



SECURITIES AND EXCHANGE COMMISSION  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8- 52618

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:

Superior Financial Services, Inc.

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

N168 W21931 Main Street

(No. and Street)

Jackson, WI 53037

(City)

(State)

(Zip Code)

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

William Haese

(262) 677-9036

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

William Matthews, CPA, SC

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

14040 W. Capitol Dr. Brookfield, WI 53005

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

MAR 21 2007

**FOR OFFICIAL USE ONLY**

THOMSON  
FINANCIAL

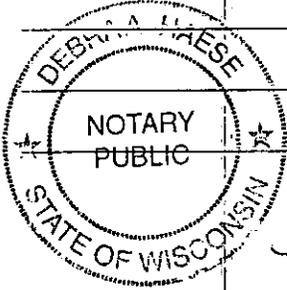
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

MM  
3/7

CM

OATH OR AFFIRMATION

I, William R. Haese, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Superior Financial Services, Inc., 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:



exp. 10/14/09

William R. Haese  
Signature

President  
Title

Debora A. Haese  
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).

SUPERIOR FINANCIAL SERVICES. INC

ANNUAL AUDIT REPORT

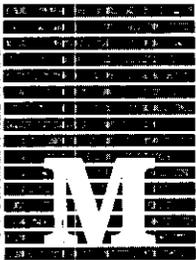
DECEMBER 31, 2006 and 2005

# SUPERIOR FINANCIAL SERVICES, INC.

YEARS ENDING DECEMBER 31, 2006 & 2005

## TABLE OF CONTENTS

	<u>PAGE</u>
Independent auditor's report	2
<u>FINANCIAL STATEMENTS</u>	
Statements of financial position	3
Statements of operations and retained earnings (deficit)	4
Statements of cash flows	5
Notes to financial statements	6
<u>SUPPLEMENTARY INFORMATION</u>	
Report of independent auditor on supplementary data	11
Supplementary schedule of other general and administrative expenses	12
Statements of changes in stockholders equity	13
Statements of changes in liabilities subordinated to claims of general creditors	14
Computation of net capital	15
Computation of excess net capital requirements	15
Reconciliation of the unaudited computation of net capital to the audited computation of net capital	16
Reconciliation of the unaudited computation of excess net capital to the audited computation of excess net capital	16
Letter on internal accounting control	17



**WILLIAM  
MATTHEWS  
C.P.A., S.C.**

## INDEPENDENT AUDITOR'S REPORT

February 16, 2007

To the Board of Directors of  
Superior Financial Services, Inc.

We have audited the accompanying statements of financial position of Superior Financial Services, Inc. as of December 31, 2006 and 2005 and the related statements of operations and retained earnings (deficit) and cash flows for the years then ended. 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. Management's procedures for safeguarding securities have also been reviewed. 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 Superior Financial Services, Inc. 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.

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P.O. Box 790  
Elm Grove, WI 53122-0790  
[www.wmcpa.com](http://www.wmcpa.com)

**WILLIAM MATTHEWS C.P.A., S.C.**  
CERTIFIED PUBLIC ACCOUNTING

Corporate Location:  
14040 West Capitol Drive  
Brookfield, WI 53005  
262-373-5000  
Fax 262-373-5007  
800-729-0712

**SUPERIOR FINANCIAL SERVICES, INC.**

**Statement of Financial Position**

**As of December 31, 2006 and December 31, 2005**

Assets	December 31, 2006			December 31, 2005		
	Allowable	Non-Allowable	Total	Allowable	Non-Allowable	Total
<b>Current Assets:</b>						
Cash - note 3	\$28,048		\$28,048	\$18,266		\$18,266
Commissions and related Receivables- note 4	21,814		21,814	33,346		33,346
Securities at market	6,406		6,406	4,200		4,200
Other assets and receivables		1,441	1,441		1,568	1,568
<b>Total Current Assets</b>	<b>56,268</b>	<b>1,441</b>	<b>57,709</b>	<b>55,812</b>	<b>1,568</b>	<b>57,380</b>
<b>Other Assets:</b>						
Security deposit with clearing house	35,000		35,000	35,000		35,000
<b>TOTAL ASSETS</b>	<b>\$91,268</b>	<b>\$1,441</b>	<b>\$92,709</b>	<b>\$90,812</b>	<b>\$1,568</b>	<b>\$92,380</b>
<b>Liabilities and Stockholders Equity</b>						
<b>Current Liabilities:</b>						
Accounts Payable			\$3,510			\$4,690
Loans From Shareholder			\$0			\$0
Commission payable - note 5			17,786			27,797
<b>Total Liabilities</b>			<b>\$21,296</b>			<b>\$32,487</b>
<b>Stockholders Equity:</b>						
Common stock - no par value, 9,000 shares authorized; 200 shares issued and outstanding in 2001 and 2000 respectively - note 8			\$10,000			\$10,000
Additional paid in capital			100,000			100,000
Unrealized capital gain(loss)			(40,459)			(41,679)
Retained earnings (deficit)			1,872			(8,428)
<b>TOTAL STOCKHOLDERS EQUITY</b>			<b>\$71,413</b>			<b>\$59,893</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>			<b>\$92,709</b>			<b>\$92,380</b>

The accompanying notes are part of these financial statements

**SUPERIOR FINANCIAL SERVICES, INC.**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2006 and December 31, 2005**

	For the Year Ended Dec. 31.	
	2006	2005
<b>Cash flow from Operating Activities</b>		
Net income (loss)	\$ 10,300	\$ 34,006
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	0	230
Change in current assets and liabilities		
Decrease (increase) in		
Commissions and related receivables	11,532	(10,307)
Investment in common stock - trading, at cost	(2,206)	(3,541)
Other Assets	261	(651)
Increase (decrease) in		
Commissions payable - note 5	(11,325)	4,676
Net cash provided by (used for) operating activities	8,561	24,413
<b>Cash Flow from Financing Activities</b>		
Increase in security deposits	0	0
Unrealized capital gain (loss)	1,220	(11,715)
Proceeds from issuance of common stock	0	0
Net cash provided by (used for) financing activities	1,220	(11,715)
<b>Net increase (decrease) in cash</b>	<b>9,782</b>	<b>12,698</b>
<b>Cash at beginning of year</b>	<b>18,266</b>	<b>5,568</b>
<b>Cash at end of year- note 3</b>	<b>\$ 28,048</b>	<b>\$ 18,266</b>

The accompanying notes are part of these financial statements

# SUPERIOR FINANCIAL SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004 and DECEMBER 31, 2003

### Note I - Summary of Significant Accounting Policies

#### Nature of Operations

Superior Financial Services, Inc. introduces and forwards, as a broker, all transactions and accounts of customers to another broker or dealer who carries such accounts on a fully disclosed basis. Superior Financial Services, Inc. promptly forwards all funds received from customers in connection with its activities as a broker.

#### Basis of Statement Preparation

The company's accounts are maintained on the accrual basis of accounting. As such, revenues are recognized when earned, and expenses and related liabilities are recorded in the period incurred.

#### Use of Estimates

The preparation of the accompanying financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenue, and expenses. Actual results may differ from these estimates.

#### Uncollectible Accounts

No allowance for uncollectible accounts has been provided since it is believed that the balance in accounts receivable is fully collectible.

#### Security Valuation

Investments in securities traded on a national securities exchange (or reported on NASDAQ national market) are stated at the last reported sales price on the day of valuation. The first-in, first-out method is used to determine the cost of each security at the time of sale. These securities are subject to off balance sheet risk due to the fact that market values are unpredictable.

#### Income Taxes

Income taxes are not provided for as the company has elected subchapter "S" status. Any tax liability is passed to the shareholders of the company on a prorata basis of ownership.

#### Advertising

Advertising costs are charged to operations when incurred.

# SUPERIOR FINANCIAL SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2006 and DECEMBER 31, 2005

### Note 2 - Corporate History

Superior Financial Services, Inc. was incorporated in 2000 and is registered as a licensed broker to deal in securities.

### Note 3 - Cash

The following is a summary of cash as of December 31, 2006 and December 31, 2005:

	December 31, 2006			December 31, 2005	
	Allowable	Non-Allowable	Total	Total	
Checking	\$ 38	\$ 0	\$ 38	\$ 339	
Money market	28,010	0	28,010	17,927	
Risk trading account	0	0	0	0	
<b>Total</b>	<b>\$ 28,048</b>	<b>\$ 0</b>	<b>\$ 28,048</b>	<b>\$ 18,266</b>	

### Note 4 - Commissions and Related Receivables

The following is a summary of commissions and related receivables as of December 31, 2006 and December 31, 2005.

Allowable	December 31, 2006		December 31, 2005	
	Non-Allowable	Total	Total	
\$21,814		\$23,039	\$33,345	

### Note 5 - Related Party Transactions: Due from (to) Associated Company

**Rent**  
Superior Financial Services, Inc. leases office space on an informal month-to-month basis from an associated company (Haese Financial Group, Inc.).

For the years ended December 31, 2006 and December 31, 2005, rent expense of \$24,000 per year was incurred.

### Management Fees

Superior Financial Services, Inc. pays rent to an associated company (Haese Financial Group, Inc.).

There were no rents payable as of December 31, 2006 and December 31, 2005.

February 16, 2007

To the Board of Directors of  
Superior Financial Services, Inc.

The accompanying financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Our audit of the basic financial statements was made for the purpose of forming an opinion on those statements taken as a whole. The accompanying financial information has been subjected to the same procedures applied to the audit of the related basic financial statements.

In our opinion, the accompanying financial information fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**SUPERIOR FINANCIAL SERVICES, INC.**  
**Schedule of Other General and Administrative Expenses**  
**For the Years Ended December 31, 2006 and December 31, 2005**

	For the years ended December 31	
	2006	2005
<b>Other General and Administrative Expenses</b>		
Accounting	\$ 4,325	\$ 4,020
Dues and subscriptions	402	395
Bank fees	11	0
Equipment Rental	1,000	6,000
Insurance	2,025	3,859
Legal Fees	0	0
Amortization	0	230
Office supplies	0	346
Travel & entertainment	334	0
Postage	102	63
Taxes	106	0
Repairs, maintenance and property taxes	0	386
Telephone	2,851	2,849
<b>Total Expenses</b>	<b>\$ 11,155</b>	<b>\$ 18,148</b>

The accompanying notes are part of these financial statements

**SUPERIOR FINANCIAL SERVICES, INC.**

**Computation of Net Capital**

**As of December 31, 2006 and December 31, 2005**

	As of December 31	
	2006	2005
Total stockholders' equity per financial statement	\$ 71,413	\$ 59,893
Deduct: Haircuts	(828)	(625)
Deduct: Total nonallowable assets per statement of financial position	(1,441)	(1,568)
<b>Net Capital</b>	<b>\$ 69,144</b>	<b>\$ 57,700</b>

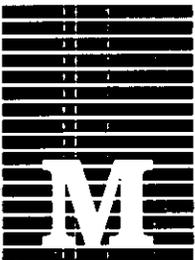
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**Computation of Excess Net Capital Requirement**

**As of December 31, 2006 and December 31, 2005**

	As of December 31	
	2006	2005
Net Capital	\$ 69,144	\$ 57,700
Deduct: Minimum dollar net capital requirement-note 7	(5,000)	(5,000)
<b>Excess Net Capital</b>	<b>\$ 64,144</b>	<b>\$ 52,700</b>

The accompanying notes are part of these financial statements



WILLIAM  
MATTHEWS  
C.P.A., S.C.

February 16, 2007

To the Board of Directors of  
Superior Financial Services, Inc.

Subject: Internal Accounting Control

We have audited the financial statements of Superior Financial Services, Inc. for the year ended December 31, 2006 and have issued our report thereon dated February 16, 2007.

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.

In planning and performing our audit of the financial statements of Superior Financial Services, Inc, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of Superior Financial Services, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets 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. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level, the risk that errors or irregularities 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 the internal control structure and its operation; that we consider to be material weakness as defined above.

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