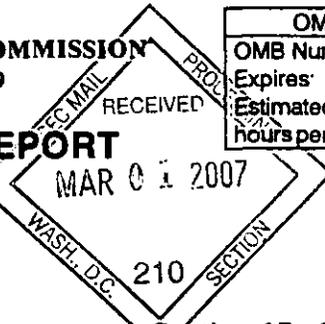




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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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



OMB APPROVAL
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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 January 1, 2006 AND ENDING December 31, 2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Broadway Financial Group Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
1410 Broadway Suite 304
New York New York 10018
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Jack Hazan 212.643.3322
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Breard & Associates Inc., Certified Public Accountants
(Name - if individual, state last, first, middle name)
9221 Corbin Avenue Suite 170 Northridge CA 91324
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
B MAR 29 2007
**THOMSON
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)

IC 3/22

3/22

OATH OR AFFIRMATION

I, Jack Hazan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Broadway Financial Group 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:

State of New York
County of New York
Subscribed and sworn (or affirmed) to before me this 15th day of January, 2007

Signature
PRESIDENT
Title

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 Cash Flows
(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 15c3-3 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.

LINO AGUILERA
Notary Public, State of New York
No. 01AG6129079
Qualified in Kings County
COMMISSION EXPIRES: 08/20/2009

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



Broadway Financial Group, Inc.
Report Pursuant to Rule 17a-5 (d)
Financial Statements
For the Year Ended December 31, 2006

BREARD & ASSOCIATES, INC.
Certified Public Accountants

Independent Auditor's Report

Board of Directors
Broadway Financial Group, Inc.:

We have audited the accompanying statement of financial condition of Broadway Financial Group, Inc. (the Company), as of December 31, 2006, and the related statements of income, changes in stockholder's equity, and cash flows for the year 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 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 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 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 Broadway Financial Group, Inc. as of 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, and III 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.



Breard & Associates, Inc.
Certified Public Accountants

Northridge, California
January 17, 2007

*We Focus & Care*SM

Broadway Financial Group, Inc.
Statement of Financial Condition
December 31, 2006

Assets

Cash	\$ 13,510
Commissions receivable	408,000
Furniture and equipment, net	10,980
Deposits	<u>12,438</u>
Total assets	<u>\$ 444,928</u>

Liabilities and Stockholder's equity

Liabilities

Accounts payable	\$ 14,523
Income taxes payable	1,170
Accrued expenses	<u>2,500</u>
Total liabilities	18,193

Stockholder's equity

Common stock, no par value, 200 shares authorized, issued, and outstanding	34,000
Additional paid-in capital	136,500
Retained earnings	<u>256,235</u>
Total stockholder's equity	<u>426,735</u>
Total liabilities and stockholder's equity	<u>\$ 444,928</u>

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

Broadway Financial Group, Inc.
Statement of Income
For the Year Ended December 31, 2006

Revenue

Private placement fees	\$ 254,500
Syndication fees	<u>408,000</u>
Total revenue	662,500

Expenses

Employee compensation	250,070
Communications	4,059
Occupancy and equipment rentals	38,044
Professional fees	26,973
Taxes, other than income taxes	9,353
Other operating expense	<u>83,032</u>
Total expenses	<u>411,531</u>

Net income (loss) before income tax provision 250,969

Income tax provision 1,170

Net income (loss) \$ 249,799

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

Broadway Financial Group, Inc.
Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2006

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
Balance at December 31, 2005	\$ 34,000	\$ 87,500	\$ 6,436	\$ 127,936
Additional paid-in capital	-	49,000	-	49,000
Net income (loss)	<u>-</u>	<u>-</u>	<u>249,799</u>	<u>249,799</u>
Balance at December 31, 2006	<u>\$ 34,000</u>	<u>\$ 136,500</u>	<u>\$ 256,235</u>	<u>\$ 426,735</u>

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

Broadway Financial Group, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2006

Cash flows from operating activities:

Net income (loss)		\$ 249,799
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	\$ 1,569	
(Increase) decrease in:		
Commissions receivable	(408,000)	
Deposits	(12,438)	
(Decrease) increase in:		
Accounts payable	4,443	
Accrued expenses	(250)	
Total adjustments	(414,676)	
Net cash provided by (used in) operating activities		(164,877)

Cash flows from investing activities:

Purchase of furniture and equipment	(12,549)	
Net cash provided by (used in) investing activities		(12,549)

Cash flows from financing activities:

Proceeds from additional investment	49,000	
Net cash provided by (used in) financing activities		49,000

Net increase (decrease) in cash (128,426)

Cash at beginning of year 141,936

Cash at end of year \$ 13,510

Supplemental disclosure of cash flow information:

Cash paid during the year for		
Interest	\$ -	
Income taxes	\$ 1,170	

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

Broadway Financial Group, Inc.
Notes to Financial Statements
December 31, 2006

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Broadway Financial Group, Inc. ("the Company") was organized on December 22, 2004 in the State of New York. In September 2005, the Company was approved as a registered broker/dealer in securities under the Securities Exchange Act of 1934. The Company is a member of the National Association of Securities Dealers, Inc. ("NASD") and the Securities Investors Protection Corporation ("SIPC").

The Company conducts business on a fully disclosed basis whereby the execution and clearance of trades are handled by another broker/dealer. The Company does not hold customer funds and/or securities.

The Company is authorized to act as a placement agent in the private placement of securities involving real estate limited partnerships.

Summary of Significant Accounting Policies

The presentation 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Commissions receivables are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

The Company receives fees in accordance with terms and/or the fee schedule stipulated in its engagement contracts. Fees are recognized as earned.

Advertising and marketing costs are expensed as incurred. For the year ended December 31, 2006 the Company included \$5,065 in other operating expense.

Furniture and equipment is stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized. Furniture and equipment are depreciated over their estimated useful lives ranging from three (3) to five (5) years by the straight line method.

Broadway Financial Group, Inc.
Notes to Financial Statements
December 31, 2006

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The Company, with the consent of its Stockholder, has elected to be an S Corporation and accordingly has its income taxed under Section 1362 of the Internal Revenue Code, which provides that in lieu of corporate income taxes, the Stockholder is taxed on the Company's taxable income. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements. In addition, the Company has elected S Corporation status for New York State tax purposes. The Stockholder is required to report its distributive share of the Company's income or loss to the federal and state tax authorities.

Certain prior year amounts have been reclassified to conform to the current year's presentation. These changes had no impact on previously reported results of operations or stockholders' equity

Note 2: FURNITURE AND EQUIPMENT, NET

Furniture and equipment are recorded at cost and summarized by major classifications as follows:

		<u>Depreciable Life Years</u>
Furniture	\$ 9,824	5
Computer equipment	<u>2,725</u>	3
	12,549	
Less: accumulated depreciation	<u>(1,569)</u>	
Furniture and equipment, net	<u>\$ 10,980</u>	

Depreciation expense for the year ended December 31, 2006, was \$1,569.

Note 3: INCOME TAXES

As discussed in the Summary of Significant Accounting Policies (Note 1), the Company has elected the S Corporate tax status, therefore no federal income tax provision is provided. The tax provision provided is the combination of New York State and City taxes of \$1,170.

Note 4: COMMITMENTS AND CONTINGENCIES

Commitments

The Company entered into a seven (7) year lease agreement for office space on March 3, 2006. The lease required a deposit of \$12,049. The lease allows for an early buy-out after 60 months (5 years) at a cost of \$18,900.

Broadway Financial Group, Inc.
Notes to Financial Statements
December 31, 2006

Note 4: COMMITMENTS AND CONTINGENCIES
(Continued)

Future minimum annual payments under the terms of the lease are as follows:

<u>Year ending December 31,</u>	<u>Annual Amount</u>
2007	\$ 69,457
2008	70,403
2009	71,347
2010	72,293
2011	69,930
2012, and thereafter	<u>69,930</u>
Total	<u>\$ 423,360</u>

The Company paid \$38,044 in rent expense for the year ended December 31, 2006.

Contingencies

The Company maintains its bank account at a financial institution. The account is insured by the Federal Deposit Insurance Commission ("FDIC"), up to \$100,000. At times during the year ended December 31, 2006, cash balances held in the financial institution were in excess of the FDIC insured limits. The Company has not experienced any losses in such accounts and management believes that it has placed its cash on deposit with financial institutions which are financially stable.

Note 5: RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The evaluation of a tax position in accordance with FIN 48 is a two-step process. The first step is to determine whether it is more-likely-than-not that a tax position will be sustained upon examination based on the technical merits of the position. The second step is measurement of any tax position that meets the more-likely-than-not recognition threshold to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. FIN 48 also provides guidance on the de-recognition of uncertain positions, financial statement classification, accounting for interest and penalties, accounting for interim periods and new disclosure requirements. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact that the adoption of FIN 48 will have on its financial position and results of operations. However, the impact is not expected to be material.

Broadway Financial Group, Inc.
Notes to Financial Statements
December 31, 2006

Note 5: RECENTLY ISSUED ACCOUNTING STANDARDS
(Continued)

In September 2006, the FASB issued Statement of Accounting Financial Standards (“SFAS”) No. 157, “Fair Value Measurements” (“SFAS 157”). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The company is currently evaluating the new standard. However, adoption of SFAS 157 is not expected to have a material effect on the Company’s financial statements.

In September 2006, the FASB issued SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements Nos. 87, 106, and 132(R)” (“SFAS 158”). SFAS 158 requires companies to recognize on a prospective basis the funded status of their defined benefit pension and postretirement plans as an asset or liability and to recognize changes in that funded status in the year in which the changes occur as a component of other comprehensive income, net of tax. The effective date of the pronouncement is a function of whether the Company’s equity securities are traded publicly. If the entity has publicly traded securities, the effective date is for fiscal years ending after December 15, 2006. Entities without publicly traded securities must adopt the standard for fiscal years ending after June 15, 2007. The company is currently evaluating the new standard. However, adoption of SFAS 158 is not expected to have a material effect on the Company’s financial statements.

Note 6: CONCENTRATION OF CREDIT RISK

The Company is engaged in various trading and brokerage activities in whose counterparties primarily include broker/dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends upon the creditworthiness of the counterparty or issuer of the instrument. To mitigate the risk of loss, the Company maintains its accounts with credit worthy customers and counterparties.

Note 7: NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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. Net capital and aggregate indebtedness change day to day, but on December 31, 2006, the Company had net capital of \$403,317 which was \$398,317 in excess of its required net capital of \$5,000; and the Company’s ratio of aggregate indebtedness (\$18,193) to net capital was 0.05 to 1, which is less than the 15 to 1 maximum ratio allowed for a broker/dealer.

Broadway Financial Group, Inc.
Schedule I - Computation of Net Capital Requirements
Pursuant to Rule 15c3-1
As of December 31, 2006

Computation of net capital

Stockholder's equity

Common stock	\$ 34,000	
Additional paid-in capital	136,500	
Retained earnings	<u>256,235</u>	
Total stockholders' equity		\$ 426,735

Less: Non-allowable assets

Furniture and equipment, net	(10,980)	
Deposits	<u>(12,438)</u>	
Total adjustments		<u>(23,418)</u>

Net capital 403,317

Computation of net capital requirements

Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	\$ 1,213	
Minimum dollar net capital required	\$ 5,000	
Net capital required (greater of above)		<u>5,000</u>

Excess net capital \$ 398,317

Ratio of aggregate indebtedness to net capital 0.05: 1

There was no difference between net capital shown here and net capital as reported on the Company's unaudited Form X-17A-5 report dated December 31, 2006.

See independent auditor's report

Broadway Financial Group, Inc.
Schedule II - Computation for Determination of Reserve
Requirements Pursuant to Rule 15c3-3
As of December 31, 2006

A computation of reserve requirement is not applicable to Broadway Financial Group, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i).

See independent auditor's report

Broadway Financial Group, Inc.
Schedule III - Information Relating to Possession or Control
Requirements Pursuant to Rule 15c3-3
As of December 31, 2006

Information relating to possession or control requirements is not applicable to Broadway Financial Group, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(i).

See independent auditor's report

Broadway Financial Group, Inc.
Supplementary Accountant's Report
on Internal Accounting Control
Report Pursuant to 17a-5
For the Year Ended December 31, 2006

BREARD & ASSOCIATES, INC.
Certified Public Accountants

Board of Directors
Broadway Financial Group, Inc.:

In planning and performing our audit of the financial statements of Broadway Financial Group, 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 (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 such practices and procedures that we 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 17a-3(a)(11) and for 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 quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13
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 judgements 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 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 entity's financial statements that is more than inconsequential 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 and second 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, as described in the second paragraph of this report, 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, 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 and should not be used by anyone other than these specified parties.



Breard & Associates, Inc.
Certified Public Accountants

Northridge, California
January 17, 2007