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

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 01/01/06 AND ENDING 12/31/06
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: STEVEN L. FALK & ASSOC. INC.

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

3245 ELK CLOVER ST.
LAS VEGAS, NV 89135
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

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*

ROSETT, MARSHALL S.
(Name - if individual, state last, first, middle name)
2 N. DEAN ST., ENGLEWOOD, NJ 07631
(Address) (City) (State) (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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*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, STEVEN L. FALK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of STEVEN L. FALK + ASSOCIATES, INC 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:

JOHN CITO
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 5/15/2011

Steven L. Falk
Signature
PRESIDENT
Title

[Signature]
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).

STEVEN L. FALK & ASSOCIATES, INC
FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2006

MARSHALL S. ROSETT CPA
2 NORTH DEAN STREET
ENGLEWOOD, NEW JERSEY 07631
TEL # 201 816-8008
FAX # 201 816-8306

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying balance sheet of Steven L. Falk & Associates, Inc. as of December 31, 2006 and the related statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Steven L. Falk & Associates, Inc. as of December 31, 2006 and the results of its operations and its cash flow for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Marshall S. Rosett CPA



Englewood, New Jersey February 20, 2007

STEVEN L. FALK & ASSOCIATES, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2006

ASSETS

Cash		\$ 18,124
Receivable from Broker-Dealer-Clearing Account		35,000
Marketable Securities at Market Value		42,461
Commissions Receivable		290,533
Fixed Assets		
Auto & Furniture & Fixtures	\$ 25,060	
Less Accumulated Depreciation	<u>5,012</u>	<u>20,048</u>
Total Assets		<u>\$ 406,166</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Accounts Payable	4,700
Accrued Commissions Payable	<u>256,086</u>
Total Current Liabilities	260,786
Total Liabilities	260,786

Stockholder's Equity

Common Stock, \$1.00 par value	
100 Shares, Authorized, Issued & Outstanding	100
Additional Paid-In -Capital	76,655
Retained Earnings	<u>68,625</u>
Total Stockholder's Equity	<u>145,380</u>
Total Liabilities and Stockholder's Equity	<u>\$ 406,166</u>

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

STEVEN L. FALK & ASSOCIATES, INC.
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2006

Revenues :

Commissions	\$ 5,037,836
Dividend Income	1,538
Interest Income	<u>15,282</u>
<u>Total Revenue</u>	\$ 5,054,656

Operating Expenses:

Registration Fees & Dues	31,454
Professional Fees	39,940
Line Charges/Software	9,953
Telephone	6,637
Travel, Entertainment, & Auto	32,373
Seminar & Training Expenses	19,009
Clearing/Execution Fees	50,702
Insurance	6,993
Depreciation	7,857
Office Expenses, Printing & Supplies	6,128
Commissions Paid	4,152,713
Unrealized Investment Gain	(4,093)
Contributions	2,666
Repairs & Maintenance	2,886
Postage	1,010
Payroll	731,515
Employee Benefits & Taxes	<u>35,010</u>

Total Operating Expenses 5,132,753

Net Loss \$ (78,097)

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

STEVEN L FALK & ASSOCIATES, INC.
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2006

Retained Earnings January 1, 2006	\$ 146,722
Net loss for the year	(78,097)
Retained Earnings December 31, 2006	\$ <u>68,625</u>

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

STEVEN L. FALK & ASSOCIATES, INC.
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2006

	Common stock & Paid in Capital	Retained Earnings	Total
Balance Jan. 1, 2006	\$ 76,755	\$ 146,722	\$ 223,477
Net Loss	-	\$ (78,097)	\$ (78,097)
Balance Dec. 31, 2006	\$ <u>76,755</u>	\$ <u>68,625</u>	\$ <u>145,380</u>

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

STEVEN L. FALK & ASSOCIATES, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2006

Cash flows from operating activities:	
Net Loss	\$ (78,097)
Adjustments to reconcile net income to net cash Provided by operating activities	
Depreciation	7,857
Changes in operating assets and liabilities:	
Commissions Receivable	(13,072)
Marketable Securities	(5,631)
Accounts Payable & Short term Loan	45,980
Net Cash from Operations	(42,963)
Cash flows from investing activities:	
Sale Fixed Assets	(2,454)
Net decrease in Cash and Cash Equivalents	(45,417)
Cash and Cash Equivalents- Beginning	<u>63,541</u>
Cash and Cash Equivalents-End	\$ <u>18,124</u>

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

COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition		145,380
			[3480]
2.	Deduct ownership equity not allowable for Net Capital		[3490]
3.	Total ownership equity qualified for Net Capital		145,380
			[3500]
4.	Add:		
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		0
			[3520]
	B. Other (deductions) or allowable credits (List)		
		[3525A]	[3525B]
		[3525C]	[3525D]
		[3525E]	[3525F]
			0
			[3525]
5.	Total capital and allowable subordinated liabilities		145,380
			[3530]
6.	Deductions and/or charges:		
	A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	20,625	[3540]
	B. Secured demand note deficiency		[3590]
	C. Commodity futures contracts and spot commodities - proprietary capital charges		[3600]
	D. Other deductions and/or charges		[3610]
			-20,625
			[3620]
7.	Other additions and/or credits (List)		
		[3630A]	[3630B]
		[3630C]	[3630D]
		[3630E]	[3630F]
			0
			[3630]
8.	Net capital before haircuts on securities positions		124,755
			[3640]
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):		
	A. Contractual securities commitments		[3660]
	B. Subordinated securities borrowings		[3670]
	C. Trading and investment securities:		

STEVEN L. FALK & ASSOCIATES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

Business Activity

The company is a securities broker registered with the Securities and Exchange Commission. The company commenced operations in 1983.

Summary of Significant Accounting Policies

Method of Accounting

The company maintains its books and records on the accrual basis for financial and Tax purposes.

Marketable Securities

Marketable Securities are carried at Market Value. The gross unrealized gain pertaining to these securities held in the investment account was \$ 4,093 at December 31, 2006.

Income taxes

The company has elected to be treated as an "S" Corporation for Federal Income Tax purposes. Consequently, the company's income is taxable to the stockholder.

MARSHALL S ROSETT CPA
2 NORTH DEAN STREET
ENGLEWOOD, NEW JERSEY 07631
TEL # 201 816-8008
FAX # 201 816-8306

February 20, 2007

Board of Directors
Steven L. Falk & Associates, Inc.
Las Vegas, NV 89135

I declare that no material inadequacies exist in your accounting systems. Since your firm currently consists of only a sole shareholder-employee, it does not allow for true internal controls or procedures for safeguarding of securities or assets. As of December 31, 2006 there were no securities transactions which transpired and therefore, no securities were ever in your possession. Thus, I was unable to observe the application of your safeguarding procedures as of that date.

Marshall S Rosett CPA

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Please be advised that no material differences existed between the audited computation of Net Capital and the Broker/Dealer's corresponding unaudited Part 111 Focus Report.

Marshall S. Rosett CPA

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February 20, 2007

Board of Directors
Steven L. Falk & Associates, Inc.
Las Vegas, NV 89135

**Independent Auditor's Report on Internal Control Structure Required by SEC
Rule 17a-5**

In planning and performing my audit of the financial statements of Steven L. Falk & Associates, Inc. for the year ended December 31, 2006, I considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by Steven L. Falk & Associates, Inc., including tests of compliance with such practices and procedures that I 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 17a3(a)(11) and the reserve required by rule 15c3-3(e). I did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirement for prompt payment for securities under Section 8 or Regulation T of the Board of Governors of the Federal Reserve System because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining a system of 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 access 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 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors 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 internal control components does not reduce to a relatively low level of risk that error or fraud in amounts that would be material in relation to 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, I noted no matters involving internal control, including control activities for safeguarding securities that I consider to be material weaknesses as defined above.

I 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 indicate a material inadequacy for such purposes. Based on this understanding, and my study, I believe that the Company's practices and procedures were adequate at December 31, 2006 to meet the SEC's objectives.

This report is intended for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc. 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 used by anyone other than these specific parties.

Marshall S Rosett CPA

February 20, 2007

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February 20, 2007

Board of Directors
Steven L Falk & Associates, Inc.
Las Vegas, NV 89135

Computation for determination of the reserve requirements of rule 15c3-3 and information related to the possession or control requirements of Rule 15c3-3.

The Company's transactions with clients consist of acting as an introducing broker-dealer to a clearing broker-dealer in securities on a fully disclosed basis. The Company transmits all customer security purchase funds directly to the clearing broker-dealer, who in turn carries all the accounts of such customers. The Company therefore meets the requirements of paragraph(k)(2)(ii) of Rule 15c3-3 and is exempt from the computation of cash reserve requirements for brokers and dealers.

END