

SECURITIES A  
Was.....



05041099

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2004
Estimated average burden hours per response.....	12.00

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



SEC FILE NUMBER
8-29445

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 01/01/04 AND ENDING 12/31/04  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: HORIZONS FINANCIAL INVESTMENT CORP.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

151 Harrington Circle  
(No. and Street)  
Willingboro, New Jersey 08046-1825  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Richard J. Isackson 609-877-3355  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Harrison, Mauro & Morgan, PA  
(Name - if individual, state last, first, middle name)  
586 High Street, P.O. Box 400, Burlington, NJ 08016  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED  
MAR 31 2005

FOR OFFICIAL USE ONLY
THOMSON FINANCIAL

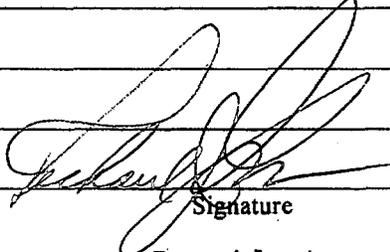
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

BB

TH  
12/3/24

OATH OR AFFIRMATION

I, Richard J. Isackson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Horizons Financial Investment Corp., as of 12/31, 2004, 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  
President  
Title

  
Notary Public  
STATE OF NEW JERSEY

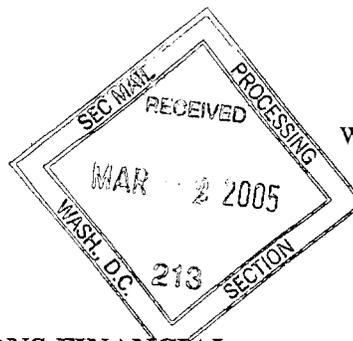
This report \*\* contains (check all applicable boxes):

- (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 15c3-3 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.

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



CERTIFIED PUBLIC ACCOUNTANTS



STEVEN M. HARRISON, CPA  
RICHARD L. MAURO, CPA  
WILLIAM J. MORGAN, CPA  
WILLIAM A. BAKER, CPA (1991-2002)

◇  
*A Peer Reviewed Member of the  
American Institute of Certified Public  
Accountants*

◇  
*A Member of the New Jersey Society  
Of Certified Public Accountants*

**HORIZONS FINANCIAL  
INVESTMENT CORPORATION**

**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS**

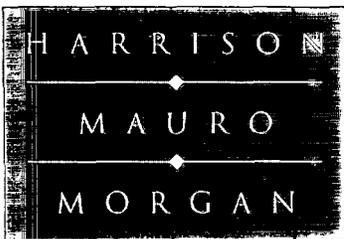
**DECEMBER 31, 2004**

568 High Street  
PO Box 400  
Burlington, NJ 08016  
609-386-6556  
Fax 609-386-6446



The CPA, Never Underestimate The Value.

703 White Horse Road  
Suite 5  
Voorhees, NJ 08043  
856-782-9700  
Fax 856-782-2233



CERTIFIED PUBLIC ACCOUNTANTS

HORIZONS FINANCIAL INVESTMENT CORPORATION

CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1
Statement of Financial Condition	2
Statement of Operations	3
Statement of Stockholders' Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9



The CPA, Never Underestimate The Value.



CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Horizons Financial Investment Corporation  
Willingboro, NJ

STEVEN M. HARRISON, CPA  
RICHARD L. MAURO, CPA  
WILLIAM J. MORGAN, CPA  
WILLIAM A. BAKER, CPA (1991-2002)

◇  
*A Peer Reviewed Member of the  
American Institute of Certified Public  
Accountants*

◇  
*A Member of the New Jersey Society  
Of Certified Public Accountants*

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial condition of Horizons Financial Investment Corporation as of December 31, 2004, and the related statement of operations, changes in stockholders' equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under 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 generally accepted auditing standards. 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 Horizons Financial Investment Corporation as of December 31, 2004 and the results of its activity and its cash flows for the year then ended in conformity with generally accepted accounting principles.

*Harrison, Mauro & Morgan, P.A.*

Harrison, Mauro & Morgan, P.A.

February 4, 2005

568 High Street  
PO Box 400  
Burlington, NJ 08016  
609-386-6556  
Fax 609-386-6446



The CPA, Never Underestimate The Value.

703 White Horse Road  
Suite 5  
Voorhees, NJ 08043  
856-782-9700  
Fax 856-782-2233



CERTIFIED PUBLIC ACCOUNTANTS

Page 2

**HORIZONS FINANCIAL INVESTMENT CORPORATION**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2004**

ASSETS

CURRENT ASSETS:

Cash	\$	3,727
Cash, Restricted SDL		10,000
Investments		<u>7,400</u>

TOTAL CURRENT ASSETS 21,127

FIXED ASSETS:

Computer		2,833
Accumulated Depreciation		<u>(1,984)</u>
		849

TOTAL ASSETS \$ 21,976

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Income Taxes Payable	\$	500
Amount Due Officer		2,139
Interest Payable		166
SDL Collateral Payable		<u>10,000</u>

TOTAL CURRENT LIABILITIES 12,805

STOCKHOLDERS' EQUITY:

Common Stock, authorized 2,500 shares, no par value; 2000 shares issued and outstanding		2,000
Retained Earnings		<u>7,171</u>

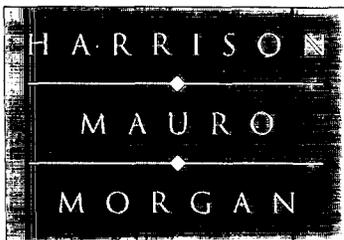
TOTAL STOCKHOLDERS' EQUITY 9,171

TOTAL LIABILITIES AND  
STOCKHOLDERS' EQUITY \$ 21,976

See Notes to Financial Statements.



The CPA, Never Underestimate The Value.



CERTIFIED PUBLIC ACCOUNTANTS

Page 3

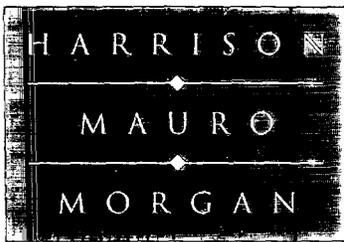
**HORIZONS FINANCIAL INVESTMENT CORPORATION**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2004**

REVENUES	
Commission Income	\$ 58,318
Management fee	2,000
Interest and dividends	<u>122</u>
	60,440
EXPENSES	
Advertising	216
Computer Expenses	6,455
Fees, registrations, etc.	1,660
Insurance	1,799
Interest	1,000
Depreciation Expense	567
Dues and Subscriptions	1,135
Office Supplies and Expenses	2,045
Operating Supplies and Expenses	1,280
Postage	349
Professional Fees	3,260
Rent	21,000
Repairs and Maintenance	2,970
Telephone	2,805
Training, Seminars, etc.	5,540
Utilities	<u>4,944</u>
TOTAL OPERATING EXPENSES	<u>57,025</u>
INCOME BEFORE OTHER EXPENSES AND INCOME TAXES	
	3,415
LOSS ON INVESTMENTS	<u>(2,800)</u>
INCOME BEFORE INCOME TAXES	
	615
PROVISION FOR INCOME TAXES	<u>550</u>
NET INCOME	\$ <u>65.00</u>
BASIC EARNINGS PER SHARE	<u>0.03</u>

See Notes to Financial Statements.



The CPA, Never Underestimate The Value.



CERTIFIED PUBLIC ACCOUNTANTS

Page 4

**HORIZONS FINANCIAL INVESTMENT CORPORATION**  
**STATEMENT OF STOCKHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at beginning of year	2,000	7,106	9,106
Net Income - 2004	<u>-</u>	<u>65</u>	<u>65</u>
Balance at end of December 31, 2004	\$ <u>2,000</u>	\$ <u>7,171</u>	\$ <u>9,171</u>

See Notes to Financial Statements.



The CPA, Never Underestimate The Value.



CERTIFIED PUBLIC ACCOUNTANTS

Page 5

HORIZONS FINANCIAL INVESTMENT CORPORATION  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income	\$	65
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation expense		567
(Increase) Decrease in operating assets:		
Accounts Receivable		1,790
Increase (Decrease) in operating liabilities:		
Due to Officer		(3,111)
Accrued Interest Payable		<u>(834)</u>
NET CASH (USED IN) OPERATING ACTIVITIES		(1,523)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loss in investments		<u>2,800</u>
NET CASH FLOW FROM INVESTING ACTIVITIES		<u>2,800</u>
NET INCREASE IN CASH		1,277
CASH AT BEGINNING OF YEAR		<u>2,450</u>
CASH AT END OF YEAR	\$	<u>3,727</u>

SUPPLEMENTAL DISCLOSURES:

Interest Paid	\$	<u>1,833</u>
Income Taxes Paid	\$	<u>550</u>

See Notes to Financial Statements.



The CPA, Never Underestimate The Value.



CERTIFIED PUBLIC ACCOUNTANTS

Page 6

**HORIZONS FINANCIAL INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2004**

Note A- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Horizons Financial Investment Corporation conducts its business as a broker/dealer in Securities and is a registered member of the N.A.S.D. and S.I.P.C.

Estimates

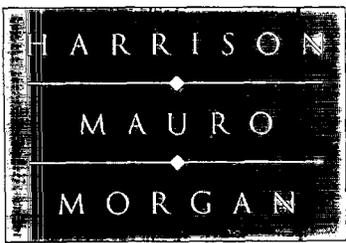
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, short term investments which have an original maturity of ninety days or less are considered cash equivalents.



The CPA, Never Underestimate The Value.



CERTIFIED PUBLIC ACCOUNTANTS

Page 7

**HORIZONS FINANCIAL INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2004**

Note A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight line method over five years. Maintenance and repairs are charged to operations when incurred.

Investments

Investments in marketable securities are valued at fair market value in the statement of financial condition. Unrealized gains and losses are included in the statements of income.

Commissions

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

Note B- LEASE COMMITMENTS, RELATED PARTY TRANSACTIONS

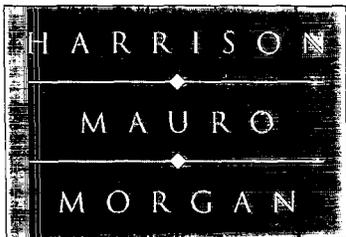
The Company leases space and various pieces of equipment, furnishings and fixtures from the President on a month to month basis. Office rent in the amount of \$21,000 was paid in 2004. Lease payments for computer equipment were paid in the amount of \$3,750 during the year.

Note C- SECURED DEMAND LOAN

The Company is obligated under a subordinated demand note payable to its Secretary and Stockholder in the amount of \$10,000. This note bears interest at the rate of 10% per annum payable semiannually. The note is secured by segregated restricted cash funds.



The CPA, Never Underestimate The Value.



CERTIFIED PUBLIC ACCOUNTANTS

Page 8

**HORIZONS FINANCIAL INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2004**

Note D- 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 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 applicable exchange 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, 2004 the Company had net capital of \$ 10,891. The Company's net capital ratio was .26 to 1 for December 31, 2004.

Note E- INCOME TAXES

The current portion of income tax expense (benefit) included in the statement of operations as determined in accordance with FASB Statement No. 109, Accounting for Income taxes, for the year ended December 31, 2004 is as follows:

State tax expense	\$550
-------------------	-------

As of December 31, 2004, the company has accumulated a federal net operating loss carryover of approximately \$2,175 expiring in December 31, 2023.



The CPA, Never Underestimate The Value.



CERTIFIED PUBLIC ACCOUNTANTS

Page 9

**HORIZONS FINANCIAL INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2004**

Note F- INVESTMENTS

Investments are stated at fair value unless otherwise noted at cost, and consist of the following as of:

		<u>December 31, 2004</u>	
	<u>Cost</u>	Market <u>Value</u>	Realized Loss <u>On Investment</u>
Marketable securities	\$ <u>7,400</u>	\$ <u>7,400</u>	\$ <u>2,800</u>
Total	\$ <u>7,400</u>	\$ <u>7,400</u>	\$ <u>2,800</u>



The CPA, Never Underestimate The Value.