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Washington, D.C. 20549

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ANNUAL AUDITED 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 July 1, 2005 AND ENDING June 30, 2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: dba TBN Securities, Inc.

TBN Securities + Insurance Service Inc

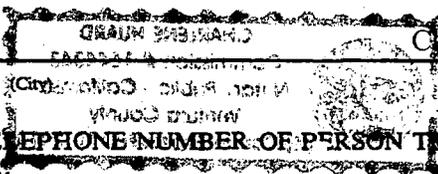
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|-------------------|
| OFFICIAL USE ONLY |
| FIRM ID. NO. |

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

807A Camarillo Springs Road

(No. and Street)

Camarillo



California

93012

(City) (State) (Zip Code)

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

Michael P. Gallop

(805) 445-8111

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Breard & Associates, Inc. Certified Public Accountants

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

9010 Corbin Avenue, Suite 7

Northridge

California

91324

(Address) (City) (Zip Code)

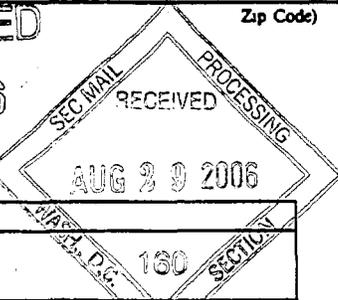
CHECK ONE:

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

PROCESSED

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THOMSON FINANCIAL



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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 (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.

Handwritten signature/initials

OATH OR AFFIRMATION

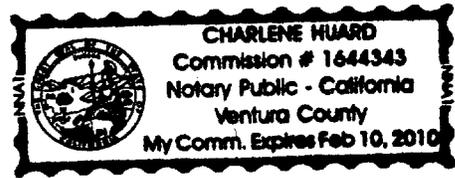
I, Michael P. Gallop, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TBN Securities, Inc., as of June 30, 2006, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

[Three horizontal lines for listing exceptions, with a diagonal line drawn through them.]

State of California
County of Ventura
Subscribed and sworn (or affirmed) to before me this 30 day of June, 2006

President [Signature]
Signature
Title

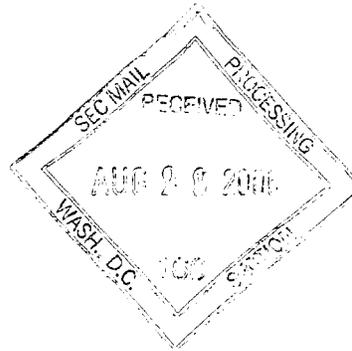
Charlene Huard
Notary Public



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. Cash Flows
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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).



TBN Securities, Inc.

Report Pursuant to Rule 17a-5 (d)

Financial Statements

For the Year Ended June 30, 2006

BREARD & ASSOCIATES, INC.
Certified Public Accountants

Independent Auditor's Report

Board of Directors
TBN Securities, Inc.

We have audited the accompanying statement of financial condition of TBN Securities, Inc. as of June 30, 2006, and the related statements of income, changes in stockholder's 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 misstatements. 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 TBN Securities, Inc. as of June 30, 2006, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Schedules I-III are presented for purposes of additional analysis and is not required as part of the basic financial statements, but as supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respect in relation to the basic financial statements taken as a whole and in conformity with the rules of the Securities and Exchange Commission.



Breard & Associates, Inc.
Certified Public Accountants

Northridge, California
August 3, 2006

We Focus & CareSM

9010 Corbin Avenue, Suite 7
Northridge, California 91324
(818) 886-0940 • Fax (818) 886-1924
www.baicpa.com

TBN Securities, Inc.
Statement of Financial Condition
June 30, 2006

Assets

| | |
|---------------------------|-------------------------|
| Cash and cash equivalents | \$ 11,643 |
| Accounts receivable | <u>919</u> |
| Total assets | <u>\$ 12,562</u> |

Liabilities & Stockholder's Equity

Liabilities

| | |
|-------------------------------------|--------------|
| Bank overdraft | \$ 10 |
| Accounts payable & accrued expenses | <u>2,000</u> |
| Total liabilities | 2,010 |

Stockholder's equity

| | |
|--|-------------------------|
| Common stock, no par value, 50,000 shares authorized 10,500 shares issued and outstanding | 10,500 |
| Additional paid-in capital | 5,000 |
| Accumulated deficit | <u>(4,948)</u> |
| Total stockholder's equity | <u>10,552</u> |
| Total liabilities & stockholder's equity | <u>\$ 12,562</u> |

The accompanying notes are an integral part of these financial statements.

TBN Securities, Inc.
Statement of Income
For the year ended June 30, 2006

Revenues

| | |
|-----------------------|------------|
| Commissions | \$ 75,967 |
| Other income | <u>159</u> |
| Total revenues | 76,126 |

Expenses

| | |
|--|---------------|
| Commissions and consulting fees | 25,917 |
| Legal and professional fees | 29,332 |
| Taxes, licences, other than income taxes | 5,045 |
| Other expenses | <u>14,168</u> |

Total expenses 74,462

Net income (loss) before income taxes 1,664

Income tax provision 800

Net income (loss) \$ 864

The accompanying notes are an integral part of these financial statements.

TBN Securities, Inc.
Statement of Changes in Stockholder's Equity
For the year ended June 30, 2006

| | <u>Common Stock</u> | <u>Additional Paid-in Capital</u> | <u>Accumulated Deficit</u> | <u>Total</u> |
|--------------------------|-------------------------|---|--------------------------------|------------------|
| Balance at June 30, 2005 | \$ 10,500 | \$ 5,000 | \$ (5,812) | \$ 9,688 |
| Net income (loss) | <u>—</u> | <u>—</u> | <u>864</u> | <u>864</u> |
| Balance at June 30, 2006 | <u>\$ 10,500</u> | <u>\$ 5,000</u> | <u>\$ (4,948)</u> | <u>\$ 10,552</u> |

The accompanying notes are an integral part of these financial statements.

TBN Securities, Inc.
Statement of Cash Flow
For the year ended June 30, 2006

Cash flows from operating activities:

| | | |
|---|----|-----|
| Net income (loss) | \$ | 864 |
| Adjustments to reconcile to net income (loss) to net cash and cash equivalents provided by (used in) operating activities | | |

(Increase) decrease:

| | | |
|---------------------|----|------|
| Accounts receivable | \$ | (56) |
| Prepaid expense | | 221 |

(Decrease) increase

| | | |
|----------------|--|-----------|
| Bank overdraft | | <u>10</u> |
|----------------|--|-----------|

| | | |
|-------------------|--|------------|
| Total adjustments | | <u>175</u> |
|-------------------|--|------------|

| | | |
|---|--|--------------|
| Net cash and cash equivalents provided by (used in) operating activities | | 1,039 |
|---|--|--------------|

| | | |
|--|--|----------|
| Cash flows from investing activities: | | - |
|--|--|----------|

| | | |
|--|--|----------|
| Cash flows from financing activities: | | - |
|--|--|----------|

| | | |
|--|--|-------|
| Net increase (decrease) in cash and cash equivalents | | 1,039 |
|--|--|-------|

| | | |
|---|--|---------------|
| Cash and cash equivalents, at beginning of year | | <u>10,604</u> |
|---|--|---------------|

| | | |
|---|--|------------------|
| Cash and cash equivalents, at end of year | | <u>\$ 11,643</u> |
|---|--|------------------|

Supplemental disclosure of cash flow information:

Cash and cash equivalents paid during the year for

| | | |
|--------------|----|-----|
| Income taxes | \$ | 800 |
| Interest | \$ | - |

The accompanying notes are an integral part of these financial statements.

TBN Securities, Inc.
Notes to Financial Statements
June 30, 2006

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

TBN Securities, Inc. (The "Company") was incorporated in California in December of 1999, and began operations in 2000. The Company operates on a fully-disclosed basis whereby it does not hold customer accounts or securities. The Company is a member of the National Association of Securities Dealers ("NASD").

The Company is in the business of selling variable insurance policies to customers, and caters largely to the estate planning market. The Company does business nationwide with its main office in Camarillo, California. A significant portion of the Company's revenue comes from a small client base.

Summary of Significant Accounting Policies

The presentation 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

For purposes relating to the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company also includes money market accounts as cash equivalents.

The Company recognizes its commission fee income when earned.

Accounts receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Note 2: RELATED PARTY TRANSACTIONS

The Company has an expense sharing agreement with an entity affiliated through common ownership whereby during the year ended June 30, 2006, the Company incurred \$2,400 for certain expenses, including office expense, administrative support, and telephone expense.

TBN Securities, Inc.
Notes to Financial Statements
June 30, 2006

Note 3: INCOME TAXES

The income tax provision for the year ended June 30, 2006 consists of the California Franchise Tax Board minimum tax of \$800.

The Company has available at June 30, 2006, unused operating loss carry-forwards, which may be applied against future taxable income, resulting in a deferred tax asset of approximately \$4,005 that expires as follows:

| Amount of unused operating loss carry-forwards | Expiration during year ended June 30, |
|---|--|
| \$ 6,374 | 2023 |
| 2,579 | 2024 |
| <u>17,750</u> | 2025 |
| <u>\$ 26,703</u> | |

A 100% valuation allowance has been established against this asset since management cannot determine if it is more likely than not that the asset will be realized.

Note 4: RECENTLY ISSUED ACCOUNTING STANDARDS

In December 2004, the ("FASB") issued Statement of Financial Accounting Standards No. 123 (revised 2004), "*Share-Based Payment*" ("FAS 123R"), which requires the measurement and recognition of compensation expense for all stock-based compensation payments including grants of employee stock options. Stock options are a valuable and important tool used by many companies as a means to motivate employees and promote business growth. This statement eliminates the ability to account for such share-based compensation transactions using the intrinsic value method as prescribed by Accounting Principles Board, or APB, Opinion No. 25, "*Accounting for Stock Issued to Employees*," and requires that such transactions be reflected in the financial statements based upon the estimated fair value of the awards. In addition, there are a number of other requirements under the new standard that will result in differing accounting treatment than currently required. These differences include, but are not limited to, the accounting treatment for the tax benefit on employee stock options and for stock issued under an employee stock purchase plan. FASB 123R becomes effective for all reports issued after June 15, 2005. Adoption of the new standard has not had a material effect upon the financial statements of the company.

TBN Securities, Inc.
Notes to Financial Statements
June 30, 2006

Note 5: NET CAPITAL REQUIREMENTS

The Company is subject to the uniform net capital rule (Rule 15c3-1) of the Securities and Exchange Commission, which requires both 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. Net capital and aggregate indebtedness change day to day, but on June 30, 2006, the Company's net capital of \$9,633 exceeded the minimum net capital requirement by \$4,633; and the Company's ratio of aggregate indebtedness (\$2,010) to net capital was 0.21:1, which is less than the 15 to 1 maximum ratio allowed.

Note 6: RECONCILIATION OF AUDITED NET CAPITAL TO UNAUDITED FOCUS

There was a \$2,731 difference between the computation of net capital under net capital Sec. Rule 15c3-1 and the corresponding unaudited focus part IIA.

| | | |
|------------------------------------|------------|------------------------|
| Net capital per unaudited schedule | | \$ 12,364 |
| Adjustments: | | |
| Retained earnings | \$ (2,000) | |
| Non-allowable assets | (912) | |
| Haircuts | <u>181</u> | |
| Total adjustments | | <u>(2,731)</u> |
| Net capital per audited statements | | <u><u>\$ 9,633</u></u> |

TBN Securities, Inc.
Schedule I - Computation of Net Capital Requirements
Pursuant to Rule 15c3-1
As of June 30, 2006

Computation of net capital

Stockholder's equity

| | | |
|-----------------------------------|----------------|------------------|
| Common stock | \$ 10,500 | |
| Additional paid-in capital | 5,000 | |
| Accumulated deficit | <u>(4,948)</u> | |
| Total stockholder's equity | | \$ 10,552 |
| Less: Non-allowable assets | | |
| Accounts receivable | <u>(919)</u> | |
| Total adjustments | | <u>(919)</u> |
| Net capital | | 9,633 |

Computation of net capital requirements

| | | |
|---|----------|------------------------|
| Minimum net capital requirements | | |
| 6 2/3 percent of net aggregate indebtedness | \$ 134 | |
| Minimum dollar net capital required | \$ 5,000 | |
| Net capital required (greater of above) | | <u>5,000</u> |
| Excess net capital | | <u>\$ 4,633</u> |

Ratio of aggregate indebtedness to net capital 0.21:1

There was a \$2,731 difference between net capital shown here and net capital as reported on the Company's unaudited Form X-17A-5 report dated June 30, 2006. See Note 6.

See independent auditor's report.

TBN Securities, Inc.
Schedule II - Computation for Determination of Reserve
Requirements Pursuant to Rule 15c3-3
As of June 30, 2006

A computation of reserve requirements is not applicable to TBN Securities, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k) (1).

See independent auditor's report.

TBN Securities, Inc.
Schedule III - Information Relating to Possession or Control
Requirements Under Rule 15c3-3
As of June 30, 2006

Information relating to possession or control requirements is not applicable to TBN Securities, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k) (1).

See independent auditor's report.

TBN Securities, Inc.
Supplementary Accountant's Report
on Internal Accounting Control
Report Pursuant to 17a-5
For the Year Ended June 30, 2006

BREARD & ASSOCIATES, INC.
Certified Public Accountants

Board of Directors
TBN Securities, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of TBN Securities, Inc. (the Company), for the year ended June 30, 2006, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to 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 the quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining 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 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 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 necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of 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, including control activities for safeguarding securities, that we considered to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at June 30, 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, 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.



Breard & Associates, Inc.
Certified Public Accountants

Northridge, California
August 3, 2006