

4/4



06007548

SECUR

SION

Washington, D.C. 20549

AB 4/1/06

OMB APPROVAL
OMB Number: 3235-0123
Expires: January 31, 2007
Estimated average burden hours per response... 12.00

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

SEC FILE NUMBER
8-53239

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 01/01/05 AND ENDING 12/31/05
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Vantage Securities Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
470 Atlantic Ave., 4th floor

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)
Boston MA 02210
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Brent Hippert 617-273-8401
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Stark Winter Schenkein & Co., LLP

(Name - if individual, state last, first, middle name)
7535 East Hampden Ave. Suite 109 Denver CO 80231
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

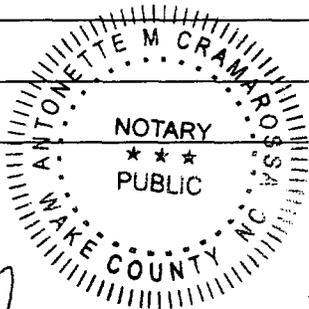
PROCESSED
JUN 14 2006
THOMSON FINANCIAL

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)

OATH OR AFFIRMATION

I, Tom Ashton, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Vantage Securities, Inc., as of Mar 6, 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:



[Signature]
Signature
CEO
Title

Antoinette M. Cramarosa
Notary Public
1-4-2011 exp.

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).

Vantage Securities, Inc.

As of and for the Year Ended
December 31, 2005

Vantage Securities, Inc.
Table of Contents

	<u>Page</u>
Report of Independent Auditors	1
Statement of Financial Condition	2
Statement of Income	3
Statement of Changes in Stockholder's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9
SUPPLEMENTAL INFORMATION	
Schedule I – Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	10
Report on Internal Control	11-12



STARK • WINTER • SCHENKEIN

REPORT OF INDEPENDENT AUDITORS

To the Shareholder of
Vantage Securities, Inc.

We have audited the accompanying statement of financial condition of Vantage Securities, Inc. as of December 31, 2005, and the related statements of income, 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 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 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 Vantage Securities, Inc. as of December 31, 2005, 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 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 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.

Stark Winter Schenkein & Co., LLP

Denver, Colorado
February 20, 2006

STARK • WINTER • SCHENKEIN & CO., LLP • *Certified Public Accountants • Financial Consultants*

7535 EAST HAMPDEN AVENUE • SUITE 109 • DENVER, COLORADO 80231
PHONE: 303.694.6700 • FAX: 303.694.6761 • TOLL FREE: 888.766.3985 • WWW.SWSCPAS.COM
AN INDEPENDENT MEMBER OF BKR INTERNATIONAL

Vantage Securities, Inc.
Statement of Financial Condition
December 31, 2005

ASSETS

Cash	\$ 209,326
Income tax refunds receivable	111,244
Prepaid expenses	<u>10,603</u>
	<u>\$ 331,173</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES:

Accounts payable, related party	\$ 55,527
Accrued expenses	<u>8,298</u>
	<u>63,825</u>

STOCKHOLDER'S EQUITY:

Preferred stock, 20,000,000 undesignated shares authorized	-
Common stock, \$.001 par value, 80,000,000 shares authorized, 8,500,000 shares issued and outstanding	8,500
Paid-in capital	207,523
Retained earnings	<u>51,325</u>
	<u>267,348</u>
	<u>\$ 331,173</u>

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

Vantage Securities, Inc.
Statement of Income
For The Year Ended December 31, 2005

REVENUES:	
Commissions	\$ 4,293,460
Interest Income	<u>3,126</u>
Total revenue	<u>4,296,586</u>
EXPENSES:	
License and marketing fees	2,993,887
Administrative services	200,500
Employee compensation	754,417
Professional services	213,274
Clearing	2,952
Regulatory fees	13,723
Other operating	<u>1,462</u>
Total expenses	<u>4,180,215</u>
INCOME BEFORE PROVISION FOR INCOME TAXE	116,371
Provision for income taxes	<u>71,583</u>
NET INCOME	<u><u>\$ 44,788</u></u>

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

Vantage Securities, Inc.
Statement of Stockholder's Equity
Year Ended December 31, 2005

	<u>Common Stock</u>		<u>Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance December 31, 2004	8,500,000	\$ 8,500	\$ 207,523	\$ 6,537	\$ 222,560
Net income	-	-	-	44,788	44,788
Balance December 31, 2005	<u>8,500,000</u>	<u>\$ 8,500</u>	<u>\$ 207,523</u>	<u>\$ 51,325</u>	<u>\$ 267,348</u>

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

Vantage Securities, Inc.
Statement of Cash Flows
Year Ended December 31, 2005

OPERATING ACTIVITIES

Net income	\$ 44,788
Adjustments to reconcile net income to net cash (used in) operating activities:	
Changes in:	
Accounts receivable	3,541
Deposits	15,007
Income tax refunds receivable	(111,244)
Prepaid expenses	(10,603)
Accounts payable	473
Accrued expenses	(96,787)
Accounts payable, related parties	24,311
Net cash (used in) operating activities	(130,514)

INVESTING ACTIVITIES

Net cash provided by investing activities	-
---	---

FINANCING ACTIVITIES

Net cash provided by financing activities	-
---	---

NET (DECREASE) IN CASH	(130,514)
------------------------	-----------

CASH AT BEGINNING OF YEAR	339,840
---------------------------	---------

CASH AT END OF YEAR	\$ 209,326
---------------------	------------

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid for:	
Interest	\$ -
Income taxes	\$ 111,244

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

Vantage Securities, Inc.
Notes to Financial Statements
December 31, 2005

Note 1 – Summary of significant accounting policies

Organization

Vantage Securities, Inc. (the "Company" or "Vantage") formerly MAS Capital Securities, Inc. was incorporated as MAS Trade.net, Inc. on September 27, 1999 in the State of Indiana. On October 29, 2001 the Company changed its name to MAS Capital Securities, Inc. Until November 2002, the Company was wholly owned by MAS Capital Securities Holdings, Inc., which is wholly owned by MAS Capital, Inc.

During November 2002, the Company's sole shareholder entered into an agreement to sell all of the issued and outstanding shares of the Company to Vantage Advisor Group, LLC (VAG or LLC). The sole shareholder agreed to transfer a 20% interest in the Company to VAG in exchange for \$5,000, which was paid during December 2002. In addition the sole shareholder agreed to transfer the other 80% interest in exchange for a cash payment of \$35,000, which was made during February 2003.

The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). The Company's primary source of revenue during 2004 was third party wholesale fees received on the sale of insurance products thru other broker-dealers.

The Company is considered an introducing broker whereby customer orders are accepted but are cleared through a clearing organization, which is unaffiliated with the Company. The agreement with the clearing organization is described in Note 2.

Revenue recognition

Commission revenue and related clearing expenses are recorded on a trade-date basis as securities transactions occur. Customers' securities and commodities transactions are reported on a settlement date basis.

Wholesale fees on the sale of insurance products to other broker-dealers are recognized when the sales are completed, the amounts can be reasonably estimated and the collection assured. Typically, revenue is recognized in the month following the production.

Investment banking revenues include gains, losses, and fees, net of out of pocket expenses, arising from securities offerings in which the Company acts as an agent. Investment banking revenues also include fees earned from providing merger-and-acquisition and financial restructuring advisory services. Investment banking management fees are recorded on the offering date and sales concessions on the settlement date. Nonrefundable retainers for advisory services are recorded upon receipt.

Vantage Securities, Inc.
Notes to Financial Statements
December 31, 2005

Income taxes

The Company follows Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes" ("SFAS No. 109") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ significantly from those estimates.

Cash and cash equivalents

For the purpose of the statements of cash flows, all highly liquid investments with the maturity of three months or less are considered to be cash equivalents.

Fair value of financial instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2005. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments are cash, income tax refund receivable, and accounts payable. Fair values were assumed to approximate carrying values for these instruments because they are short term in nature and their carrying amounts approximate fair values.

Vantage Securities, Inc.
Notes to Financial Statements
December 31, 2005

Concentrations

From time to time, the Company's cash account balances may exceed federally insured limits. The Company has not experienced any losses to date.

During 2005, all of the Company's sales have been insurance products of one customer. There are several other such companies available with which to transact business that the company is pursuing. The Company does not believe it has significant risks associated with this customer.

Note 2 – Income taxes

Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

The Company has net operating loss carryforwards aggregating approximately \$151,000, which expire through 2022. The deferred tax asset has been fully reserved. The Company has no permanent differences and the temporary differences primarily relate to the timing of certain accrued expenses. During the year ended December 31, 2005, the Company incurred state income taxes approximating \$31,635. This amount includes taxes due in 2005 in addition to estimated payments for 2005 taxable income. The provision for federal income taxes of \$39,948 has been recorded based on currently effective tax rates. The Company made estimated tax payments during 2005 in excess of its liability. The excess is recorded in income tax refunds receivable in the accompanying financial statements.

Note 3 – Capital requirements

The Company is subject to the SEC 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. At December 31, 2005, the Company had net capital of \$145,500, which was \$140,500 in excess of its required net capital of \$5,000.

Note 4 – Related party transactions

Effective December 1, 2003, the Company entered into an Expense Allocation Agreement with VAG. This was amended effective June 1, 2005. Under this agreement, the Company pays VAG a monthly fee ranging from \$11,500 to \$24,000 per month in 2005 for expense allocations, plus an 80% license fee which approximates 80% of revenues less marketing allowances and commission expense. During 2005, the Company paid VAG, related to this agreement, a total of \$2,923,264 for license and marketing fees and \$200,500 for expense allocations.

Vantage Securities, Inc.
Notes to Financial Statements
December 31, 2005

On January 1, 2004, the Company entered into an Investment Advisory Service agreement with Vantage Advisors, LLC. Under the provisions of this agreement, Vantage Advisors, LLC will provide specified services for a fee, payable quarterly, equal to 0.05% of assets in the asset allocation program, as defined. During 2005 the Company paid Vantage Advisors, LLC \$171,569 for advisory services, which is included in professional services in the accompanying financial statements.

Vantage Securities, Inc.
Schedule I - Computation Of Net Capital Under Rule 15c3-1
Of The Securities And Exchange Commission
December 31, 2005

Stockholder's equity per Statement of Financial Condition	<u>\$ 267,347</u>
Less: Nonallowable assets	(121,847)
Haircut on securities	<u>-</u>
Aggregate indebtedness - items included in financial statements	<u>63,825</u>
Basic net capital requirement (\$5,000 minimum)	<u>5,000</u>
Net capital	<u><u>\$ 145,500</u></u>
Ratio aggregate indebtedness to net capital	<u><u>44%</u></u>
Excess net capital	<u><u>\$ 140,500</u></u>
Net capital as reported in Company's Part II (unaudited) FOCUS report as of December 31, 2005	<u><u>\$ 145,500</u></u>



STARK • WINTER • SCHENKEIN

To the Shareholder of
Vantage Securities, Inc.

In planning and performing the audit of the financial statements and supplemental schedule of Vantage Securities, Inc. (the Company) for the year ended December 31, 2005, we consider 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 (SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17-a (5)(g) in the following: making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and the reserve required by 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 the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by rule 17a-13.
2. 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
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as 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 the 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 the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practice and procedures listed in the preceding paragraph.

Because of the inherent limitations in internal control or the practice 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. 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 control component 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 internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above.

STARK • WINTER • SCHENKEIN & CO., LLP • *Certified Public Accountants • Financial Consultants*

7535 EAST HAMPDEN AVENUE • SUITE 109 • DENVER, COLORADO 80231
PHONE: 303.694.6700 • FAX: 303.694.6761 • TOLL FREE: 888.766.3985 • WWW.SWSCPAS.COM
AN INDEPENDENT MEMBER OF BKR INTERNATIONAL

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 purpose 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 indicates 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 and use of the members, management, the SEC, 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 and should not be used by anyone other than those specified parties.

Stark Winter Schenkein & Co., LLP

Denver, Colorado
February 20, 2006