

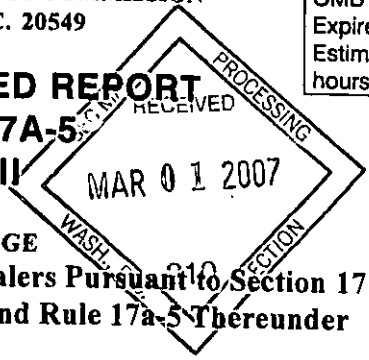


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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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



SEC FILE NUMBER  
8-42316

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 12/31/2006  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
Goldsmith, Agio, Helms Securities, Inc.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
225 South Sixth Street, 46th Floor

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)  
Minneapolis Minnesota 55402  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Kyle A. Pecha 612-339-0500  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

PricewaterhouseCoopers LLP

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

225 South Sixth St., 14th Fl., Minneapolis, MN 55402  
(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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FINANCIAL

FOR OFFICIAL USE ONLY

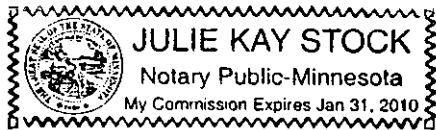
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

107  
3/22

3/27

OATH OR AFFIRMATION

I, Gerald M. Caruso, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Goldsmith, Agio, Helms Securities, 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:



[Signature]  
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).

**Goldsmith, Agio, Helms  
Securities, Inc.**

(SEC I.D. No. 8-42316)

**Financial Statements and Supplemental Information  
December 31, 2006**

# Goldsmith, Agio, Helms Securities, Inc.

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December 31, 2006

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PricewaterhouseCoopers LLP  
Suite 1400  
225 South Sixth Street  
Minneapolis MN 55402  
Telephone (612) 596 6000  
Facsimile (612) 373 7160

**Report of Independent Auditors**

To the Board of Directors and Stockholder of  
Goldsmith, Agio, Helms Securities, Inc.

In our opinion, the accompanying statement of financial condition and the related statements of operations, changes in stockholder's equity and of cash flows present fairly, in all material respects, the financial position of Goldsmith, Agio, Helms Securities, Inc. at December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission on page 9 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 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.

*PricewaterhouseCoopers LLP*

February 27, 2007

**Goldsmith, Agio, Helms Securities, Inc.**  
**Statement of Financial Condition**  
**December 31, 2006**

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**Assets**

Cash	\$ 57,863
Accomplishment fee receivable	42,753
Income tax receivable	81,665
Deferred income taxes	26,792
Prepaid expenses	5,090
<b>Total assets</b>	<b>\$ 214,163</b>

**Liabilities and Stockholder's Equity**

Accounts payable and accrued expenses	\$ 48,317
<b>Total liabilities</b>	<b>48,317</b>
Stockholder's equity	
Common stock, \$.01 par value; 1,000 shares authorized, 500 shares issued and outstanding	5
Additional paid-in capital	14,995
Retained earnings	150,846
<b>Total stockholder's equity</b>	<b>165,846</b>
<b>Total liabilities and stockholder's equity</b>	<b>\$ 214,163</b>

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

**Goldsmith, Agio, Helms Securities, Inc.**  
**Statement of Operations**  
**Year Ended December 31, 2006**

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**Revenues (Note 7)**

Accomplishment fees	\$ 2,383,283
Consulting fee income	392,175
Other income	3,447
	<u>2,778,905</u>

**Expenses**

Management fees, Parent (Note 6)	725,040
Commissions, benefits and payroll taxes	2,020,799
Professional fees	49,102
Regulatory fees	28,010
	<u>2,822,951</u>
Loss before benefit from income taxes	(44,046)
Benefit from income taxes	<u>10,129</u>
Net loss	<u>\$ (33,917)</u>

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

**Goldsmith, Agio, Helms Securities, Inc.**  
**Statement of Changes in Stockholder's Equity**  
**Year Ended December 31, 2006**

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	<b>Common Stock</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
Balances at December 31, 2005	\$ 5	\$ 14,995	\$ 184,763	\$ 199,763
Net loss	<u>-</u>	<u>-</u>	<u>(33,917)</u>	<u>(33,917)</u>
Balances at December 31, 2006	<u>\$ 5</u>	<u>\$ 14,995</u>	<u>\$ 150,846</u>	<u>\$ 165,846</u>

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



**Goldsmith, Agio, Helms Securities, Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2006**

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**Cash flows from operating activities**

Net loss	\$ (33,917)
Adjustments to reconcile net loss to net cash provided by operating activities	
Deferred income taxes	(24,007)
Changes in operating assets and liabilities	
Accomplishment fee receivable	(42,753)
Prepaid expenses	(495)
Income tax receivable	83,278
Accounts payable and accrued expenses	35,817
Net cash provided by operating activities	<u>17,923</u>

**Cash**

Beginning of year	<u>39,940</u>
End of year	<u>\$ 57,863</u>

**Supplemental cash flow information**

Cash received for income taxes	\$ 69,409
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The accompanying notes are an integral part of these financial statements.

**Goldsmith, Agio, Helms Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2006**

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**1. Nature and Organization of Business**

**Business**

Goldsmith, Agio, Helms Securities, Inc. (the "Company") is a privately held, registered securities broker-dealer. The Company specializes in assisting in the sale of customers' businesses or business units, and in assisting private and public corporations in transacting debt and equity financings primarily in the private capital markets. The Company, a member in the National Association of Securities Dealers, Inc., does not execute customer securities transactions and therefore does not have a clearing arrangement with any other broker-dealer and holds no customer funds or securities.

The Company's outstanding shares are held 100% by Goldsmith, Agio, Helms & Lynner, LLC (the "Parent"), an investment banking firm. The Parent is a limited liability company.

**2. Summary of Significant Accounting Policies**

**Revenue Recognition**

Accomplishment fees from facilitating the sale of customers' businesses or business units, financing transactions and consulting fees are recognized when earned, typically upon closing of the transaction.

**Income Taxes**

The Company accounts for income taxes for financial reporting purposes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, *Accounting for Income Taxes*. SFAS No. 109 is an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The Company uses the cash basis of accounting for income tax reporting purposes.

**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.

**3. Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and also that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. In addition, restrictions may be imposed to prohibit equity withdrawals or cash dividends if the resulting ratio would exceed 10 to 1. At December 31, 2006, the Company had net capital as defined by Rule 15c3-1 of \$29,930, which exceeds its required net capital of \$5,000 by \$24,930, and a ratio of aggregate indebtedness to net capital of 1.61 to 1.

**4. Exemption**

The Company claims exemption from Rule 15c3-3 of the Securities and Exchange Commission. Therefore, the Company is not required to make the periodic computation of reserve requirements for the exclusive benefit of customers.

**Goldsmith, Agio, Helms Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2006**

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**5. Income Taxes**

The income tax benefit consists of the following at December 31, 2006:

Current		
Federal		\$ (13,069)
State		<u>(809)</u>
Total current provision		<u>(13,878)</u>
Deferred		
Federal		14,793
State		<u>9,214</u>
Total deferred benefit		<u>24,007</u>
		<u>\$ 10,129</u>

Deferred income tax assets consist of the following at December 31, 2006:

Assets		
Accounts payable and accrued expenses		\$ 23,579
Net operating loss carryforwards		<u>47,856</u>
Total deferred tax assets		<u>71,435</u>
Liabilities		
Accomplishment fee receivable		(20,864)
Prepaid expenses		(2,484)
Federal taxes due on state income tax receivables		<u>(21,295)</u>
Total deferred tax liabilities		<u>(44,643)</u>
Net deferred tax asset		<u>\$ 26,792</u>

The benefit for income taxes for the year ended December 31, 2006 differs from the amount determined by applying the applicable federal statutory income tax rate of 35% to loss before taxes primarily as a result of state income taxes. No valuation allowance has been established against deferred tax assets because the Company believes the assets will be realized. At December 31, 2006, the Company had approximately \$89,000 and \$122,000 of federal and state net operating loss carryforwards, respectively, which expire through 2026.

**6. Related-Party Transactions**

The Company has a management agreement with the Parent under which management fees are paid to the Parent for the estimated cost of services provided to the Company. The Parent's full-time employees who provide services to the Company are paid commissions on closing of a particular transaction through the Parent's payroll system. During the year ended December 31, 2006, management fees to the Parent of \$725,040 were charged to operations.

The Company generates invoices to customers for retainers and expenses incurred prior to the closing of a particular transaction. Under the terms of the management agreement with the Parent, all customer remittances associated with such invoices are to flow directly to the Parent to partially offset the Parent's expenses incurred in connection with the services provided to the Company (expense reimbursements). The Parent is the provider of the services or incurs costs for which

**Goldsmith, Agio, Helms Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2006**

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expense reimbursement is sought and has the associated credit risk. Therefore, the Company does not reflect these expense reimbursements as revenue for financial reporting purposes, and does not reflect the outstanding expense reimbursement receivables and offsetting payables to the Parent. Invoice for retainers and expense incurred (including unbilled expenses) were \$470,961 for the year ended December 31, 2006, of which \$163,732 was unremitted by the customer at December 31, 2006.

These financial statements do not necessarily reflect the financial condition, statements of operations and cash flows of the Company as if it operated as an autonomous entity and had to independently obtain the services provided by the Parent. Accordingly, the related-party transactions may or may not be significantly different if entered into with an unaffiliated third party.

**7. Major Customers**

In 2006, the Company had one major customer that provided 72% of total revenues.

**Goldsmith, Agio, Helms Securities, Inc.**  
**Computation of Net Capital Under Rule 15c3-1 of the**  
**Securities and Exchange Commission**  
**December 31, 2006**

**Schedule I**

**Net capital**

Total stockholder's equity from the statement of financial condition	\$ 165,846
Less: Nonallowable assets	
Net accomplishment fee	(22,369)
Income tax receivable	(81,665)
Deferred income taxes	(26,792)
Prepaid expenses	(5,090)
Net capital	<u>\$ 29,930</u>

**Aggregate indebtedness**

Total liabilities from the statement of financial condition	<u>\$ 48,317</u>
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**Computation of net capital requirements**

Minimum net capital required	<u>\$ 5,000</u>
Excess net capital	<u>\$ 24,930</u>
Ratio: Aggregate indebtedness to net capital	<u>1.61 to 1</u>

**Auditors' Report on Internal Control Required by  
Rule 17a-5 of the Securities and Exchange Commission**

To the Board of Directors and Stockholder of  
Goldsmith, Agio, Helms Securities, Inc.

In planning and performing our audit of the financial statements of Goldsmith, Agio, Helms Securities, Inc. (the "Company") as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in making the following:

1. The periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. Determining compliance with the exemptive provisions of Rule 15c3-3.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13; and
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

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

Because of inherent limitations in internal control and the practices and procedures referred to above, error 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.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first, second, and third paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We 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 purposes 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 on our study, we believe that the Company's practices and procedures were adequate at December 31, 2006, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, 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 and should not be used by anyone other than these specified parties.

*PricewaterhouseCoopers LLP*

February 27, 2007

END