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SEC FILE NUMBER  
8-29445

**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 01/01/2006 AND ENDING 12/31/2006  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: HORIZON 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, NJ 08046  
(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  
(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 15 2007

**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)

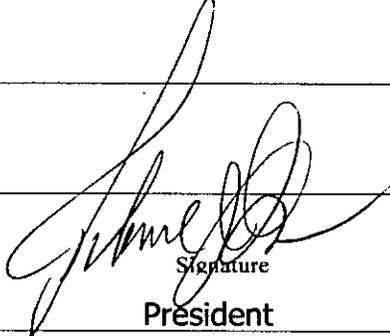
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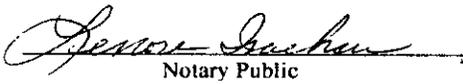
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OATH OR AFFIRMATION

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 December 31, 20 06, 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

NOTARY PUBLIC OF NEW JERSEY  
COMMISSION EXPIRES JAN. 29, 2010

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

**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

SEC FILE NO.

Horizons Financial Investment Corporation 13

8-29445 14

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

FIRM ID. NO.

13562 15

151 Harrington Circle 20

FOR PERIOD BEGINNING (MM/DD/YY)

01-01-06 24

(No. and Street)

AND ENDING (MM/DD/YY)

12-31-06 25

Willingboro, 21 NJ

08046 23

(City)

(State)

(Zip Code)

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

(Area Code)—Telephone No.

Richard J. Isackson 30

609-877-3355 31

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

OFFICIAL USE 33

32

34

36

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

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT  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 July 192007

Manual signature of:

1)

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. 781(a))

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

<b>BROKER OR DEALER</b>	Horizons Financial Investment Corp.	<b>N3</b>	
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**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND  
CERTAIN OTHER BROKERS OR DEALERS**

as of (MM/DD/YY) 12/31/06  
SEC FILE NO. 8-29445

**ASSETS**

Consolidated   
Unconsolidated

Allowable

Non-Allowable

Total

<b>1. Cash</b> .....	\$ <u>17,261</u>	<u>200</u>		\$ <u>17,261</u>	
<b>2. Receivables from brokers or dealers:</b>					
<b>A. Clearance account</b> .....		<u>295</u>			
<b>B. Other</b> .....		<u>300</u>	\$	<u>550</u>	
<b>3. Receivables from non-customers</b> .....		<u>355</u>		<u>600</u>	
<b>4. Securities and spot commodities owned, at market value:</b>					
<b>A. Exempted securities</b> .....		<u>418</u>			
<b>B. Debt securities</b> .....		<u>419</u>			
<b>C. Options</b> .....		<u>420</u>			
<b>D. Other securities</b> .....		<u>12,316</u>		<u>424</u>	
<b>E. Spot commodities</b> .....		<u>430</u>			<u>12,316</u>
<b>5. Securities and/or other investments not readily marketable:</b>					
<b>A. At cost</b> \$ <u>130</u>					
<b>B. At estimated fair value</b> .....		<u>440</u>		<u>610</u>	
<b>6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:</b>					
<b>A. Exempted securities</b> \$ <u>150</u>					
<b>B. Other securities</b> \$ <u>160</u>					
<b>7. Secured demand notes:</b> .....		<u>470</u>		<u>640</u>	
<b>market value of collateral:</b>					
<b>A. Exempted securities</b> \$ <u>170</u>					
<b>B. Other securities</b> \$ <u>180</u>					
<b>8. Memberships in exchanges:</b>					
<b>A. Owned, at market</b> \$ <u>190</u>					
<b>B. Owned, at cost</b> .....				<u>650</u>	
<b>C. Contributed for use of the company, at market value</b> .....				<u>680</u>	
<b>9. Investment in and receivables from affiliates, subsidiaries and associated partnerships</b> .....		<u>480</u>		<u>670</u>	
<b>10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization</b> .....		<u>490</u>		<u>680</u>	
<b>11. Other assets</b> .....		<u>535</u>		<u>735</u>	
<b>17 TOTAL ASSETS</b>	\$	<u>29,577</u>	\$	<u>740</u>	\$ <u>29,577</u>

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

**BROKER OR DEALER** Horizons Financial Investment Corporation as of 12/31/06

**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.....	10,571	1385	10,571
18. Notes and mortgages payable:			
A. Unsecured.....	1210		1690
B. Secured.....	1211	1390	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		10,000	10,000
1. from outsiders \$.....	970		
2. Includes equity subordination (15c3-1 (d)) of .... \$ 10,000.....	980		
B. Securities borrowings, at market value:...		1410	1720
from outsiders \$.....	990		
C. Pursuant to secured demand note collateral agreements:.....		1420	1730
1. from outsider: \$.....	1000		
2. Includes equity subordination (15c3-1 (d)) of .... \$.....	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. <b>TOTAL LIABILITIES</b> .....	\$ 10,571	\$ 10,000	\$ 20,571

**Ownership Equity**

21. Sole proprietorship.....		\$ 1770
22. Partnership (limited partners.....)	\$ 1020	\$ 1780
23. Corporation:		
A. Preferred stock.....		179
B. Common stock.....		2,000
C. Additional paid-in capital.....		179
D. Retained earnings.....		7,006
E. Total.....		9,006
F. Less capital stock in treasury.....		(179)
24. <b>TOTAL OWNERSHIP EQUITY</b> .....		\$ 180
25. <b>TOTAL LIABILITIES AND OWNERSHIP EQUITY</b> .....		\$ 29,577

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

**BROKER OR DEALER** Horizons Financial Investment Corporation

For the period (MMDDYY) from 1-1-06 <sup>3932</sup> to 12-31-06 <sup>31</sup>  
 Number of months included in this statement 12 <sup>31</sup>

**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			
4. Profit (loss) from underwriting and selling groups			31
5. Revenue from sale of investment company shares		4,516	31
6. Commodities revenue			31
7. Fees for account supervision, investment advisory and administrative services			31
8. Other revenue			31
9. Total revenue	\$	58,638	31
		345	31
	\$	63,499	42

**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	42
a. Includes interest on accounts subject to subordination agreements		1,000	4070
14. Regulatory fees and expenses		1,582	41
15. Other expenses		53,361	41
16. Total expenses	\$	55,943	42

**NET INCOME**

17. Net income (loss) before Federal income taxes and items below (Item 9 less Item 16)	\$	7,556	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	\$	7,006	42

**MONTHLY INCOME**

23. Income (current month only) before provision for Federal income taxes and extraordinary items	\$	(9,855)	42
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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

**BROKER OR DEALER** Horizons Financial Investment Corporation as of 12/31/06

**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
- A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 (Mutual Fund and/or Variable Annuities)
  - B. (k) (2)(A)—“Special Account for the Exclusive Benefit of customers” maintained .....
  - C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm  4335
  - D. (k) (3)—Exempted by order of the Commission .....

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

**BROKER OR DEALER** Horizons Financial Investment Corporation as of 12/31/06

**COMPUTATION OF NET CAPITAL**

1. Total ownership equity from Statement of Financial Condition.....		\$	9,006		3
2. Deduct ownership equity not allowable for Net Capital.....		19	(		3
3. Total ownership equity qualified for Net Capital.....					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.....		\$	19,006		3
6. Deductions and/or charges:					
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) \$				3540	
B. Secured demand note deficiency.....				3590	
C. Commodity futures contracts and spot commodities- proprietary capital charges.....				3600	
D. Other deductions and/or charges.....				3610	
7. Other additions and/or allowable credits (List).....					3
8. Net capital before haircuts on securities positions.....		20	\$	19,006	3
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):					
A. Contractual securities commitments.....		\$		3660	
B. Subordinated securities borrowings.....				3670	
C. Trading and investment securities:					
1. Exempted securities.....		10		3735	
2. Debt securities.....				3733	
3. Options.....				3730	
4. Other securities.....				3734	
D. Undue Concentration.....				3650	
E. Other (List) .. Franklin MM NASDAQ Stock.....			1,881	3736	
10. Net Capital.....		\$		1,881	3
		\$		17,125	3

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

**BROKER OR DEALER** Horizons Financial Investment Corporation as of 12-31-06

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

**Part A**

11. Minimum net capital required (6-2/3% of line 19) .....	\$	704	3
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	3
13. Net capital requirement (greater of line 11 or 12) .....	\$	5,000	3
14. Excess net capital (line 10 less 13) .....	\$	12,125	3
15. Excess net capital at 1000% (line 10 less 10% of line 19) .....	\$	16,068	3

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

16. Total A.I. liabilities from Statement of Financial Condition .....	\$	10,571	3
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 .....	\$	10,571	
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10) .....	%	.62	
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 PE

**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.

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

**BROKER OR DEALER**    **Horizons Financial Investment Corporation**

For the period (MMDDYY) from 1-1-06 to 12-31-06

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1. Balance, beginning of period.....		\$	2,000	42
A. Net income (loss).....			7,006	42
B. Additions (Includes non-conforming capital of .....	Y	\$	4262	42
C. Deductions (Includes non-conforming capital of .....	N	\$	4272	42
2. Balance, end of period (From item 1800) .....		\$	<u>9,006</u>	<u>42</u>

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS**

3. Balance, beginning of period .....		\$	10,000	43
A. Increases .....				43
B. Decreases.....				43
4. Balance, end of period (From item 3520).....		\$	<u>10,000</u>	<u>43</u>

OMIT PENN

*END*