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

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**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: WALL STREET MANAGEMENT CORPORATION

OFFICIAL USE ONLY
FIRM I.D. NO.

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

230 Park Avenue

(No. and Street)

New York

Ny

10169

(City)

(State)

(Zip Code)

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

Robert P. Morse

(212) 856- 8250

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

O'Connor Davies Munns & Dobbins, LLP

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

60 E 42nd Street

New York

NY

10165

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

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*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 (06-02)

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MA

OATH OR AFFIRMATION

I, Robert P. Morse, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of WALL STREET MANAGEMENT CORPORATION, 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:

Robert P. Morse
Signature

President

Title

FORTUNATA MESSINA
Notary Public, State of New York
No 01ME5056688
Qualified in Kings County
Commission Expires March 11, 2011
Fortunata Messina
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).

- X (o) Independent Auditors' Report on Internal Accounting Control
- X (p) Note to Financial Statements

Wall Street Management Corporation

Financial Statements

December 31, 2006



O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

The Board of Directors Wall Street Management Corporation

We have audited the accompanying statement of financial condition of Wall Street Management Corporation (the Company) as of December 31, 2006, and the related statements of operations, changes in stockholders' 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 Wall Street Management Corporation 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the schedules are 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.

O'Connor Davies Munns & Dobbins, LLP

New York, New York
February 20, 2007

Wall Street Management Corporation

Statement of Financial Condition

December 31, 2006

ASSETS

Cash and cash equivalents	\$ 279,904
Fees receivable from affiliate	11,209
Investment securities	130,695
Deposits with clearing agent	50,676
Prepaid expenses	<u>7,852</u>
	<u>\$ 480,336</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Accounts payable and accrued expenses	\$ 31,262
Payable to parent for income taxes	<u>25,391</u>

Total Liabilities 56,653

Stockholder's Equity

Common stock, \$1 par value, 6,520 shares authorized, issued and outstanding	6,520
Additional paid-in capital	526,122
Accumulated deficit	<u>(108,959)</u>

Total Stockholder's Equity 423,683

\$ 480,336

Wall Street Management Corporation

Statements of Operations

Year ended December 31, 2006

REVENUE	
Investment advisory fees	\$ 86,835
Brokerage commission income	356,750
Shareholder servicing fees	43,783
Advisory services	312,422
Investment income	18,428
Net unrealized (loss) on investments	(6,658)
Total Revenue	<u>811,560</u>
EXPENSES	
Salaries	429,000
Employee benefits	18,000
Clearing fees	134,606
Research service fees	52,226
Occupancy	18,000
Telephone	3,000
Administrative services	15,000
Equipment rental	47,079
Professional fees	15,300
Subscriptions	8,875
Registration and filing fees	7,291
Other	3,494
Total Expenses	<u>751,871</u>
Net Income Before Income Tax Provision	59,689
Income tax provision	
Federal	15,425
State and City	<u>10,266</u>
Total Income Tax Provision	<u>25,691</u>
Net Income	<u>\$ 33,998</u>

See notes to financial statements

Wall Street Management Corporation

Statements of Changes in Stockholders' Equity

December 31, 2006

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u>	<u>Deficit</u>	
			<u>Capital</u>		
Balance, Beginning of year	6,520	\$ 6,520	\$ 526,122	\$ (142,957)	\$ 389,685
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,998</u>	<u>33,998</u>
Balance, end of year	<u>6,520</u>	<u>\$ 6,520</u>	<u>\$ 526,122</u>	<u>\$ (108,959)</u>	<u>\$ 423,683</u>

See notes to financial statements

Wall Street Management Corporation

Statements of Cash Flows

December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 33,998
Adjustments to reconcile net income to cash (used) by operating activities	
Unrealized loss on investments	6,658
Realized (gain) on investments	(4,617)
Net change in operating assets and liabilities	
Accounts receivable	26,325
Fees receivable from affiliate	85
Prepaid expenses	(2,072)
Payable to parent for income taxes	(6,375)
Accounts payable and accrued expenses	<u>17,246</u>
Net Cash Provided by Operating Activities	<u>71,248</u>

CASH FLOWS FROM INVESTING ACTIVITIES

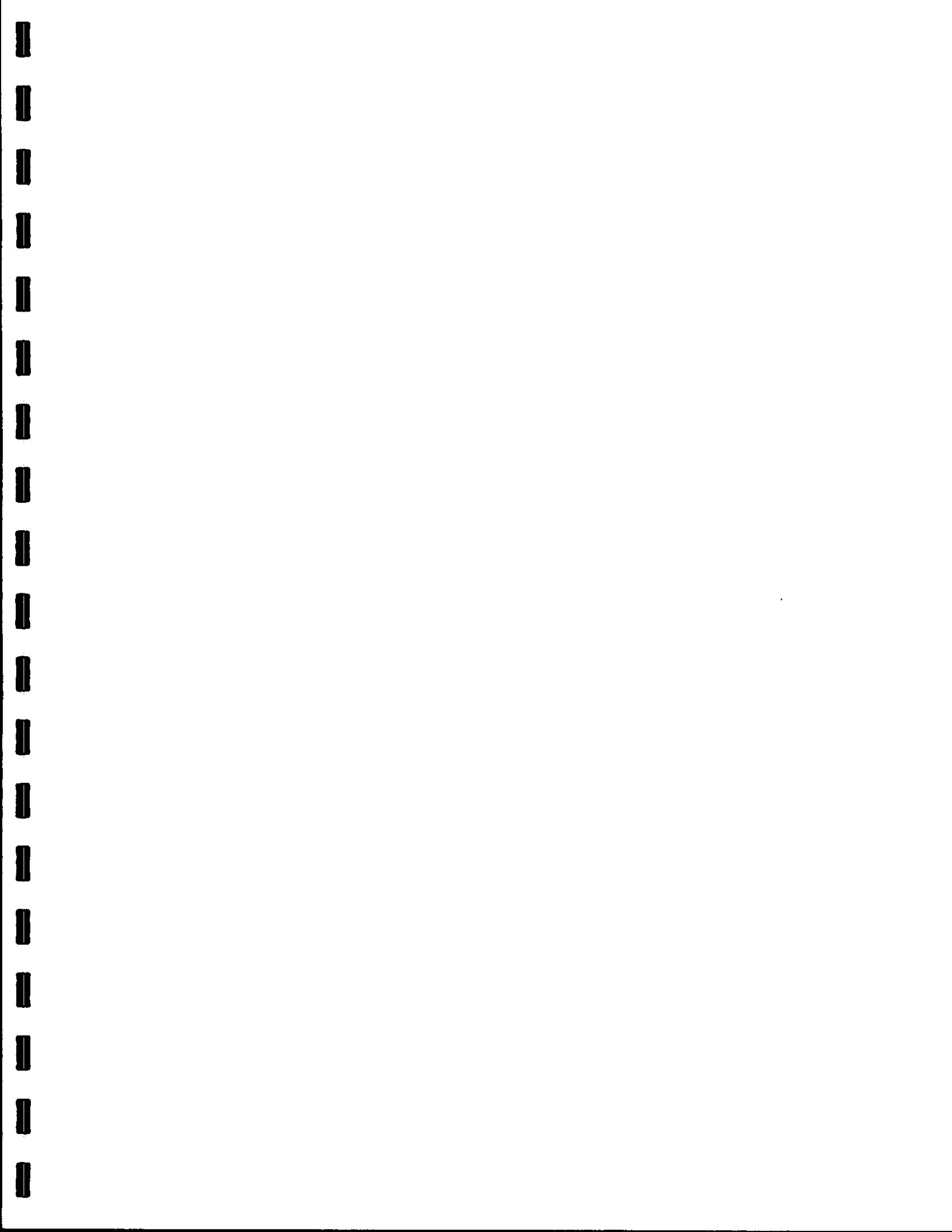
Proceeds from sale of securities	11,154
Purchase of securities	<u>(45,738)</u>
Net Cash Used by Investing Activities	<u>(34,584)</u>

Net Change in Cash and Cash Equivalents 36,664

CASH AND CASH EQUIVALENTS

Beginning of year	<u>243,240</u>
End of year	<u>\$ 279,904</u>

See notes to financial statements



Wall Street Management Corporation

Notes to Financial Statements

1. Nature of Business and Significant Accounting Policies *(continued)*

Investment Securities

Investment securities are reported at fair value. Fair value for mutual funds is based on the fair value of the net assets of the fund. Fair value of traded securities is based on market quotations. Unrealized gain (loss) is included in net income.

Concentration of Credit Risk

The Company's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, securities and accounts receivable. The Company places its cash and securities with quality financial institutions. The Company's accounts receivable consists of an amount due from their clearing broker who is highly capitalized and a member of major securities exchanges.

Revenue Recognition

The Company receives commissions on sales of securities for its customers. These securities include mutual funds, bonds, and equity securities listed on the major stock exchanges and those sold over the counter. Commission income and related expenses are recorded on a trade-date basis. Investment advisory and shareholding servicing fees are accrued as earned. The Company also provides advisory services for specific consulting projects relating to investment services. Advisory services are recorded as earned.

Income Taxes

Income taxes are accounted for under the asset and liability method. Under this method, income taxes are provided for taxes currently payable and those deferred due to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis. At December 31, 2006, there were no temporary differences between accounting and taxable income.

The Company is included in consolidated federal, state and local income tax returns with the parent and with Morse, Williams Holding Co., Inc. The Company provides for federal, state and local income taxes on a separate company basis, at the statutory tax rates.

Wall Street Management Corporation

Notes to Financial Statements

3. Investment Advisory Fees and Other Transactions with Affiliates

Effective October 1, 2000, the advisory agreement with the Fund provides for an advisory fee of .50% per annum of the average daily net assets of the Fund. The advisory agreement also provides for the Company to reimburse the Fund for any expenses (including the advisory fees but excluding taxes, interest, brokerage fees and extraordinary expenses incurred in connection with any matter not in the ordinary course of business of the Fund) over 2% of the first \$10,000,000, 1.5% of the next \$20,000,000 and 1% of any balance greater than \$30,000,000 of the Fund's average daily asset value. The Company also serves as the Fund's principal underwriter.

The Company has a shareholder servicing agreement with the Fund for shareholder services, including answering customer inquiries, assisting in processing purchase, exchange and redemption transactions and furnishing Fund communications to shareholders. For services provided under the servicing agreement, the Company receives fees from the Fund at a rate of .25% per annum of the average daily net assets of the Fund.

For the year ended December 31, 2006, the Company earned investment advisory fees of \$86,835 and shareholder servicing fees of \$43,417. At December 31, 2006, fees receivable from the Fund amounted to \$11,208 which includes \$7,473 for advisory management fees and \$3,735 for shareholder servicing fees.

4. Investment Securities

The fair values of investments at December 31, 2006 are summarized as follows:

Mutual fund	\$ 47,839
Common stocks	<u>82,856</u>
Total	<u>\$130,695</u>

5. Commitments

The Company leases office space from an affiliated company on a month to month basis. At December 31, 2006, the company has two years remaining on a five year software licensing agreement at \$36,000 per annum.

6. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission uniform net capital rule (rule 15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2006, the Company had net capital of \$310,763 which was \$305,763 in excess of its required net capital. The Company's ratio of aggregate indebtedness to net capital ratio was .18 to 1.

Supplementary Information
Pursuant To Rule 17a-5 Of The
Securities Exchange Act Of 1934

December 31, 2006

Wall Street Management Corporation

**SCHEDULE OF COMPUTATION OF RESERVE REQUIREMENTS
UNDER EXHIBIT A OF SECURITIES AND EXCHANGE COMMISSION RULE 15c3-3**

DECEMBER 31, 2006

The firm is engaged in a general securities business and carried no customer accounts on its books. All customer transactions are cleared through another stock brokerage firm on a fully disclosed basis.

**SCHEDULE RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS
UNDER SECURITIES AND EXCHANGE COMMISSION RULE 15c3-3**

DECEMBER 31, 2006

The firm is engaged in a general securities business and carried no customer accounts on its books. All customer transactions are cleared through another stock brokerage firm on a fully disclosed basis and the firm does not have possession of customer securities.

Wall Street Management Corporation

Schedule of Computation of Net Capital Under
Securities and Exchange Commission Rule 15c3-1

As at December 31, 2006

NET CAPITAL

Total stockholders' equity qualified for net capital		<u>\$ 423,682</u>
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Deductions and/or charges

Non-allowable assets

Fees receivable from affiliate	11,209	
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Investment securities	82,856	
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Prepaid expenses	<u>7,852</u>	<u>101,917</u>
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Net capital before haircuts on securities position		321,765
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Haircuts on securities

Other securities		<u>11,002</u>
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310,763

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required, greater of 6-2/3% of aggregate indebtedness, or \$5,000		<u>5,000</u>
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Excess net capital		<u>305,763</u>
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COMPUTATION OF AGGREGATE INDEBTEDNESS

Total aggregate indebtedness liabilities		<u>56,653</u>
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Percent of aggregate indebtedness to net capital		<u>18.23%</u>
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**RECONCILIATION OF COMPUTATION OF NET CAPITAL
UNDER SECURITIES AND EXCHANGE COMMISSION RULE 15C3-1**

There are no material differences between the above calculation and the calculation included in the Company's unaudited FOCUS Report as of December 31, 2006.



**Independent Auditors' Report On Internal Control Structure
Required By Sec Rule 17a-5**

**The Board of Directors
Wall Street Management Corporation**

In planning and performing our audit of the financial statements and supplemental schedules of Wall Street Management Corporation (the "Company"), 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 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 Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company consideration of control activities for safe guarding 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 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 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 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 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 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 internal control or 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 reliability 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 a 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 understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by 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, the 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.

O'Connor Davies Munro & Dobbins, LLP

New York, New York
February 20, 2007

END