

OATH OR AFFIRMATION

I Michael Kadick, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kadick, Incorporated, 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:

J. Michael Kadick

Signature

President

Title

Notary Public

This report ** contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Operations.
(d) Statement of Cash Flows.
(e) Statement of Changes in Stockholders' Equity.
(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.
(o) Independent Auditors' Report on Internal Accounting Control.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

City/County of Albemarle
Commonwealth/State of Virginia
The foregoing instrument was acknowledged before me this 20 day of February, 2007, by J. Michael Kadick
Notary Public
My commission expires: 6-30-09

Kadick, Incorporated
Statement of Financial Condition
December 31, 2006

Assets

Cash	\$	44,524
Securities owned, marketable at market value		24,669
Deposit with clearing broker		100,000
Receivable from broker		639
Loan receivable, stockholder		7,371
Other assets		5,728
Total assets	\$	182,931

Liabilities and Stockholders' Equity

Liabilities

Accrued expenses	\$	30,786
Total current liabilities		30,786

Commitment

Stockholders' Equity

Common stock, \$.01 par value; 20,000 shares authorized, 2,667 shares issued and outstanding		27
Contributed capital		181,452
Accumulated deficit		(29,334)
Total stockholders' equity		152,145

Total liabilities and stockholders' equity	\$	182,931
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The accompanying notes are integral part of this financial statement.

Kadick, Incorporated
Notes to Financial Statement
December 31, 2006

1. General

Kadick, Incorporated (the "Company"), a registered broker-dealer, is subject to regulation by the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers, Inc. ("NASD"). The Company's primary business is trading corporate bonds with institutional customers throughout the United States of America.

2. Summary of Significant Accounting Policies

Securities Transactions

Securities transactions and related expenses are recorded on a trade-date basis. Marketable securities owned are valued at quoted market values.

Cash Equivalents

The Company considers highly liquid investments with original maturities of less than three months when purchased to be cash equivalents.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Company elected to be treated as an S Corporation under the provisions of the Internal Revenue Code. Accordingly, the Company is not subject to federal income tax. The stockholders are required to report separately their distributive shares of the Company's income or loss to federal tax authorities. In addition, the Company has elected S Corporation status for state tax purposes. The City of Charlottesville, Virginia imposes a local tax based on revenues.

3. Securities Owned

Marketable securities consists of the following at fair market value:

Equities	\$ 24,469
U.S. Government Money Market Fund	200
	<u>\$ 24,669</u>

Kadick, Incorporated
Notes to Financial Statements
December 31, 2006

4. Loan Receivable - Stockholder

The Company has made non-interest bearing, demand loans totaling \$7,371, to a stockholder/officer.

5. Operating Lease

The Company leases office space in Charlottesville, Virginia, under a noncancellable operating lease which expires September 30, 2008. Future minimum annual rent payments under the terms of the lease are \$17,628 for 2007, and \$13,518 for the nine months ended September 30, 2008.

6. Net Capital Requirements

The Company is subject to the net capital requirements of rule 15c3-1 of the Securities and Exchange Commission which requires a broker-dealer to have at all times sufficient liquid assets to cover current indebtedness. In accordance with the rule, the Company is required to maintain defined minimum net capital of the greater of \$100,000 or 1/15 of aggregate indebtedness. At no time may the ratio of aggregate indebtedness, as defined, to net capital exceed 15 to 1.

At December 31, 2006, the Company has net capital, as defined, of \$133,845 which is \$33,845 in excess of its required net capital of \$100,000. The Company has aggregate indebtedness of \$30,786. The Company's ratio of aggregate indebtedness to net capital is .23 to 1 at December 31, 2006.

7. Off-Balance-Sheet Risk

The Company utilizes the services of a clearing broker for the settlement of proprietary and customer transactions. All customers' money balances and security positions (long and short) are carried on the books of the clearing broker. These activities may expose the Company to off-balance-sheet credit risk in the event that the clearing broker or the customer is unable to fulfill their obligations.

The Company may, from time to time, have cash in excess of FDIC insured limits and is exposed to the credit risk resulting from this concentration of cash.

The Company's Statement of Financial Condition as of December 31, 2006 is available for examination at the office of the Company and at the Regional Office of the Securities and Exchange Commission.

Independent Auditors' Report

To the Board of Directors
Kadick, Incorporated

We have audited the accompanying statement of financial condition of Kadick, Incorporated (the "Company") as of December 31, 2006, that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement referred to above presents fairly, in all material respects, the financial position of Kadick, Incorporated at December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Wesser LLP

Lake Success, N.Y.
February 22, 2007

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