary due to uncertainty as to the Company's ability to utilize all of its net operating loss carryforwards before they expire. The change in the valuation allowance for the year ended December 31, 2009 was an increase of \$24,500.

Note 7

Net capital requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of a minimum net capital balance and requires that the Company's aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1.

At December 31, 2009 the Company's net capital was \$129,580, which was \$124,580 in excess of its required net capital of \$5,000. The Company's net capital ratio was 29%.

Note 8

Fair value measurements

Accounting standards require all financial assets and liabilities be recognized or disclosed in the financial statements on a recurring basis (at least annually). The standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.



DAVINCI CAPITAL MANAGEMENT, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2009

Note 8 **Fair value measurements (continued)**

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in markets that are not active; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data for the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. These inputs reflect the Company's assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following table summarizes the valuation of the Company's financial assets and liabilities at December 31, 2009:

Financial Asset (Liability)	December 31, 2009	Level 1	Level 2	Level 3
Securities	\$19,863	\$19,863	\$ -	\$ -
Total	\$19,863	\$19,863	\$ -	\$ -

The marketable securities measured using level 1 inputs are valued based on readily available market prices (see Note 4).

Note 9 **Related party transactions**

The Company is wholly owned by Airgead LLC whose majority shareholder controls Comprehensive Insurance Providers ("CIP"). The Company received \$41,991 of other revenue from CIP during the year ended December 31, 2009.

The Company leases its office space from a related entity as a tenant at will. Rent expense was \$12,000 for the year ended December 31, 2009.



To the Board of Directors and Stockholder
of DaVinci Capital Management, Inc.

In planning and performing our audit of the financial statements of DaVinci Capital Management, Inc. (the "Company") as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's 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 consideration of control activities for safeguarding securities. This study included 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 17(a)-3(a)(11) and for determining compliance with 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 and recordation of differences required by rule 17a-13.
2. Complying with the requirements of prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

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 practice procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC 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 the inherent limitations in internal control and 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 they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be a material weakness. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, 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 and 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, as described in the second paragraph of this report, were adequate at December 31, 2009 to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority 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.

Chestnut Hill, MA
February 23, 2010



DAVINCI CAPITAL MANAGEMENT, INC.

COMPUTATION OF NET CAPITAL PURSUANT TO
UNIFORM NET CAPITAL RULE 15c3-1
Year Ended December 31, 2009

Net capital		
Stockholder's equity	\$	145,521
Deductions and charges:		
Nonallowable assets:		
Other trade receivables	(853)	
Property and equipment, net	<u>(11,345)</u>	<u>(12,198)</u>
Net capital before haircuts on securities positions		133,323
Haircuts on securities:		
Trading and investing securities:	(3,246)	
Undue concentration	<u>(497)</u>	<u>(3,743)</u>
Net capital	\$	<u>129,580</u>
Aggregate indebtedness		
Accounts payable and accrued expenses	\$	<u>37,284</u>
Computation of basic net capital requirement		
Minimum net capital required	\$	2,487
Minimum dollar net capital required		5,000
Net capital requirement		5,000
Excess net capital	\$	<u>124,580</u>
Excess net capital at 1000%	\$	<u>125,852</u>
Percentage of aggregate indebtedness to net capital		29%
Reconciliation with Company's computation (included in part II of form X-17A-5 as of December 31, 2009)		
Net capital, as reported in Company's part II (unaudited) focus report	\$	141,480
Changes in stockholder's equity:		
Cash	591	
Receivable from broker-dealers	(6,074)	
Deposits with clearing organization	263	
Accounts payable and accrued expenses	<u>(6,680)</u>	<u>(11,900)</u>
Net capital per above	\$	<u>129,580</u>



DAVINCI CAPITAL MANAGEMENT, INC.

STATEMENT REGARDING RULE 15c3-3

December 31, 2009

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (K)(2)(ii) of that Rule.