

SEC



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

SEC FILE NUMBER
8-45164

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 01/01/07 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
RIEDL FIRST SECURITIES COMPANY OF KANSAS  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

1841 NORTH ROCK ROAD COURT, SUITE 400

(No. and Street)

WICHITA

(City)

KS

(State)

67206-4213

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
GERALD D. RIEDL (316) 265-9341

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

GUTSCHENRITTER & JOHNSON, L.L.C.

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

345 RIVERVIEW, SUITE 610

(Address)

WICHITA

(City)

KS

(State)

67203-4265

Mail Processing Section

CHECK ONE:

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

**PROCESSED**

**MAR 18 2008**

**THOMSON  
FINANCIAL**

**FEB 28 2008**

**Washington, DC  
102**

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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)

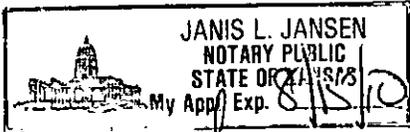
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VA-B  
3/17

OATH OR AFFIRMATION

I, GERALD D. RIEDL, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of RIEDL FIRST SECURITIES COMPANY OF KANSAS, as of DECEMBER 31, 2007, 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:

\_\_\_\_\_  
\_\_\_\_\_



Gerald D. Riedl  
Signature

PRESIDENT  
Title

Janis L. Jansen  
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).

RIEDL FIRST SECURITIES COMPANY OF KANSAS  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

Years Ended December 31, 2007 and 2006

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**GUTSCHENRITTER & JOHNSON, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Riedl First Securities Company of Kansas  
Wichita, Kansas

We have audited the accompanying statements of financial condition of Riedl First Securities Company of Kansas (a Kansas Corporation) as of December 31, 2007 and 2006, and the related statements of income, changes in stockholder'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 Riedl First Securities Company of Kansas as of December 31, 2007 and 2006, 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 Schedules I and II 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.

*Gutschenritter Johnson, L.L.C.*

February 21, 2008

FINANCIAL STATEMENTS

	<u>2007</u>	<u>2006</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Due to clearing organization	\$ 997,272	\$ 247,132
Accounts payable	3,854	3,595
Accrued payroll and commissions	70,550	20,506
Other accrued expenses	<u>581</u>	<u>805</u>
TOTAL CURRENT LIABILITIES	1,072,257	272,038
STOCKHOLDER'S EQUITY		
Common stock, \$1 par value; 1,000,000 shares authorized and 87,000 shares issued and outstanding	87,000	87,000
Additional paid-in capital	43,621	43,621
Retained earnings	<u>309,438</u>	<u>324,927</u>
	<u>440,059</u>	<u>455,548</u>
	<u>\$ 1,512,316</u>	<u>\$ 727,586</u>

See accompanying notes.

RIEDL FIRST SECURITIES COMPANY OF KANSAS  
 STATEMENTS OF INCOME  
 For The Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>REVENUES</b>		
Commissions	\$ 1,087,833	\$ 877,184
Trading gain	39,452	673
Interest and dividends	<u>62,509</u>	<u>55,309</u>
	1,189,794	933,166
<b>EXPENSES</b>		
Advertising	8,550	8,262
Bank charges	220	164
Bond costs	10,430	-
Clearing charges	238,681	181,032
Computer services	87	1,482
Continuing education	-	219
Contract labor	244	96
Charitable donations	275	275
Depreciation	7,139	7,429
Dues and subscriptions	445	1,345
Employee benefits	574	1,242
Insurance	40,920	40,480
Janitorial	4,582	4,582
Professional fees	15,345	8,277
License and fees	47,851	45,572
Office expense	11,545	12,219
Security	365	461
Postage	8,749	7,904
Printing	6,006	4,408
Promotion	8,927	9,193
Salaries and wages	233,669	246,469
Officers salary	460,800	302,400
Rent	51,203	51,203
Repairs	3,078	3,303
Taxes	30,912	30,495
Travel	1,416	2,834
Telephone	9,814	9,645
Utilities	<u>3,456</u>	<u>3,864</u>
	<u>1,205,283</u>	<u>984,855</u>
NET LOSS	\$ <u>(15,489)</u>	\$ <u>(51,689)</u>

See accompanying notes.

RIEDL FIRST SECURITIES COMPANY OF KANSAS  
 STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY  
 For The Years Ended December 31, 2007 and 2006

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at December 31, 2005	\$ 87,000	\$ 43,621	\$ 376,616	\$ 507,237
Net loss	—	—	(51,689)	(51,689)
Balance at December 31, 2006	87,000	43,621	324,927	455,548
Net loss	—	—	(15,489)	(15,489)
Balance at December 31, 2007	<u>\$ 87,000</u>	<u>\$ 43,621</u>	<u>\$ 309,438</u>	<u>\$ 440,059</u>

See accompanying notes.

RIEDL FIRST SECURITIES COMPANY OF KANSAS  
 STATEMENTS OF CASH FLOWS  
 For The Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (15,489)	\$ (51,689)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	7,139	7,429
(Increase) decrease in:		
Deposit with clearing organization	18,000	65,000
Receivables	(56,973)	23,070
Bid deposits	10,430	(4,770)
Securities owned, trading accounts	(749,902)	626,706
Increase (decrease) in:		
Accounts payable	259	3,595
Accrued payroll and commissions	50,044	(30,935)
Due to clearing organization	750,140	(628,674)
Other accrued expenses	<u>(224)</u>	<u>(3,053)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>13,424</b>	<b>6,679</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchase of equipment	<u>(2,210)</u>	<u>(4,850)</u>
<b>NET INCREASE IN CASH</b>	<b>11,214</b>	<b>1,829</b>
<b>CASH AT BEGINNING OF YEAR</b>	<u><b>10,848</b></u>	<u><b>9,019</b></u>
<b>CASH AT END OF YEAR</b>	<u><b>\$ 22,062</b></u>	<u><b>\$ 10,848</b></u>

See accompanying notes.

RIEDL FIRST SECURITIES COMPANY OF KANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Riedl First Securities Company of Kansas (the Company) is a securities broker-dealer, which comprises several classes of services, including principal transactions, agency transactions, investment banking, investment advisory, and venture capital.

The Company operates under the provisions of Paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer and promptly transmit all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

In accordance with regulations under The Securities Exchange Act of 1934, the Company is registered with the Securities and Exchange Commission (SEC).

The Company is registered with and is a member of the Financial Industry Regulatory Authority (FINRA). This is a self-regulating body formed by the industry to protect its members and the investing public.

The Company is a member of the Securities Investor Protection Corporation (SIPC), a non-profit membership corporation that protects customers of broker-dealers registered with the SEC.

Securities Transactions

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Customers' securities and commodities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statements of financial condition.

Commissions

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

RIEDL FIRST SECURITIES COMPANY OF KANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Advertising Expense

The Company expenses all advertising costs as they are incurred. Total advertising costs for the years ended December 31, 2007 and 2006 were \$8,550 and \$8,262, respectively.

Income Taxes

The Company accounts for income taxes in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes. SFAS No. 109 requires recognition of deferred tax liabilities and assets for the expected future consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using straight-line and accelerated methods over the estimated useful lives of the assets as follows:

Equipment, furniture, and fixtures	3-7 years
Leasehold improvements	39 years

RIEDL FIRST SECURITIES COMPANY OF KANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE B - LEASES

The Company leases its office facility under an operating lease. The lease term is for five years with a renewal option.

Minimum future lease payments as of December 31, 2007 were as follows:

2008	\$ 50,714
2009	44,375

NOTE C - RELATED PARTY TRANSACTIONS

The Company has an unsecured note receivable from the shareholder and is due on demand. The balance of the note receivable at December 31, 2007 and 2006 was \$70,900.

NOTE D - 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. The Company's net capital requirement is \$100,000. At December 31, 2007 and 2006, the Company had net capital of \$246,275 and \$293,616, respectively. The Company's aggregate indebtedness to net capital ratio was .3045 to 1 and .0848 to 1 at December 31, 2007 and 2006, respectively.

NOTE E - DEPOSIT WITH CLEARING ORGANIZATION

The Company is required to maintain a \$50,000 deposit with its clearing organization. The amount on deposit at December 31, 2007 and 2006 was \$269,294 and \$287,294, respectively.

NOTE F - LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

There were no borrowings under subordination agreements at December 31, 2007 and 2006.

NOTE G - INCOME TAXES

At December 31, 2007, the Company had a deferred tax asset of \$130,491 for net operating loss carryforwards that may be used to offset future income. Due to the uncertainty of the tax benefits being realized, the Company has recorded a valuation allowance against the deferred tax asset. Therefore, no deferred tax asset is recognized at December 31, 2007 and 2006. The decrease in the valuation allowance from December 31, 2006 to December 31, 2007 was \$29,726.

RIEDL FIRST SECURITIES COMPANY OF KANSAS  
NOTES TO FINANCIAL STATEMENTS

NOTE H - OFF-BALANCE SHEET RISK

The Company's commission revenue results from customer transactions introduced solely through its clearing organization. The clearing organization assumes the responsibility for execution, clearance, collection, and delivery, including all recordkeeping requirements, in relation to the Company's customers' transactions. Off-balance sheet risk exists with respect to these transactions due to the possibility that such customers may be unable to fulfill their contractual commitments wherein the clearing organization may charge any losses incurred to the Company. The Company has in place controls to minimize this risk through monitoring credit worthiness of its customers and monitoring the proper execution of transactions by the clearing organization.

SUPPLEMENTARY INFORMATION

RIEDL FIRST SECURITIES COMPANY OF KANSAS  
 SCHEDULE I - COMPUTATION OF AGGREGATE INDEBTEDNESS  
 AND NET CAPITAL IN ACCORDANCE WITH RULE 15c3-1  
 UNDER THE SECURITIES EXCHANGE ACT OF 1934  
 As of December 31, 2007

AGGREGATE INDEBTEDNESS		
Accounts payable		\$ 3,854
Accrued payroll and commissions		70,550
Other accrued expenses		<u>581</u>
TOTAL AGGREGATE INDEBTEDNESS		<u>\$ 74,985</u>
NET CAPITAL		
Credit terms		
Common stock		\$ 87,000
Additional paid-in capital		43,621
Retained earnings		<u>309,438</u>
TOTAL CREDIT TERMS		440,059
Deductions and charges		
Receivable from shareholder		70,900
Property and equipment, at cost, less accumulated depreciation		58,201
Haircuts on securities owned		<u>64,683</u>
TOTAL DEDUCTIONS AND CHARGES		<u>193,784</u>
NET CAPITAL		<u>\$ 246,275</u>
CAPITAL REQUIREMENTS		
Greater of 6-2/3% of aggregate indebtedness or minimum stated net capital for nonclearing firm (\$100,000)		\$ 100,000
Net capital in excess of requirements		<u>146,275</u>
		<u>\$ 246,275</u>
Ratio of aggregate indebtedness to net capital		<u>.3045 to 1</u>

RIEDL FIRST SECURITIES COMPANY OF KANSAS  
SCHEDULE II - RECONCILIATION OF THE COMPUTATION OF  
AGGREGATE INDEBTEDNESS AND NET CAPITAL WITH THAT  
OF THE REGISTRANT AS FILED IN PART IIA OF FORM X-17A-5  
As of December 31, 2007

AGGREGATE INDEBTEDNESS

Aggregate indebtedness as reported by  
registrant in Part IIA of Form X-17A-5  
and on Schedule I as of December 31, 2007

\$ 74,985

COMPUTATION OF NET CAPITAL

Net capital as reported by registrant on Part IIA  
of Form X-17A-5 and on Schedule I as of  
December 31, 2007

\$ 246,275



**GUTSCHENRITTER & JOHNSON, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL**

The Board of Directors  
Riedl First Securities Company of Kansas  
Wichita, Kansas

In planning and performing our audit of the financial statements of Riedl First Securities Company of Kansas (the Company), as of and for the year ended December 31, 2007, 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 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

The Board of Directors  
Riedl First Securities Company of Kansas

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 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, 2007, 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 Financial Industry Regulatory Authority (FINRA), 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.

*Antschewitz & Johnson, L.L.C.*

February 21, 2008

**END**