

SECUR



07001238

SION

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response.....	12.00

ML
2/27

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

SEC FILE NUMBER
8- 65717

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 1/1/2006 AND ENDING 12/31/2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: KelBra Securities, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

2001 Copper Loop, Suite 2

(No. and Street)

Las Cruces

(City)

NM

(State)

88005

(Zip Code)

MAR 09 2007

PERMISON
FINANCIAL

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

James D. Bicknell

505-525-1717

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Everett, Flesher, + Boetticher, P.C.

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

755 S. Telshor Blvd., Suite 201Q

(Address)

(City)

Las Cruces, NM

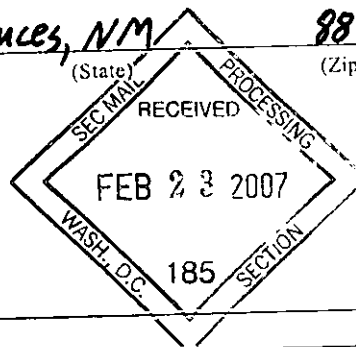
(State)

88011

(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)

PB
3/8

OATH OR AFFIRMATION

I, James D. Bicknell, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kelbra Securities, LLC 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:

No exceptions



OFFICIAL SEAL
VERONICA C. BICKNELL
NOTARY PUBLIC STATE OF NEW MEXICO
My commission expires: 9-17-07

James D. Bicknell
Signature

President
Title

Veronica C. Bicknell
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).

KelBra Securities, LLC
Las Cruces, New Mexico

Audited Financial Statements
For the Years Ended
December 31, 2006 and 2005

KelBra Securities, LLC

FINANCIAL STATEMENTS

December 31, 2006 and 2005

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Condition	2
Statements of Income and Member's Capital	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 6
Supplementary Information	
Independent Auditor's Report on Supplementary Information Required by Rule 17a-5 of the Securities and Exchange Commission	7
Computations of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	8
Independent Auditor's Report on Internal Control required by Rule 17a-5 of the Securities and Exchange Commission	9

Jeffrey M. Everett, CPA
Barry K. Flesher, CPA
Wendy A. Boetticher, CPA

Telephone: (505) 522-2244
Fax: (505) 522-8049
jeff@efbcpa.com
barry@efbcpa.com
wendy@efbcpa.com

Independent Auditor's Report

To the Member of
KelBra Securities, LLC
Las Cruces, New Mexico

We have audited the accompanying statements of financial condition of KelBra Securities, LLC (a New Mexico limited liability company) as of December 31, 2006 and 2005, and the related statements of income and member's capital and cash flows for the years 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 audits in accordance with U.S. generally accepted auditing standards. 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 audits provide 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 KelBra Securities, LLC as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with U. S. generally accepted accounting principles.

Everett, Flesher & Boetticher, P.C.

Everett, Flesher & Boetticher, P.C.

February 8, 2007

KelBra Securities, LLC

STATEMENTS OF FINANCIAL CONDITION

	<u>ASSETS</u>	
	December 31,	
	<u>2006</u>	<u>2005</u>
Assets		
Cash and cash equivalents	\$ 18,996	\$ 27,893
Receivable from broker-dealers	22,434	17,463
Furniture and equipment, net of accumulated depreciation of \$0 and \$2,122, respectively (Note 4)	-	3,680
TOTAL ASSETS	<u>\$ 41,430</u>	<u>\$ 49,036</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities		
Accounts payable	\$ 1,004	\$ 123
Sales tax payable	1,492	6,725
Total Liabilities	<u>2,496</u>	<u>6,848</u>
Member's Equity		
Capital	<u>38,934</u>	<u>42,188</u>
Total Member's Equity	<u>38,934</u>	<u>42,188</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 41,430</u>	<u>\$ 49,036</u>

The accompanying notes are an integral part of these Financial Statements.

KelBra Securities, LLC

STATEMENTS OF INCOME AND MEMBER'S CAPITAL

	For the Year Ended December 31,	
	2006	2005
Revenue		
Sale of investment company shares	\$ 76,278	\$ 117,626
Expenses		
B/D registration fees	921	1,113
Bank service charges	75	-
Chargeback expense	-	1,073
Continuing education	90	254
Depreciation expense	609	1,360
Due and subscriptions	40	50
Insurance	364	480
Licenses and permits	35	55
Office supplies	231	1,133
Postage and delivery	460	452
Professional fees	3,657	4,062
Repairs	-	599
Taxes	-	5,624
Telephone	2,285	3,357
Affiliate shared expenses	840	-
Total Expenses	9,607	19,612
Other Income (Expense)		
Gain (loss) on disposal of assets	-	(347)
Net Income	66,671	97,667
Member's Capital, Beginning of the Year	42,188	42,696
Capital withdrawals	(69,925)	(98,175)
Member's Capital, End of the Year	\$ 38,934	\$ 42,188

The accompanying notes are an integral part of these Financial Statements.

KelBra Securities, LLC

STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 66,671	\$ 97,667
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	609	1,360
Loss on disposal of assets	-	347
Change in assets and liabilities causing increase (decrease) in cash:		
Receivable from broker-dealers	(4,972)	(10,265)
Accounts payable	881	(157)
Sales tax payable	(5,233)	6,725
NET CASH PROVIDED BY OPERATIONS	<u>57,956</u>	<u>95,677</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	<u>3,072</u>	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>3,072</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Member capital withdrawals	<u>(69,925)</u>	<u>(98,175)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(69,925)</u>	<u>(98,175)</u>
NET CASH INCREASE (DECREASE) DURING THE YEAR	<u>(8,897)</u>	<u>(2,498)</u>
CASH, Beginning of year	<u>27,893</u>	<u>30,391</u>
CASH, End of year	<u>\$ 18,996</u>	<u>\$ 27,893</u>

The accompanying notes are an integral part of these Financial Statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

1. Organization and Significant Accounting Policies

Organization. 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 is a New Mexico Limited Liability Company owned by James D. Bicknell.

Estimates. The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recognition of Income. Revenue from sale of investment company shares and related clearing expenses are reported on a trade-date basis as securities transactions occur.

Cash. For purposes of reporting cash flows, cash and cash equivalents include money market accounts and any investment instruments purchased with an original maturity of one year or less.

Accounts Receivable. Accounts receivables are recorded when invoices are issued. Receivables are written off when they are determined to be uncollectible. No allowance for doubtful accounts has been established. All receivables are considered collectible.

Furniture and Equipment. Furniture and equipment are recorded at cost. Depreciation is computed over lives of 5 to 7 years by the straight-line method for financial reporting purposes and under the methods prescribed by the Internal Revenue Service for tax purposes.

Concentrations of Risk. Revenues were generated from services to two clients. For the years ended December 31, 2006 and 2005, one client was accountable for 55% and 66%, respectively, of revenue and the other for 45% and 34%, respectively, of revenue.

The Company had only two customers. For the years ended December 31, 2006 and 2005, one customer represented 55% and 65%, respectively, of accounts receivable and the other for 45% and 35%, respectively, of accounts receivable.

2. Income Taxes

The Company is a single owner limited liability company which is a disregarded entity for income tax purposes. All elements of income and deductions are included in the tax return of the sole member.

3. Related Party Transactions

The Company is affiliated with Beacon Hill Ltd. Co. through the common ownership of James D. Bicknell. Both companies occupy the same premises. Under the affiliate agreement between the two companies, Beacon Hill Ltd. Co. is responsible for all rental or lease costs and utilities in connection with the property at

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006 and 2005

3. Related Party Transactions (continued)

2001 Copper Loop, Suite 2, Las Cruces NM. The Company has the ongoing benefit of using the facility and fixed assets of Beacon Hill Ltd. Co. without charge. KelBra Securities LLC will reimburse Beacon Hill Ltd. Co. for payroll expenses at a rate of 20% based primarily on the amount of time the employee spends on activities for KelBra Securities LLC. All other expenses, such as telephone, office supplies, internet connection, and postage are allocated between the two companies based on employee man hours worked for each Company. This determination is made on January 1 of each year. The allocation of expenses for 2006 and 2005 was Beacon Hill Ltd. Co. 35% and KelBra Securities LLC 65%.

4. Depreciable Assets

Major classes of depreciable assets, their estimated useful lives, and related depreciation expense are as follows:

<u>Assets</u>	<u>Cost</u>		<u>Depr. Expense</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Office furniture	\$ -	\$ 2,045	\$ 220	\$ 330
Office equipment	-	3,757	389	752
Computer software	-	-	-	278
Totals	-	5,802	\$ 609	\$ 1,360
<u>Accumulated Depreciation</u>			<u>Useful Lives</u>	
Office furniture	-	713	5-7 Years	
Office equipment	-	1,409	5 Years	
Computer software	-	-	1-3 Years	
Total Accum. Depreciation	-	2,122		
Net Property and Equipment	\$ -	\$ 3,680		

5. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission 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 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn if the resulting net capital ratio would exceed 10 to 1). At December 31, 2006, the Company had net capital of \$38,934, which was \$33,934 in excess of its required net capital of \$5,000. The Company's net capital ratio was 0.0641 to 1. At December 31, 2005, the Company had net capital of \$38,508, which was \$33,508 in excess of its required net capital of \$5,000. The Company's net capital ratio was 0.1778 to 1.

Supplementary Information

Jeffrey M. Everett, CPA
Barry K. Flesher, CPA
Wendy A. Boetticher, CPA

Telephone: (505) 522-2244
Fax: (505) 522-8049
jeff@efbcpa.com
barry@efbcpa.com
wendy@efbcpa.com

Independent Auditor's Report on Supplementary Information
Required by Rule 17a-5 of the Securities and Exchange Commission

To the Member of
KelBra Securities, LLC
Las Cruces, New Mexico

We have audited the accompanying financial statements of KelBra Securities, LLC as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated February 8, 2007. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the accompanying schedule 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 and 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.

Everett, Flesher & Boetticher, P.C.

Everett, Flesher & Boetticher, P.C.

February 8, 2007

KelBra Securities, LLC

COMPUTATIONS OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION

	For the Year Ended December 31,	
	2006	2005
Net Capital		
Total member's equity	\$ 38,934	\$ 42,188
Deduct member's equity not allowable for net capital provided by operating activities	-	-
Total member's equity qualified for net capital	38,934	42,188
Deductions and/or charges:		
Nonallowable assets:		
Furniture and equipment, net	-	(3,680)
Net capital before haircuts on securities positions (tentative net capital)	38,934	38,508
Haircuts on securities	-	-
Net Capital	<u>\$ 38,934</u>	<u>\$ 38,508</u>
Aggregate indebtedness		
Items included in statement of financial condition		
Accounts payable	1,004	123
Sales tax payable	1,492	6,725
Items not included in statement of financial condition	-	-
Total aggregate indebtedness	<u>\$ 2,496</u>	<u>\$ 6,848</u>
Computation of basic net capital requirement		
Minimum net capital required	<u>\$ 5,000</u>	<u>\$ 5,000</u>
1/8 of aggregate indebtedness	<u>\$ 312</u>	<u>\$ 856</u>
Ratio: Aggregate indebtedness to net capital	<u>0.0641 to 1</u>	<u>0.1778 to 1</u>

A reconciliation with the Company's computation (included in Part II of Form X-17A-5 as of December 31, 2006 and 2005) is not included pursuant to Rule 17a-5(d)(4) as there were no material differences.

END