



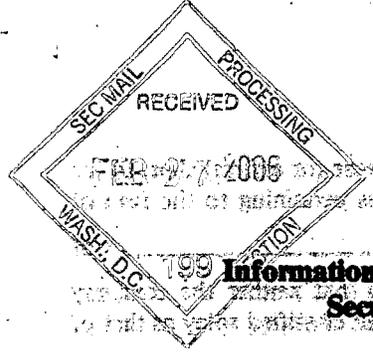
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GE COMMISSION
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OMB APPROVAL
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hours per response . . . 12.00

SEC FILE NUMBER
8. 29445

AB
3/15



ANNUAL REPORT
FORM X-17A-5
PART III

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 01/01/2005 AND ENDING 12/31/2005
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
HORIZON'S FINANCIAL INVESTMENT CORP.

OFFICIAL USE ONLY
FIRM ID. NO.

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

151 Harrington Circle

(No. and Street)

Willingboro, NJ 08046

(City)

(State)

PROCESSED
APR 26 2005
THOMSON
FINANCIAL

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

Richard J. Isackson

609-877-3355

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Harrison, Mauro & Morgan

(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.

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).

SEC 1410 (3-91)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

4/25

**FORM
X-17A-5**

FOCUS REPORT

OMB No. 3235-0123
(5-31-87)

(Financial and Operational Combined Uniform Single Report)

PART IIA 12

3/91

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) 16 2) Rule 17a-5(b) 17 3) Rule 17a-11 18
 4) Special request by designated examining authority 19 5) Other 26

NAME OF BROKER-DEALER

Horizons Financial Investment Corporation 13

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

151 Harrington Circle 20

(No. and Street)

Willingboro, 21 NJ 22 08046 23

(City)

(State)

(Zip Code)

SEC FILE NO.

8-29445 14

FIRM ID. NO.

13562 15

FOR PERIOD BEGINNING (MM/DD/YY)

01-01-05 24

AND ENDING (MM/DD/YY)

12-31-05 25

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

Richard J. Isackson 30

(Area Code)—Telephone No.

609-877-3355 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

- 32
- 34
- 36
- 38

OFFICIAL USE

- 33
- 35
- 37
- 39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES 40 NO X 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT X 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 15th day of Feb 192001
 Manual signatures of:

1) [Signature]
 Principal Executive Officer or Managing Partner

2) _____
 Principal Financial Officer or Partner

3) _____
 Principal Operations Officer or Partner

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:f(a))

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER

Horizons Financial Investment Corp.

N 3

10

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND
CERTAIN OTHER BROKERS OR DEALERS**

as of (MM/DD/YY) 12/31/05 9
 SEC FILE NO. 8-29445 9
 Consolidated 18
 Unconsolidated 19

ASSETS

Allowable

Non-Allowable

Total

1. Cash	\$ 15,572	200		\$ 15,572	75
2. Receivables from brokers or dealers:					
A. Clearance account		295			
B. Other		300	\$ 550		81
3. Receivables from non-customers		355	600		83
4. Securities and spot commodities owned, at market value:					
A. Exempted securities		418			
B. Debt securities		419			
C. Options		420			
D. Other securities		424			
E. Spot commodities		430			85
5. Securities and/or other investments not readily marketable:					
A. At cost ∇ \$	130				
B. At estimated fair value		440	1,400	610	1,400
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:					
A. Exempted securities \$	150				
B. Other securities \$	160				
7. Secured demand notes:		470		640	89
market value of collateral:					
A. Exempted securities \$	170				
B. Other securities \$	180				
8. Memberships in exchanges:					
A. Owned, at market \$	190				
B. Owned, at cost				650	
C. Contributed for use of the company, at market value				660	90
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships		480		670	91
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization		490	282	680	282
11. Other assets		535		735	93
12. TOTAL ASSETS	\$ 15,572	540	\$ 1,682	740	\$ 17,254

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER Horizons Financial Investment Corporation as of 12/31/05

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING
AND CERTAIN OTHER BROKERS OR DEALERS**

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account	1114	1315	1560
B. Other	1115	1305	1540
15. Payable to non-customers	1155	1355	1610
16. Securities sold not yet purchased, at market value		1360	1620
17. Accounts payable, accrued liabilities, expenses and other	1,642 1205	1385	1,642 1685
18. Notes and mortgages payable:			
A. Unsecured	1210		1690
B. Secured	3,612 1211	1390	3,612 1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		10,000 1400	10,000 1710
1. from outsiders \$	970		
2. Includes equity subordination (15c3-1 (d)) of \$	980		
B. Securities borrowings, at market value: ... from outsiders \$	990	1410	1720
C. Pursuant to secured demand note collateral agreements:		1420	1730
1. from outsider: \$	1000		
2. Includes equity subordination (15c3-1 (d)) of \$ 10,000	1010		
D. Exchange memberships contributed for use of company, at market value		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	1750
20. TOTAL LIABILITIES	\$ 5,254 1230	\$ 10,000 1450	\$ 15,254 1760

Ownership Equity

21. Sole proprietorship		\$ 1770
22. Partnership (limited partners	\$ 1020	\$ 1780
23. Corporation:		
A. Preferred stock		179
B. Common stock		2,000 179
C. Additional paid-in capital		179
D. Retained earnings		-0- 179
E. Total		2,000 179
F. Less capital stock in treasury		179
24. TOTAL OWNERSHIP EQUITY		\$ 2,000 180
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY		\$ 17,254 181

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER Horizons Financial Investment Corporation

For the period (MMDDYY) from 1-1-05 ³⁹³² to 12-31-05 31
 Number of months included in this statement 12 31

STATEMENT OF INCOME (LOSS)

REVENUE

1. Commissions:			
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$		31
b. Commissions on listed option transactions	✓		31
c. All other securities commissions			31
d. Total securities commissions			31
2. Gains or losses on firm securities trading accounts			
a. From market making in options on a national securities exchange			31
b. From all other trading			31
c. Total gain (loss)			31
3. Gains or losses on firm securities investment accounts		3,080	31
4. Profit (loss) from underwriting and selling groups	✓	42,845	31
5. Revenue from sale of investment company shares			31
6. Commodities revenue			31
7. Fees for account supervision, investment advisory and administrative services			31
8. Other revenue		4,674	31
9. Total revenue	\$	50,599	40

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers	\$		41
11. Other employee compensation and benefits	✓		41
12. Commissions paid to other broker-dealers			41
13. Interest expense		1,000	40
a. Includes interest on accounts subject to subordination agreements		1,000	4070
14. Regulatory fees and expenses		1,880	41
15. Other expenses		47,862	41
16. Total expenses	\$	50,742	42

NET INCOME

17. Net income (loss) before Federal income taxes and items below (Item 9 less Item 16)	\$	(143)	42
18. Provision for Federal income taxes (for parent only)	✓	550	42
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above			42
a. After Federal income taxes of		4238	
20. Extraordinary gains (losses)			42
a. After Federal income taxes of		4239	
21. Cumulative effect of changes in accounting principles			42
22. Net income (loss) after Federal income taxes and extraordinary items	\$	(693)	42

MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items	\$	507	42
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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER	as of <u>12/31/05</u>
Horizons Financial Investment Corporation	

Exemptive Provision Under Rule 15c3-3

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)
- LIMITED BUSINESS
(Mutual Funds and/or Variable Annuities)
- A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 4
 - B. (k) (2)(A)—“Special Account for the Exclusive Benefit of customers” maintained 4
 - C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm: 4335 4
 - D. (k) (3)—Exempted by order of the Commission 4

**FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER Horizons Financial Investment Corporation as of 12/31/05

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition	\$	2,000		3
2. Deduct ownership equity not allowable for Net Capital	▽	(1,400)		3
3. Total ownership equity qualified for Net Capital		600		3
4. Add:				
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		10,000		3
B. Other (deductions) or allowable credits (List)				3
5. Total capital and allowable subordinated liabilities	\$	10,600		3
6. Deductions and/or charges:				
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	▽	282		3
B. Secured demand note deficiency		3540		3
C. Commodity futures contracts and spot commodities- proprietary capital charges		3590		3
D. Other deductions and/or charges		3600		3
7. Other additions and/or allowable credits (List)		3610		3
8. Net capital before haircuts on securities positions	▽	(282)		3
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):				
A. Contractual securities commitments	\$	3660		3
B. Subordinated securities borrowings		3670		3
C. Trading and investment securities:				
1. Exempted securities	▽	3735		3
2. Debt securities		3733		3
3. Options		3730		3
4. Other securities		3734		3
D. Undue Concentration		3650		3
E. Other (List) <u>Money Market Fund</u>		33		3
10. Net Capital	\$	(33)		3
		10,285		3

OMIT PEN

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER Horizons Financial Investment Corporation as of 12-31-05

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$	350	
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	5,000	
13. Net capital requirement (greater of line 11 or 12)	\$	5,000	
14. Excess net capital (line 10 less 13)	\$	5,285	
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	9,760	

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$	5,254	
17. Add:			
A. Drafts for immediate credit	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	3810	
C. Other unrecorded amounts (List)	\$	3820	
19. Total aggregate indebtedness	\$	0	
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	.511	
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%		

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$		
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$		
24. Net capital requirement (greater of line 22 or 23)	\$		
25. Excess net capital (line 10 less 24)	\$		
26. Net capital in excess of:			
5% of combined aggregate debit items or \$120,000	\$		

OMIT PEI

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
 1. Minimum dollar net capital requirement, or
 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

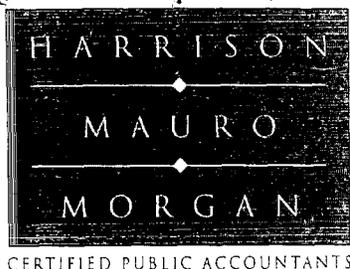
Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be With- drawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)	
▼ 22	4600	4601	4602	4603	4604	40
▼ 23	4610	4611	4612	4613	4614	40
▼ 24	4620	4621	4622	4623	4624	40
▼ 25	4630	4631	4632	4633	4634	40
▼ 26	4640	4641	4642	4643	4644	40
▼ 27	4650	4651	4652	4653	4654	40
▼ 28	4660	4661	4662	4663	4664	40
▼ 29	4670	4671	4672	4673	4674	40
▼ 30	4680	4681	4682	4683	4684	40
▼ 31	4690	4691	4692	4693	4694	40
			TOTAL \$	0	4699	

OMIT PENNIES

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

- WITHDRAWAL CODE: DESCRIPTION
1. Equity Capital
 2. Subordinated Liabilities
 3. Accruals
 4. 15c3-1(c)(2)(iv) Liabilities



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*

◆
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Of Certified Public Accountants*

Board of Directors
Horizons Financial Investment Corporation

In planning and performing our audit of the financial statements of Horizons Financial Investment Corporation, for the year ended December 31, 2005, we considered its internal control 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 compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in the following: Making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e).

The management of the Company is responsible for establishing and maintaining an 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 the 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.

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



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

HARRISON

MAURO

MORGAN

CERTIFIED PUBLIC ACCOUNTANTS

Horizons Financial Investments Corp. (cont'd)

Page 2

Because of inherent limitations in 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. Our consideration of internal control would not necessary 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 the 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, that we consider to be material weaknesses as defined above. Fn 1(86)

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, 2005, to meet the SEC's objectives Fn2(87)

This report is intended solely for the information and use of the Board of Directors, management, the SEC, 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.

Harrison, Mauro & Morgan, P.A.

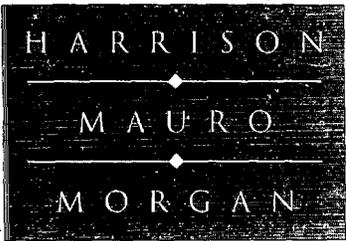
Harrison, Mauro & Morgan, P.A.

Voorhees, NJ

February 17, 2006



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CERTIFIED PUBLIC ACCOUNTANTS

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

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**HORIZONS FINANCIAL
INVESTMENT CORPORATION**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

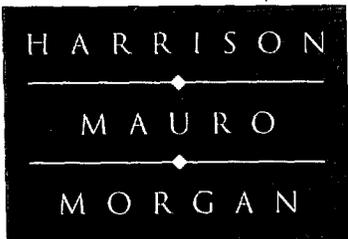
DECEMBER 31, 2005

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PO Box 400
Burlington, NJ 08016
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703 White Horse Road
Suite 5
Voorhees, NJ 08043
856-782-9700
Fax 856-782-2233



CERTIFIED PUBLIC ACCOUNTANTS

HORIZONS FINANCIAL INVESTMENT CORPORATION

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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



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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)

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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, 2005, 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 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 Horizons Financial Investment Corporation as of December 31, 2005 and the results of its activity and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Harrison, Mauro & Morgan, P.A.

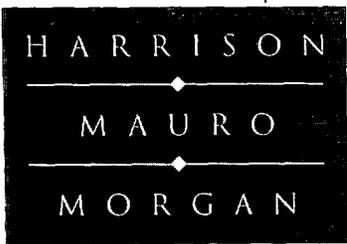
February 17, 2006

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Fax 609-386-6446



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CERTIFIED PUBLIC ACCOUNTANTS

HORIZONS FINANCIAL INVESTMENT CORPORATION
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2005

ASSETS

CURRENT ASSETS:

Cash	\$	5,572
Cash, Restricted SDL		10,000
Investments		<u>1,400</u>

TOTAL CURRENT ASSETS 16,972

FIXED ASSETS:

Computer		2,833
Accumulated Depreciation		<u>(2,551)</u>
		<u>282</u>

TOTAL ASSETS \$ 17,254

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts Payable	\$	925
Income Taxes Payable		550
Due to Officer		3,612
Interest Payable		167
SDL Collateral Payable		<u>10,000</u>

TOTAL CURRENT LIABILITIES 15,254

STOCKHOLDERS' EQUITY:

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

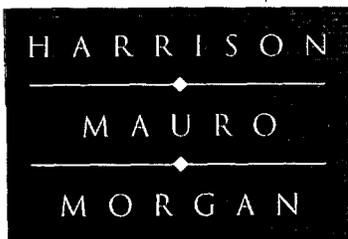
TOTAL STOCKHOLDERS' EQUITY 2,000

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 17,254

See Notes to Financial Statements.



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CERTIFIED PUBLIC ACCOUNTANTS

Page 3

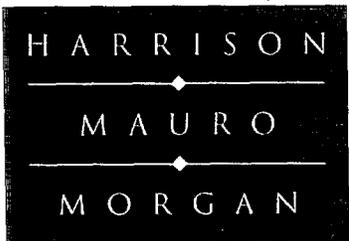
HORIZONS FINANCIAL INVESTMENT CORPORATION
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2005

REVENUES	
Commission Income	\$ 42,845
Management fee	4,500
Interest and dividends	<u>174</u>
	47,519
EXPENSES	
Advertising	206
Computer Expenses	5,288
Fees, registrations, etc.	1,880
Insurance	1,473
Interest	1,000
Depreciation Expense	567
Dues and Subscriptions	652
Miscellaneous	1,300
Office Supplies and Expenses	863
Operating Supplies and Expenses	801
Postage	267
Professional Fees	3,830
Rent	21,000
Repairs and Maintenance	2,552
Telephone	1,394
Training, Seminars, etc.	962
Travel and Entertainment	3,707
Utilities	<u>3,000</u>
TOTAL OPERATING EXPENSES	<u>50,742</u>
LOSS BEFORE OTHER EXPENSES AND INCOME TAXES	(3,223)
GAIN ON INVESTMENTS	<u>3,080</u>
LOSS BEFORE INCOME TAXES	(143)
PROVISION FOR INCOME TAXES	<u>550</u>
NET LOSS	\$ <u>(693)</u>
BASIC EARNINGS PER SHARE	<u>(0.35)</u>

See Notes to Financial Statements.



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CERTIFIED PUBLIC ACCOUNTANTS

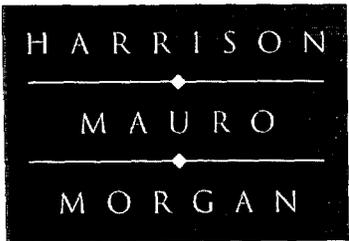
HORIZONS FINANCIAL INVESTMENT CORPORATION
STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at beginning of year	2,000	7,171	9,171
Net Loss - 2005	-	(693)	(693)
Dividends	-	(6,478)	(6,478)
Balance at end of December 31, 2005	\$ <u>2,000</u>	\$ <u>-</u>	\$ <u>2,000</u>

See Notes to Financial Statements.



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HORIZONS FINANCIAL INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Loss	\$ (693)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation expense	567
Increase (Decrease) in operating liabilities:	
Accounts Payable	925
Income taxes payable	50
Due to Officer	4,075
Accrued Interest Payable	<u>1</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,925
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net Gain on investments	<u>(3,080)</u>
NET CASH FLOW USED IN INVESTING ACTIVITIES	<u>(3,080)</u>
NET INCREASE IN CASH	1,845
CASH AT BEGINNING OF YEAR	<u>3,727</u>
CASH AT END OF YEAR	\$ <u><u>5,572</u></u>

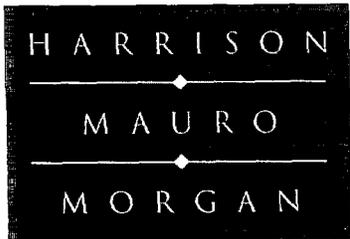
SUPPLEMENTAL DISCLOSURES:

Interest Paid	\$ <u><u>1,000</u></u>
Income Taxes Paid	\$ <u><u>550</u></u>
Non- cash dividends	\$ <u><u>6,478</u></u>

See Notes to Financial Statements.



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CERTIFIED PUBLIC ACCOUNTANTS

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HORIZONS FINANCIAL INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

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.



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HORIZONS FINANCIAL INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

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.

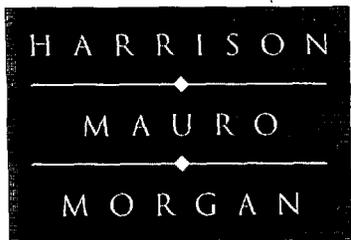
Note B- LEASE COMMITMENTS, RELATED PARTY TRANSACTIONS

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 2005. Lease payments for computer equipment were paid in the amount of \$3,000 during the year. At December 31, 2005 the company owes a shareholder \$3,612, which is not interest bearing and expected to be repaid during the current 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.





CERTIFIED PUBLIC ACCOUNTANTS

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HORIZONS FINANCIAL INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

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, 2005 the Company had net capital of \$ 10,285. The Company's net capital ratio was .511 to 1 for December 31, 2005.

Note E- INCOME TAXES

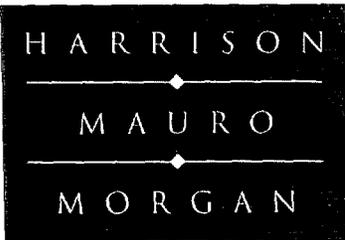
The current portion of income tax expense (benefit) included in the statement of operations as determined in accordance with FASB Statement No. 109, Accounting for Income taxes, for the year ended December 31, 2005 is as follows:

State tax expense	\$550
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As of December 31, 2005, the company has accumulated a federal net operating loss carryover of approximately \$2,063 and contribution carryover of \$229, expiring in December 31, 2024.



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HORIZONS FINANCIAL INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

Note F- INVESTMENTS

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

		<u>December 31, 2005</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Realized Gain On Investment</u>
Marketable securities	\$ <u>1,400</u>	\$ <u>1,400</u>	\$ <u>3,080</u>
Total	\$ <u>1,400</u>	\$ <u>1,400</u>	\$ <u>3,080</u>



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