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

SEC FILE NUMBER
8-45215

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 01/01/2006 AND ENDING 12/23/2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Magna Securities Corp.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
420 Lexington Avenue, Suite 2220

(No. and Street)

New York

(City)

NY

(State)

10170

(Zip Code)

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

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Peter D. Willner, CPA.

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

25 Mohegan Trail

(Address)

Saddle River

(City)

NJ

(State)

07458

(Zip Code)

CHECK ONE:

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

PROCESSED

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FINANCIAL

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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)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Patricia A. Winans, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Magna Securities Corp., 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:

Patricia A. Winans

Signature

CEO

Title

sworn to me on this date 2-23-07

Stef L. Blandon
Notary Public

Stefanie L. Blandon
Notary Public, State of New York
No. 01BL6149447
Qualified in New York County
Commission Expires 7-11-2010

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).

MAGNA SECURITIES CORP.

**COMPARATIVE FINANCIAL STATEMENTS
FOR THE YEARS ENDING
DECEMBER 31, 2006 AND 2005**

MAGNA SECURITIES CORP.

**COMPARATIVE FINANCIAL STATEMENTS
FOR THE YEARS ENDING
DECEMBER 31, 2006 AND 2005**

Facing page to form X-17A-5	
Affirmation of president	
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Computation of net capital pursuant to rule 15c3-1	

PETER D. WILLNER & CO.
Certified Public Accountants
25 Mohegan Trail
Saddle River, N. J. 07458

Tel: 201-995-9707
Fax: 201-995-9708

REPORT OF INDEPENDENT ACCOUNTANT

To the Shareholders of
MAGNA SECURITIES CORP.

We have audited the accompanying balance sheet of **MAGNA SECURITIES CORP.** as of December 31, 2006 and 2005 and the related statements of income, changes in stockholders' equity 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 audit in accordance with 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 **MAGNA SECURITIES CORP.** 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 generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the basic financial statements, taken as a whole. The statement of the computation of the minimum capital requirements is presented for the purpose 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 examination 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.

February 21, 2007



Peter D. Willner, C.P.A.

PETER D. WILLNER & CO.
Certified Public Accountants
25 Mohegan Trail
Saddle River, N. J. 07458

Tel: 201-995-9707
Fax: 201-995-9708

REPORT ON INTERNAL ACCOUNTING CONTROL

To the Shareholders of
MAGNA SECURITIES CORP.

We have examined the financial statements of **MAGNA SECURITIES CORP.** as of December 31, 2006 and have issued our report thereon dated February 21, 2007. As part of our examination, we made a study and evaluation of the Company's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and required by rule 17a-5(g)(1). This study and evaluation included a review of the accounting system, the internal accounting controls, and the procedures for safeguarding firm assets. In addition, we reviewed the practices and procedures followed by the Company in making periodic computations of the minimum financial requirements pursuant to rule 17a-3(a)(11).

Under generally accepted auditing standards, the purpose of such study and evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to provide a basis for reporting weaknesses in internal accounting control.

The objectives of internal accounting controls are to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management. However, for the purposes of this report, the determination of weaknesses to be reported was made without considering the practicability of corrective action by management within the framework of a cost/benefit relationship.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends on segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting controls to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal accounting controls for the year ending December 31, 2006, which was made for the purpose set forth in the first paragraph above and which would not necessarily disclose all weaknesses in the system that may have existed during the period under review, disclosed no weaknesses that we believe to be material.

February 21, 2007

A handwritten signature in black ink, appearing to read "Peter D. Willner", with a stylized flourish at the end.

Peter D. Willner, C.P.A.

MAGNA SECURITIES CORP.

**COMPARATIVE STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
<u>INCOME</u>		
Commissions	\$ 10,508,444	\$ 12,633,369
Trading income/(loss)	1,085,033	749,037
Interest income	40,305	14,212
Dividend income	-	-
Total Income	<u>\$ 11,633,782</u>	<u>\$ 13,396,618</u>
<u>EXPENSES</u>		
Subordinated loan interest (Note 6)	\$ 156,000	\$ 156,000
Interest expense	20,600	180,849
Marketing services	2,479,706	4,695,218
Employee compensation	2,488,984	2,719,081
Office expenses	243,792	246,730
Clearing commissions, floor brokerage	3,228,034	2,842,091
Regulatory fees	26,931	18,493
Insurance expense	54,627	52,671
Entertainment	71,654	56,376
Professional fees	78,582	87,849
Travel	134,372	136,354
Quotation service	727,848	643,318
Dues and subscriptions	84,309	32,312
Telephone & communications expense	118,959	124,169
Depreciation & amortization expense	115,884	166,635
Rent expense (Note 3)	592,418	483,677
Consulting fees	315,416	15,458
Equipment leasing	131,147	170,713
Other administrative expenses	290,310	91,089
Total Expenses	<u>\$ 11,359,573</u>	<u>\$ 12,919,083</u>
Net Income/(Loss) before Federal Income Tax	\$ 274,209	\$ 477,535
Federal Income Tax Provision (Note 2)	-	-
<u>NET INCOME/(LOSS)</u>	<u>\$ 274,209</u>	<u>\$ 477,535</u>
Earnings/(Loss) per share (Note 5)	<u>\$ 2,742.09</u>	<u>\$ 4,775.35</u>

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

MAGNA SECURITIES CORP.

**COMPARATIVE STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>Contributed Capital</u>	<u>Undistributed Profit</u>	<u>2006</u>	<u>2005</u>
Stockholders' Equity, Beginning	\$ 100	\$ 942,844	\$ 942,944	\$ 465,409
Net Income/(Loss)		274,209	274,209	477,535
(Less): Distributions	-	<u>\$ (154,264)</u>	<u>\$ (154,264)</u>	<u>-</u>
Stockholders' Equity, Ending	<u>\$ 100</u>	<u>\$ 1,062,789</u>	<u>\$ 1,062,889</u>	<u>\$ 942,944</u>

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

MAGNA SECURITIES CORP.

**COMPARATIVE BALANCE SHEETS
AS OF DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
ASSETS		
Current Assets:		
Cash	\$ 1,373,405	\$ 1,123,382
Cash deposit at brokers and dealers	110,652	110,269
Commissions receivable	480,636	585,566
Total Current Assets	<u>\$ 1,964,693</u>	<u>\$ 1,819,217</u>
 Investments and Funds	 <u>\$ 16,777</u>	 <u>\$ 20,594</u>
Fixed Assets:		
Furniture and fixtures	\$ 286,195	\$ 245,373
Computer equipment	387,455	383,879
Leasehold improvements	464,812	287,513
Subtotal	<u>\$ 1,138,462</u>	<u>\$ 916,765</u>
(Less) Accum. Deprec. & amort.	(626,388)	(510,503)
Net book value	<u>\$ 512,074</u>	<u>\$ 406,262</u>
Security deposit and other assets	\$ 288,442	\$ 408,389
Total Assets	<u>\$ 2,781,986</u>	<u>\$ 2,654,462</u>
 LIABILITIES		
Current Liabilities:		
Accounts payable & accrued expenses	\$ 719,097	\$ 711,518
Total current liabilities	<u>\$ 719,097</u>	<u>\$ 711,518</u>
Subordinated loan payable (Note 6)	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Total Liabilities	<u>\$ 1,719,097</u>	<u>\$ 1,711,518</u>
 STOCKHOLDERS' EQUITY		
Common Stock, issued and outstanding	\$ 100	\$ 100
Paid in Capital	859,341	859,341
Retained Earnings - Beginning	\$ 83,503	\$(394,032)
Net income/(loss) for the year ended	274,209	477,535
Distributions	<u>(154,264)</u>	<u>-</u>
Retained Earnings/(Deficit), Ending	<u>203,448</u>	<u>83,503</u>
Total Stockholders' Equity	<u>\$ 1,062,889</u>	<u>\$ 942,944</u>
Total Liab. & Stockholders' Equity	<u>\$ 2,781,986</u>	<u>\$ 2,654,462</u>

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

MAGNA SECURITIES CORP.

**COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(Loss)	\$ 274,209	\$ 477,535
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation & amortization expense	115,884	166,635
Changes in assets and liabilities:		
(Increase) decrease in cash deposit at brokers and dealers	(383)	(219)
Decrease in due from brokers and dealers	-	163,199
(Increase) decrease in commissions receivable	104,930	(401,776)
Decrease in security deposits and other assets	119,948	176,611
Increase in accounts payable and accrued expenses	7,579	150,251
Net cash provided by operating activities	<u><u>\$ 622,167</u></u>	<u><u>\$ 732,236</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in Investments	\$ 3,817	\$ (20,594)
(Acquisition) of fixed assets and leasehold improvements	(221,697)	(57,507)
Distribution of Retained Earnings	(154,264)	-
Net cash provided by investing activities	<u><u>\$ (372,144)</u></u>	<u><u>\$ (78,101)</u></u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		
	\$ 250,023	\$ 654,135
CASH AND CASH EQUIVALENTS, beginning of year	1,123,382	469,247
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 1,373,405</u></u>	<u><u>\$ 1,123,382</u></u>

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

MAGNA SECURITIES CORP.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

1. ORGANIZATION AND NATURE OF BUSINESS

MAGNA SECURITIES CORP. was formed in September 1992 to engage primarily in securities brokerage activities. 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 (N.A.S.D.).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services, including agency transactions.

Securities Transactions

Customer's securities transactions are recorded on a settlement date basis with related commission income and expenses reported on a settlement date basis.

Commissions

Commissions and related clearing expenses are recorded on a settlement-date basis as securities transactions occur.

Income Taxes

The Company has elected to be treated as an "S" corporation for Federal income tax purposes. As a result of this election, no provision was made for Federal income taxes for years 2006 and 2005.

Statement of Cash Flows

For purposes of the Statements of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days, that are not held for sale in the ordinary course of business.

Depreciation

Depreciation is provided on a straight line basis using estimated useful lives of five to seven years. Leasehold Improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

MAGNA SECURITIES CORP.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

Financial Instruments with Off-Balance-Sheet Risk

In the normal course of business, the Company's customer activities involve the execution and settlement of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract as a loss. All transactions involving the execution and settlement of customer securities with a trade date of December 27, 28, and 29, 2006 were settled in January 2007 in fulfillment of contractual obligations without incident or exception.

3. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is obligated under an operating lease with a remaining term of seven years. Rent expense for 2006 was \$581,843. Aggregate annual rental for office space at December 31, 2006 are approximately as listed below:

2007	\$560,205
2008	\$560,205
2009	\$572,155
2010	\$584,219
2011	\$584,219
Thereafter	\$820,478

Equipment Lease Obligations:

The Company is obligated under various equipment lease agreements. Leases expire at various dates through September 2009. Lease expense for 2006 was \$131,147. Annual expenses thereafter are:

2007	\$ 36,149
2008	19,969
2009	19,057
2010	18,100
2011	<u>9,050</u>
Total	<u>\$102,325</u>

MAGNA SECURITIES CORP.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

4. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's Uniform net capital rule (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" examining authority also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2006, the Company had net capital of \$1,250,994 which was \$998,471 in excess of its required net capital of \$250,000. The Company's aggregate indebtedness to net capital was 58%. The percent of debt to debt-equity total computed in accordance with rule 15c3-1(d) was 48%.

5. EARNINGS PER SHARE

Earnings per share of common stock were computed by dividing net income by the weighted average number of common shares outstanding for the year (100 shares).

6. SUBORDINATED LOAN PAYABLE

The Company entered into a \$1,000,000.00 subordinated loan agreement with an unrelated party on June 12, 2003 with the approval of the N.A.S.D. The loan carries an interest rate of 12 percent per annum. The loan is due to mature on May 31, 2008. In compliance with Appendix D of S.E.C. Rule 15c3-1, prepayments, if any, of this subordinated loan requires the prior written approval of the N.A.S.D.

MAGNA SECURITIES CORP.

COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1
DECEMBER 31, 2006

Computation of Net Capital

Total capital from statement of financial condition	\$ 1,062,889
Subordinated Loan	<u>1,000,000</u>
	\$2,062,889
Total non-allowable assets	<u>(811,895)</u>
New capital before haircuts	\$1,250,994
Haircuts on cash & securities on deposit at brokers and dealers	<u>(2,523)</u>
Net Capital	<u>\$1,248,471</u>

Computation of Basic Net Capital Requirement

Minimum net capital required by 6.667% of \$719,097	\$ 47,939
Minimum net capital requirements of reporting broker-dealer	\$ 250,000
Net capital requirement	\$ 250,000
Excess net capital	\$ 998,471
Excess net capital at 1000%	\$ 1,176,561

Computation of Aggregate Indebtedness

Total A.I. Liabilities	\$ 719,097
Percentage of aggregate indebtedness to net capital	58%
Percentage of aggregate indebtedness to net capital after Anticipated capital withdrawals	58%
Percentage of debt to debt-equity total (Rule 15c3(d))	48%

A reconciliation with the corporation's computation of net capital as reported in the unaudited Part IIA of Form X-17A5 was not prepared as there are no material differences between the corporation's computation of net capital and the computation contained herein.



Peter D. Willner, C.P.A.

MAGNA SECURITIES CORP.

STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF CREDITORS
DECEMBER 31, 2006

	<u>2006</u>	<u>2005</u>
Subordinated Loan Payable	<u>\$1,000,000</u>	<u>\$1,000,000</u>
Total Subordinated Loan Payable	<u>\$1,000,000</u>	<u>\$1,000,000</u>

END