

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  
8-51823

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

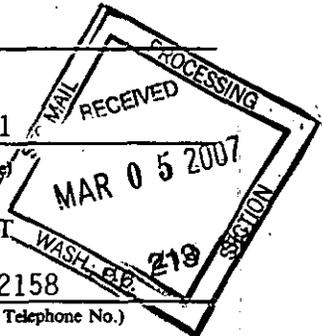
A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: VORPAHL-WING SECURITIES

OFFICIAL USE ONLY  
FIRM ID. NO.

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

505 W RIVERSIDE, SUITE 205  
(No. and Street)  
SPOKANE WA 99201  
(City) (State) (Zip Code)



NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
JAMES R HARLESS (509)747-2158  
(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

SCHOEDEL & SCHOEDEL, CPAs, PLLC  
(Name — if individual, state last, first, middle name)  
422 W RIVERSIDE, SUITE 1420 SPOKANE WA 99201  
(Address) (City) (State) (Code)

PROCESSED

CHECK ONE:

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

APR 09 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).

AB  
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PATRICK A. TERHAAR, C.P.A.  
JAMES R. HARLESS, C.P.A.  
DARCY A. SKJOTHAUG, C.P.A.  
SCOTT A. OPPERUD, C.P.A.

U.S. BANK BUILDING  
422 W. RIVERSIDE, STE. 1420  
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www.schoedel.com

Tim Vorpahl, President  
Vorpahl Wing Securities, Inc.  
505 W. Riverside Ave., Suite 205  
Spokane, Washington 99201

We have audited the accompanying balance sheet of Vorpahl Wing Securities, Inc. (a Washington Corporation) as of December 31, 2006, and the related statements of income, changes in stockholder's equity and cash flows for the year 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 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 Vorpahl Wing Securities, 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 examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting data contained in Schedules I through IV is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the organization. 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.

A handwritten signature in cursive script, likely belonging to a member of the auditing firm.

January 24, 2007

VORPAHL WING SECURITIES, INC.  
Spokane, Washington

BALANCE SHEET  
December 31, 2006

ASSETS

CURRENT ASSETS:

Cash in bank	\$ 1,282
Accounts receivable - commissions	5,103
Wedbush-Morgan deposit account	25,967
Total current assets	<u>32,352</u>

LEASE DEPOSIT	1,800
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PROPERTY, PLANT AND EQUIPMENT:

Net of accumulated depreciation	163
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\$ 34,315

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES:

Accounts payable	\$ 7,692
Accrued payroll taxes	1,799
Business and occupation tax	862
Total current liabilities	<u>10,353</u>

STOCKHOLDER'S EQUITY:

Authorized capital consisting of 10,000 shares of \$1 par value, issued and outstanding 1,000 shares.	1,000
Retained earnings - C corporation	36,442
Retained earnings - S corporation	(13,480)
Total stockholder's equity	<u>23,962</u>
	<u>\$ 34,315</u>

See Independent Auditor's Report and the accompanying notes.

VORPAHL WING SECURITIES, INC.  
Spokane, Washington

STATEMENT OF INCOME  
For the year ended December 31, 2006

REVENUES:

Commissions	\$ 223,337
Interest earned	
Interest participation	3,333
Total revenues	<u>226,670</u>

EXPENSES:

Advertising	567
Bank/investment charges	249
Broker commissions	2,564
Charitable donations	1,616
Depreciation	1,070
Dues and subscriptions	3,121
Gross wages	49,111
Health and fitness	955
Insurance	4,729
Interest	1,321
Legal and accounting	6,448
Marketing	7,969
Meals and entertainment	13,587
Office expense	12,160
Officer compensation	36,000
Other expenses	8,341
Payroll taxes	7,462
Payroll tax penalties	626
Postage	1,945
Rent	17,465
Taxes and licenses	3,779
Telephone	2,992
Travel	4,564
Truck and auto expense	3,940
Total expenses	<u>192,581</u>

NET INCOME

\$ 34,089

See Independent Auditor's Report and the accompanying notes.

VORPAHL WING SECURITIES, INC.  
Spokane, Washington.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
For the year ended December 31, 2006

	Capital Stock		Retained Earnings		Total Stockholder's Equity
	Common		Corporations		
	Shares	Amount	C.	S	
Balances at January 1, 2006	1,000	\$ 1,000	\$ 53,256	\$ (2,114)	\$ 52,142
Net income	-	-	-	34,089	34,089
Distributions	-	-	-	(45,455)	(45,455)
Dividends	-	-	(16,814)	-	(16,814)
Balance at December 31, 2006	<u>1,000</u>	<u>\$ 1,000</u>	<u>\$ 36,442</u>	<u>\$ (13,480)</u>	<u>\$ 23,962</u>

See Independent Auditor's Report and the accompanying notes.

VORPAHL WING SECURITIES, INC.  
Spokane, Washington

STATEMENT OF CASH FLOWS  
For the year ended December 31, 2006

CASH FLOWS FROM OPERATIONS:

Net income	\$ 34,089
Adjustments needed to reconcile net income to net cash flows from operating activities:	
Depreciation	1,070
Net (increase) decrease in receivables - commissions	4,002
Net (increase) decrease in lease deposits	(700)
Net increase (decrease) in payables	6,738
Net increase (decrease) in accrued payroll taxes	(93)
Net increase (decrease) in business and occupation tax	44
Net increase (decrease) in IRA payable	<u>(1,200)</u>
Net cash flows from (used by) operating activities	<u>43,950</u>

CASH FLOWS USED BY INVESTING ACTIVITIES:

Purchases of fixed assets	(961)
Net (increase) decrease in advance to officers	31,358
Net (increase) decrease in deposit accounts	<u>(525)</u>
Net cash flows used by investing activities	<u>29,872</u>

CASH FLOWS USED BY FINANCING ACTIVITIES:

Payments to line of credit	(12,000)
Distributions to shareholder	(45,455)
Dividends to shareholder	<u>(16,814)</u>
	<u>(74,269)</u>

NET (DECREASE) IN CASH (447)

CASH BALANCE - Beginning of year 1,729

CASH BALANCE - End of year \$ 1,282

See Independent Auditor's Report and the accompanying notes.

VORPAHL WING SECURITIES, INC.  
Spokane, Washington

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS:

Organization and Nature of Operations - The Company was incorporated April 19, 1996. The Company is an Introducing Broker in securities, which is a non-clearing broker dealer (fully disclosed.) The Company accepts customer orders, but elects to clear the orders through another broker for cost efficiency. The Company is licensed by the National Association of Securities Dealers and must maintain a minimum net capital of \$5,000.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Accounting Method - The Company prepares its financial statements on the accrual basis with a fiscal year-end of December 31.

Federal Income Taxes - Effective January 1, 2001, Vorphal Wing Securities elected to be taxed as an "S" Corporation. Therefore, no provision for income tax will be made subsequent to that date. Any tax obligation will be paid by the owner on his individual return.

Property and Equipment - Property and equipment is stated at cost, and is depreciated by straight-line and accelerated methods over the estimated useful lives of the various assets.

Cash - For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

Accounting Estimates - Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Advertising - Advertising costs are expensed as incurred.

Compensated Absences - Employees of the Company are entitled to paid vacation and paid sick days, based on various factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when actually paid.

VORPAHL WING SECURITIES, INC.  
Spokane, Washington

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment, the related accumulated depreciation and the depreciation lives and methods at December 31, 2006 is summarized as follows:

<u>Description</u>	<u>Life</u>	<u>Method</u>	
Office Equipment/Furniture	5-7 years	SL/Accelerated	\$ 22,025
Less: Accumulated depreciation			<u>21,862</u>
Balance			<u>\$ 163</u>

Depreciation expense was \$1,070 for the year ended December 31, 2006.

NOTE 4 - LEASES:

The Companies office is located in the Fernwell building in the downtown Spokane area. The Company pays \$1,800 per month on a month to month basis. There are no sublease arrangements with other tenants, but office space is available for such an arrangement in the future.

NOTE 5 - PLEDGED ASSETS:

All accounts receivable, equipment and furnishings have been pledged as collateral for a loan incurred by the corporation's sole shareholder.

NOTE 6 - 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 (and the rule of the exchange which also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2006, the Company had net capital of \$22,832, which was \$17,832 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was 1 to 2.21, resulting in a percentage of aggregate indebtedness to net capital of 45%.

NOTE 7 - SAVING INCENTIVE MATCH PLAN FOR EMPLOYEES (SIMPLE) 401 (K) PENSION PLAN:

In 2000, the Company started a SIMPLE-IRA for all qualified employees. Contributions are made at the discretion of management. There were no contributions for 2006.

VORPAHL WING SECURITIES, INC.  
Spokane, Washington

Schedule I  
Computation of Net Capital Under Rule 15c3-1 of the  
Securities and Exchange Commission  
As of December 31, 2006

Net Capital		
Total stockholder's equity		\$ 23,962
Deductions and/or charges:		
Non allowable assets:		
Excess clearing deposit	\$ 967	
Furniture, equipment, net	163	
Total assets		<u>1,130</u>
Net Capital		<u>\$ 22,832</u>
Aggregate indebtedness		
Items included in balance sheet:		
Accounts payable	7,692	
Accrued payroll taxes	1,799	
Accrued business and occupation tax	862	
Total aggregate indebtedness		<u>\$ 10,353</u>
Computation of basic net capital requirement		
Minimum net capital required:		<u>\$ 5,000</u>
Excess net capital		<u>\$ 17,832</u>
Excess net capital at 1,500 percent		<u>\$ 22,142</u>
Excess net capital at 1,000 percent		<u>\$ 21,797</u>
Ratio: Aggregate indebtedness to net capital		<u>1 to 2.21</u>
Percentage: Aggregate indebtedness to net capital		<u>45.34%</u>
Reconciliation with company's computation (included in Part II of Form X-17 A-5 as of December 31, 2006)		
Net capital, as reported in Part II (unaudited) Focus Report		\$ 20,361
Audit adjustments		<u>2,471</u>
Net capital per above		<u>\$ 22,832</u>

See Independent Auditor's Report.

VORPAHL WING SECURITIES, INC.  
Spokane, Washington

Schedule II

Computation for Determination of Reserve Requirements  
Pursuant to Rule 15c3-3 of the Securities and Exchange Commission  
As of December 31, 2006

Vorpahl Wing Securities, Inc. is an introducing Broker only, and claims exemption from Rule 15c3-3 under Section (k)(2)(B): All customer transactions are cleared through another broker on a fully disclosed basis. This computation is not applicable.

Schedule III

Information Relating to Possession or Control Requirements  
Under Rule 15c3-3 of the Securities and Exchange Commission  
As of December 31, 2006

Vorpahl Wing Securities, Inc. is an introducing Broker only, and claims exemption from Rule 15c3-3 under Section (k)(2)(B): All customer transactions are cleared through another broker on a fully disclosed basis. This computation is not applicable.

Schedule IV

Schedule of Segregation Requirements and Funds in Segregation  
for Customers' Regulated Commodity Futures and Options Accounts  
As of December 31, 2006

Vorpahl Wing Securities, Inc. is an introducing Broker only, and claims exemption from Rule 15c3-3 under Section (k)(2)(B): All customer transactions are cleared through another broker on a fully disclosed basis. This computation is not applicable.

## VORPAHL WING SECURITIES

### INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE

Mr. Timothy Vorpahl  
Vorpahl Wing Securities

In planning and performing our audit of the financial statements of Vorpahl Wing Securities, Inc. (the Company), for the year ended December 31, 2006, we considered its internal control, including control activities for safeguarding securities, 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.

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 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 17c3-3. 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
2. Recordation of differences required by Rule 17a-13
3. 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 an internal control structure 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 control, 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 accordance 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 any internal control or 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.

VORPAHL WING SECURITIES

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE

(Continued)

Mr. Timothy Vorpahl  
Vorpahl Wing Securities

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 specific internal control components does not reduce to a relatively low level the risk that error or fraud 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 internal control, including 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 the use of the Board of Directors, management, the SEC, the NASD, 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 should not be used for any other purpose.

SCHOEDEL & SCHOEDEL  
Certified Public Accountants

January 24, 2007

END