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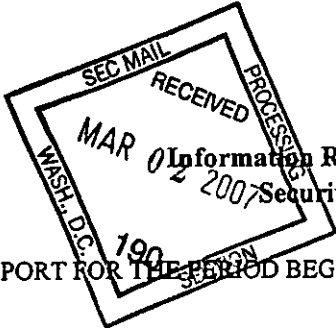
UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

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

SEC FILE NUMBER 8- 66693



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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Lambright Financial Solutions, LLC

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

55 West Monroe Street, Suite 3625 Chicago Illinois 60603

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

Sauna Lambright (312) 739-0052

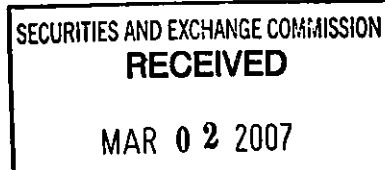
B. ACCOUNTANT IDENTIFICATION

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

Kehlenbrink, Lawrence & Pauckner 6296 Rucker Road, Suite G Indianapolis Indiana 46220

CHECK ONE:

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



FOR OFFICIAL USE ONLY BRANCH OF REGISTRATIONS AND EXAMINATIONS 02

\*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 (6-02)

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## OATH OR AFFIRMATION

I, Shauna Lambright, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Lambright Financial Solutions, LLC, as of December 31, 20 06, 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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
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 Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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 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).*



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To the Board of Managers  
Lambright Financial Solutions, LLC

Independent Auditor's Report

We have audited the accompanying statements of financial condition of Lambright Financial Solutions, LLC as of December 31, 2006 and December 31, 2005, and the related statements of income, changes in member's 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 audits.

We conducted our audits 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 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 Lambright Financial Solutions, LLC as of December 31, 2006 and December 31, 2005 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the schedule 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 of the Securities and Exchange Commission. 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.

*Kehlenbrink, Lawrence & Pauckner*

February 22, 2007

# Lambright Financial Solutions, LLC

## Statement of Financial Condition

	<u>December 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 287,792	\$ 872,477
Cash segregated under federal regulations	56,512	-
Certificates of deposit	31,574	-
Cash deposits with clearing organizations	100,000	-
Due from broker dealer	9,818	-
Due from officer	4,578	-
Investment in nonaffiliated company	24,928	6,100
Deposits	-	2,500
Furniture and equipment, net	47,111	22,333
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 562,313</u>	<u>\$ 903,410</u>
 <b>Liabilities and Members' Equity</b>		
<b>Liabilities</b>		
Accounts payable	\$ 8,903	\$ 1,420
Due to customer	55,625	-
Accrued rent	17,673	-
Lease payable	1,310	5,399
	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>83,511</u>	<u>6,819</u>
 <b>Members' Equity</b>		
	<u>478,802</u>	<u>896,591</u>
	<u>                    </u>	<u>                    </u>
Total Liabilities and Members' Equity	<u>\$ 562,313</u>	<u>\$ 903,410</u>

The accompanying notes are an integral part of these financial statements

# Lambright Financial Solutions, LLC

## Statement of Income

	For the Years Ended	
	December 31, 2006	December 31, 2005
<b>Revenues</b>		
Transition share income	\$ 107,526	\$ 398,452
Commissions	84,383	36,768
Fee income	-	25,000
Directed brokerage	100,932	-
Interest income	21,000	8,969
Other revenues	565	-
	<u>314,406</u>	<u>469,189</u>
<b>Operating Expenses</b>		
Compensation and benefits	319,099	37,038
Communications	16,682	586
Occupancy and equipment costs	47,118	32,380
Promotional costs	45,539	54,592
Interest expense	819	309
Regulatory fees	7,779	2,116
Consulting fees	76,499	118,204
Miscellaneous expenses	56,362	32,844
	<u>569,897</u>	<u>278,069</u>
Net Income	<u>\$ (255,491)</u>	<u>\$ 191,120</u>

The accompanying notes are an integral part of these financial statements

## Lambright Financial Solutions, LLC

### Statement of Changes in Members' Equity

	For the Years Ended	
	December 31, 2006	December 31, 2005
Balance December 31, 2005	\$ 896,591	\$ 30,371
Member equity contributions	48,000	810,100
Member draws	(210,298)	(135,000)
Net income	<u>(255,491)</u>	<u>191,120</u>
Balance December 31, 2006	<u>\$ 478,802</u>	<u>\$ 896,591</u>

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

# Lambright Financial Solutions, LLC

## Statement of Cash Flows

	For the Years Ended	
	December 31, 2006	December 31, 2005
<b>Operating Activities</b>		
Net loss	\$ (255,491)	\$ 191,120
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation	6,158	1,808
Deferred rent adjustment	17,673	-
Changes in operating assets and liabilities:		
Cash segregated under federal regulations	(56,512)	-
Cash deposits with clearing organizations	(100,000)	-
Due from broker-dealer	(9,818)	-
Due from officer	(4,578)	-
Other current assets	2,500	3,000
Accounts payable	7,483	1,420
Due to customers	55,625	-
Net Cash Used in Operating Activities	<u>(336,960)</u>	<u>197,348</u>
<b>Investing Activities</b>		
Purchase of furniture and equipment	(30,936)	(6,863)
Purchase of Certificate of Deposit	(31,574)	-
Investment in nonaffiliated company	<u>(18,828)</u>	<u>(6,100)</u>
Net Cash Used in Investing Activities	<u>(81,338)</u>	<u>(12,963)</u>
<b>Financing Activities</b>		
Member contributions	48,000	810,100
Member draws	(210,298)	(135,000)
Lease payments	<u>(4,089)</u>	<u>(5,010)</u>
Net Cash Used in Financing Activities	<u>(166,387)</u>	<u>670,090</u>
Decrease in Cash and Cash Equivalents	(584,685)	854,475
Cash and Cash Equivalents at Beginning of Year	<u>872,477</u>	<u>18,002</u>
Cash and Cash Equivalents at End of Year	<u>\$ 287,792</u>	<u>\$ 872,477</u>

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

# Lambright Financial Solutions, LLC

## Notes To Financial Statements

December 31, 2006

### Note 1 – Significant Accounting Policies

#### Description of Business

Lambright Financial Solutions, LLC is a registered broker and dealer. As a securities broker and dealer, the Company is engaged in transition management, consulting services, and trading activities involving securities transactions. The Company will continue until December 31, 2099, unless dissolved before then. As a limited liability company, the members have no personal liability for the debts of the Company or any of its losses.

#### Accounting Method

The accounts of the Company are maintained on the accrual basis of accounting. All transactions are recognized on the trade date of the underlying securities regardless of when cash is received. If cash is not received on the transaction date a receivable is recorded. The Company uses the direct write-off method for uncollectible accounts receivable.

#### Estimates and Assumptions

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

#### Property and Equipment

Purchases of property and equipment are recorded at their cost. Depreciation of \$6,158 and \$1,808 for the years ended December 31, 2006 and 2005, respectively, has been computed using straight line rates of depreciation.

#### Statement of Cash Flows

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity date of three months or less, to be cash equivalents. The Company does not pay income taxes. The Company paid \$819 and \$309 in interest during 2006 and 2005, respectively.

The Company had the following non-cash activities:

2005 - equipment was capitalized that was acquired via lease agreements for \$10,409. The leased equipment is being depreciated along with the rest of the furniture and equipment

#### Income Taxes

The Company has elected under the Internal Revenue Code, to be taxed as a partnership. Accordingly, the members rather than the Company, will be taxed on income. Therefore, no provision or liability for income taxes has been included in these financial statements.



# Lambright Financial Solutions, LLC

## Notes To Financial Statements December 31, 2006

### Note 2 – Investment in Nonaffiliated Company

The Company has obtained a 20% interest in a nonaffiliated company. The Company does not have significant influence over this investment, therefore it is accounted for under the cost method.

### Note 3 – Furniture and Equipment

The following is a summary of furniture and equipment (at cost) less accumulated depreciation:

	<u>2006</u>	<u>2005</u>
Office furniture	\$ 16,020	\$ 10,409
Office equipment	28,539	13,732
Leasehold improvements	<u>10,518.</u>	<u>-</u>
	55,077	24,141
Less: Accumulated depreciation	<u>7,966</u>	<u>1,808</u>
Total	<u>\$ 47,111</u>	<u>\$ 22,333</u>

### Note 4 - Commitments

The Company is committed under an operating lease for the rental of office space. Annual payments under this agreement are shown below:

<u>For The Years Ended December</u>	
2007	\$34,830
2008	47,669
2009	49,095
2010	50,522
2011	29,957

Rental expense for 2006 and 2005 was \$37,438 and \$30,549.

### Note 5 - Concentrations of Credit Risk

The Company maintains cash balances with banks. These accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. The Company, as of December 31, 2006 has \$231,217 in excess of those insured limits.

# Lambright Financial Solutions, LLC

## Notes To Financial Statements December 31, 2006

### Note 6 - Net Capital Requirements

The Company is required to maintain a minimum net capital by SEC Rule 15c3-1. Net capital required under the rule is the greater of \$250,000 or 6-2/3% of the aggregate indebtedness of the Company. On December 31, 2006, the Company had net capital of \$385,533, which was \$135,533 in excess of its required net capital of \$250,000. The ratio of aggregate indebtedness to net capital was 0.217 to 1.

### Note 7 - Control Requirements

There are no amounts, as of December 31, 2006, to be reported pursuant to the possession or control requirements under Rule 15c3-3. The Company is in compliance with the exemptive provisions of Rule 15c3-3 under paragraph (k)(2)(ii) and thus is exempt from the provisions of Rule 15c3-3.

### Note 8 - Reconciliation Pursuant To Rule 17a-5(d)(4)

#### Computation of Net Capital Under Rule 15c3-1

There were a few reconciling items between the December 31, 2006 unaudited Focus report and this report. The net effect on net capital was a decrease of \$24,894.

Net capital as reported on the unaudited Focus report of December 31, 2006	\$ 410,427
Increase in ownership equity as a result of post Focus accrual adjustments	24,874
Increase in nonallowable assets as a result of post Focus accrual adjustments	(43,223)
Increase in haircuts on securities	<u>(6,545)</u>
Net Capital as Audited	<u>\$ 385,533</u>

## Lambright Financial Solutions, LLC

### Computation of Net Capital Pursuant to Rule 15c3-1(f) For the Year Ended December 31, 2006

<b>Net Capital</b>	
Members' equity	\$ 478,802
Less: Nonallowable assets	86,100
Early withdrawal penalty on certificate of deposit	<u>624</u>
Net capital before haircuts on security position	392,078
Haircuts on securities	<u>(6,545)</u>
Net capital	<u>\$ 385,533</u>
Aggregate Indebtedness	<u>\$ 83,511</u>
Net capital required based on aggregate indebtedness	<u>\$ 5,567</u>
Computation of Basic Net Capital Requirement	
Minimum net capital required (Based on minimum dollar requirement)	<u>\$ 250,000</u>
Excess Net Capital	<u>\$ 135,533</u>
Excess Net Capital at 1000% (Net capital less 10% of aggregate indebtedness)	<u>\$ 377,182</u>
Percentage of Aggregate Indebtedness to Net Capital	<u>21.7%</u>



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To the Board of Managers of  
Lambright Financial Solutions, LLC

In planning and performing our audit of the financial statements of Lambright Financial Solutions, LLC, 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 and including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17(a)-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 15c-3-3. 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
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
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

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 the 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 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.

To the Board of Managers of  
Lambright Financial Solutions, LLC  
Page Two

Because of inherent limitations in internal control and 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.

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 (GAAP) 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 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 did identify a material weakness related to the lack of segregation of duties and related to the control over the selection and application of accounting principles in conformity with GAAP. This weakness does not affect our report on these financial statements nor the internal control or control activities for safeguarding securities.

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, the NASD, and other regulatory agencies which 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.

*Kehlenbrink, Lawrence Pauckner*

Kehlenbrink, Lawrence & Pauckner  
Indianapolis, Indiana  
February 22, 2007

*END*