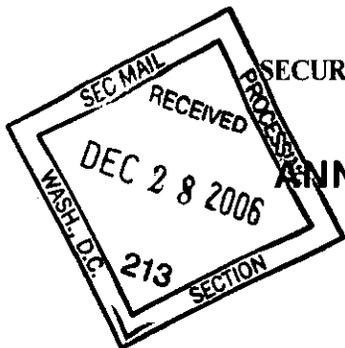


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ANNUAL AUDITED REPORT FORM X-17A-5 PART III

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 11/01/2005 AND ENDING 10/31/2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

AMERICAN INVESTORS GROUP, INC.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
10237 YELLOW CIRCLE DRIVE

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

MINNETONKA

MINNESOTA

55343

(City)

(State)

(Zip Code)

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

Scott J. Marquis

(952) 945 9455

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

BOULAY, HEUTMAKER, ZIBELL & CO., P.L.L.P.

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

7500 FLYING CLOUD DRIVE #800

MINNEAPOLIS, MN 55344

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

JAN 10 2007

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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)

Handwritten initials: J, AB, 1/10

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.

OATH OR AFFIRMATION

I, SCOTT J. MARQUIS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AMERICAN INVESTORS GROUP, INC., as of OCTOBER 31, 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:



Scott J. Marquis
Signature

CHIEF FINANCIAL & CHIEF OPERATIONS OFFICER
Title

[Signature]
Notary Public

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of ~~Income (Loss)~~ Operations
- (d) Statement of ~~Changes in Financial Condition~~ cash flow
- (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).

AMERICAN INVESTORS GROUP, INC.

Minnetonka, Minnesota

Financial Statements

Years Ended October 31, 2006 and 2005



AMERICAN INVESTORS GROUP, INC.

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Boulay, Heutmaker, Zibell & Co. P.L.L.P.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
American Investors Group, Inc.
Minnetonka, Minnesota

We have audited the accompanying statement of financial condition of American Investors Group, Inc. as of October 31, 2006 and 2005 and the related statements of operations, 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 the standards of the Public Company Accounting Oversight Board (United States). 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 American Investors Group, Inc. as of October 31, 2006 and 2005 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.

Boulay, Heutmaker, Zibell & Co. P.L.L.P.
Certified Public Accountants

Minneapolis, Minnesota
November 17, 2006

AMERICAN INVESTORS GROUP, INC.

Statement of Financial Condition

LIABILITIES AND STOCKHOLDER'S EQUITY	October 31	
	2006	2005
Liabilities		
Accounts payable	\$ 7,095	\$ 1,100
Accrued compensation	25,569	11,507
Accrued 401(k) and profit sharing	10,000	
Total liabilities	<u>42,664</u>	<u>12,607</u>
Commitments and Contingencies		
Stockholder's Equity		
Common stock, Class B, voting, no par value:		
Authorized, 2,000 shares, issued and outstanding,		
940 shares	940	940
Additional paid-in capital	317,060	317,060
Retained earnings	133,744	137,420
Total stockholder's equity	<u>451,744</u>	<u>455,420</u>
Total liabilities and stockholder's equity	<u>\$ 494,408</u>	<u>\$ 468,027</u>

Notes to Financial Statements are an integral part of this Statement.



AMERICAN INVESTORS GROUP, INC.

Statement of Operations

	Years Ended October 31	
	2006	2005
Revenues		
Underwriting	\$ 1,368,011	\$ 1,594,610
Commissions		
Equities	40,190	27,263
Fixed income products	1,489	12,903
Revenue insurance and variable annuities	23,993	13,916
Mutual fund shares	148,800	183,239
Fee based planning	225,289	196,441
Other	493,566	535,402
Realized and unrealized gains on investments		40,146
Interest	12,410	7,948
Total revenues	<u>2,313,748</u>	<u>2,611,868</u>
Expenses		
Consulting fees to parent		268,000
Employee compensation and benefits	1,110,074	1,092,851
Commissions	737,923	854,578
Licensing, registration and education	62,701	66,636
Occupancy and equipment expense	161,765	170,262
Legal and professional	30,504	24,480
General and administrative	157,886	168,902
Advertising and publications	18,371	16,473
Travel and entertainment	20,717	27,527
Realized and unrealized losses on investments	60	23,475
Other, net	17,423	15,742
Total expenses	<u>2,317,424</u>	<u>2,728,926</u>
Net Loss	<u>\$ (3,676)</u>	<u>\$ (117,058)</u>

Notes to Financial Statements are an integral part of this Statement.



AMERICAN INVESTORS GROUP, INC.

Statement of Changes in Stockholder's Equity

Years Ended October 31, 2006 and 2005

	Common Stock	Additional Paid-In Capital	Retained Earnings
Balance - October 31, 2004	\$ 940	\$ 454,060	\$ 254,478
Capital withdrawn		(137,000)	
Net loss			(117,058)
Balance - October 31, 2005	940	\$ 317,060	\$ 137,420
Net loss			(3,676)
Balance - October 31, 2006	<u>\$ 940</u>	<u>\$ 317,060</u>	<u>\$ 133,744</u>

Notes to Financial Statements are an integral part of this Statement.



AMERICAN INVESTORS GROUP, INC.

Statement of Cash Flows

	Years Ended October 31	
	2006	2005
Cash Flows from Operating Activities		
Net loss	\$ (3,676)	\$ (117,058)
Adjustments to reconcile net loss to net cash from operating activities		
Depreciation and amortization	37,249	46,414
Realized and unrealized gains and losses, net	60	16,671
Due to parent		(13,000)
Changes in assets and liabilities		
Receivables	(12,679)	56,989
Prepaid expenses	134	616
Payables	5,995	90
Accrued compensation, 401(k) and profit sharing	24,062	(99,528)
Net cash from (used for) operating activities	<u>51,145</u>	<u>(108,806)</u>
Cash Flows Used For Investing Activities		
Capital expenditures	(18,237)	(44,100)
Purchases of investments	(9,600)	
Proceeds from the sale of investments	7,197	415,831
Net cash (used for) from investing activities	<u>(20,640)</u>	<u>371,731</u>
Cash Flows Used For Financing Activities		
Return of additional paid in capital		(137,000)
Net Increase in Cash and Cash Equivalents	30,505	125,925
Cash and Cash Equivalents - Beginning of Year	<u>346,938</u>	<u>221,013</u>
Cash and Cash Equivalents - End of Year	<u>\$ 377,443</u>	<u>\$ 346,938</u>
Cash payments for interest	<u>\$ -</u>	<u>\$ -</u>
Cash payments for income taxes	<u>\$ -</u>	<u>\$ -</u>

Notes to Financial Statements are an integral part of this Statement.



AMERICAN INVESTORS GROUP, INC.

Notes to Financial Statements

October 31, 2006 and 2005

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Company is a general securities broker-dealer which primarily underwrites bonds for not-for-profit religious institutions throughout the United States. The Company's major source of income is underwriting fees earned from the issuance of church bonds. Revenue is recognized as the bonds are issued.

The Company's Class B stock is owned 100 percent by Apostle Holdings Corp. and the Company is a wholly owned subsidiary of Apostle Holdings Corp.

Security Transactions

In accordance with recognized industry practice, customers' securities transactions are recorded on a settlement date basis, generally the third business day following the transaction date. Securities transactions of the Company are recorded on a trade date basis. Revenues and related expenses for transactions executed but not yet settled were not material.

Financial Instruments with Off-Balance-Sheet Risk and Concentration of Credit Risk

In the normal course of business, the Company's customers and correspondent clearing activities involve the execution and settlement of customers' securities transactions. These activities may result in off-balance-sheet credit risk in the event the customers are unable to fulfill their contracted obligations. Customer securities transactions are generally transacted on a cash basis. Should the customers be unable to satisfy their obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the customers' obligations. As discussed above, customers' securities transactions are recorded on a settlement date basis (generally the third business day after the date a transaction is executed) in accordance with industry practice. The risk of loss associated with transactions executed but not yet settled is similar to settled transactions in that it relates to customers' and brokers' inability to meet the terms of their contracts.



AMERICAN INVESTORS GROUP, INC.

Notes to Financial Statements

October 31, 2006 and 2005

Accounting Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

At times throughout the year, the Company's cash in financial institutions may exceed FDIC insurance limits. The Company has not experienced any losses in such accounts.

Cash equivalents include \$113,760 and \$175,241 in 2006 and 2005, respectively, invested in money market accounts which are not FDIC insured.

Financial Instruments

The Company's financial instruments are cash and investments, which approximate fair value at October 31, 2006 and 2005.

Advertising

The Company expenses advertising costs when incurred. Total advertising costs were approximately \$15,927 and \$13,154 for the years ended October 31, 2006 and 2005, respectively.

Office Furniture and Equipment

Office furniture and equipment are stated at the lower of cost or estimated fair value. Depreciation and amortization are provided over estimated useful lives by use of the straight-line method. Maintenance and repairs are expensed as incurred; major improvements and betterments are capitalized.



AMERICAN INVESTORS GROUP, INC.

Notes to Financial Statements

October 31, 2006 and 2005

Income Taxes

The Company files consolidated income tax returns with its parent, Apostle Holdings Corp. in fiscal 2006 and 2005. Income taxes are provided for the tax effects of transactions reported in the Company's financial statements and consist of taxes currently due plus deferred taxes primarily due to differences between the bases of property and equipment and intangible assets for financial and income tax reporting at October 31, 2006 and 2005.

The tax provision differs from the expense that would result from applying Federal statutory rates to income before income taxes due to the effect of state income taxes, because certain expenses are deductible for financial reporting that are not deductible for tax purposes and due to the Company not receiving a tax benefit for the use of net operating losses by the parent.

Since the parent company has responsibility for the payment of income taxes, amounts representing current income taxes payable are included in an inter-company account with the parent. The parent, Apostle Holdings Corp., does not credit back the Company for tax benefits received from the use of net operating losses used in the consolidated tax return.

2. INVESTMENTS

The Company purchases debt and equity securities for resale to customers and for its own account. The Company classifies its debt and equity securities investments as "trading" since the Company is a securities broker/dealer. Although no ready public market for these bonds exists, management believes that their cost approximates their fair value, since the bonds are callable at any time by the issuer at par. Gains and losses are reported in earnings.

The debt securities are primarily private church bonds without a ready market value. The Company did not receive any interest payments on these bonds in 2006 and 2005. Interest on bonds varies from 10.00% to 10.45% and maturity dates are from April 15, 2010 to August 15, 2020. The bonds are callable at any time by the issuer at par.

The equity securities are primarily stocks issued by the National Association of Securities Dealers, Inc., which are restricted investments available only to member firms.



AMERICAN INVESTORS GROUP, INC.

Notes to Financial Statements

October 31, 2006 and 2005

The cost and fair value of the Company's investments held for resale at October 31, 2006 and 2005 are as follows:

	<u>Cost</u>	<u>Estimated Fair Value</u>
<u>October 31, 2006</u>		
Church bonds	\$ 5,326	\$ 5,326
Equity securities	<u>21,360</u>	<u>21,300</u>
	<u>\$ 26,686</u>	<u>\$ 26,626</u>
<u>October 31, 2005</u>		
Church bonds	\$ 5,960	\$ 5,960
Equity securities	<u>18,293</u>	<u>18,323</u>
	<u>\$ 24,253</u>	<u>\$ 24,283</u>

Unrealized gains on investments held for resale were \$0 in 2006 and \$30 in 2005. Unrealized losses on investments held for resale were \$60 in 2006 and realized gains were \$16,641 in 2005.

3. STOCKHOLDER'S EQUITY AND REDEEMABLE PREFERRED STOCK

In addition to the Class B common stock, the Company had two classes of preferred stock, Class A and Class AA. Class A stock has 500,000 shares authorized while Class AA stock has 200,000 shares authorized.

Holders of Class A stock are entitled to such dividends as may be declared by the Board of Directors. Class A stock may be redeemed at the option of the Company for \$1 per share. At October 31, 2006 and 2005 no Class A stock was outstanding.

Holders of Class AA stock are entitled to an 8% non-cumulative dividend at the discretion of the Board of Directors. Class AA stock may be redeemed at the option of the Company for \$1.20 per share. Holders of Class AA stock may exercise a "put option" for up to 2,500 shares per year at a put price of \$1 per share. The holders of these shares are to be Company employees. Upon termination of employment, the Company must redeem their shares for \$1.20 per share. At October 31, 2006 and 2005, no Class AA stock was outstanding.



AMERICAN INVESTORS GROUP, INC.

Notes to Financial Statements

October 31, 2006 and 2005

4. COMMITMENTS AND CONTINGENCIES

Net Capital Rule

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of a minimum amount of net capital and requires the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed fifteen to one. The Rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed ten to one. Net capital and the related net capital ratio fluctuate on a daily basis; however, at October 31, 2006 and 2005, the net capital ratio, net capital and excess net capital are as follows:

	<u>2006</u>	<u>2005</u>
Net capital ratio	0.13:1	0.04:1
Net capital	\$ 332,504	\$ 330,879
Excess net capital	\$ 82,504	\$ 80,879

5. EMPLOYEE BENEFIT PLAN

The Company has a profit-sharing and 401(k) plan covering substantially all employees. In fiscal 2005, the Company did not contribute to the plan. In fiscal 2006, the Company contributed approximately \$10,000 to the plan.

6. RELATED PARTY TRANSACTIONS

The Company leases office space from its parent, Apostle Holdings Corp. under a month-to-month rental agreement. The rent expense to Apostle Holdings Corp. totaled \$96,000 in fiscal 2006 and \$100,000 in 2005.

The Company has a consulting agreement with its parent, Apostle Holdings Corp. A base consulting fee of \$12,000 per month was paid to Apostle Holdings Corp. in fiscal 2005. At management's discretion, additional consulting fees could be paid to Apostle Holdings Corp. Total consulting fees paid to Apostle Holdings Corp., for the year ended October 31, 2005 was \$268,000. Beginning in fiscal year 2006, the Company no longer pays consulting fees to its parent, Apostle Holdings Corp.

The Company earned underwriting commissions of \$181,898 and \$297,783 from American Church Mortgage Company, an entity related by common management, during fiscal 2006 and 2005, respectively. In addition, the Company received expense reimbursements of \$29,007 and \$48,751 from American Church Mortgage Company during fiscal 2006 and 2005, respectively.



AMERICAN INVESTORS GROUP, INC.

Notes to Financial Statements

October 31, 2006 and 2005

The Company is a wholly owned subsidiary of Apostle Holdings Corp. Apostle withdrew \$137,000 of the Company's additional paid in capital in February 2005.

The Company received expense reimbursements of \$284,000 and \$250,000 from Church Loan Advisors, Inc., an entity related by common management, during fiscal 2006 and 2005, respectively.





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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON
SUPPLEMENTARY FINANCIAL INFORMATION

Board of Directors
American Investors Group, Inc.
Minnetonka, Minnesota

We have audited the financial statements of American Investors Group, Inc. as of October 31, 2006 and 2005, and have issued our report thereon dated November 17, 2006. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained on the following pages 14 and 15 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.

Boulay, Heutmaker, Zibell & Co. P.L.L.P.
Certified Public Accountants

Minneapolis, Minnesota
November 17, 2006

AMERICAN INVESTORS GROUP, INC.

Computation of Aggregate Indebtedness and Net Capital under Rule 15c3-1

October 31, 2006

Net Capital		
Total stockholder's equity	\$	451,744
Deductions:		
Non-allowable accounts receivable		13,898
Prepaid expenses		8,728
Equipment, net of accumulated depreciation		67,713
Secondary investments		21,300
Haircut on other securities		7,601
		<u>119,240</u>
Net Capital	\$	<u>332,504</u>
Aggregate Indebtedness:		
Total liabilities from balance sheet	\$	42,664
Computation of basic net capital requirement:		
Minimum net capital required	\$	250,000
Excess net capital	\$	82,504
Ratio of aggregate indebtedness to net capital		0.13:1

No reconciliations deemed necessary since no material differences were noted in the computation of net capital.

See Report of Independent Registered Public Accounting Firm on Supplementary Financial Information.



AMERICAN INVESTORS GROUP, INC.

Computation for Determination of Reserve Requirements under Rule 15c3-3

October 31, 2006

Reserve Requirement	\$ <u> -</u>
Reserve Bank Account	\$ <u> 64,964</u>
Reserve Excess	\$ <u> 64,964</u>

No reconciliations deemed necessary since no material differences were noted in the computation for determination of reserve requirement.

See Report of Independent Registered Public Accounting Firm on Supplementary Financial Information.

