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

SEC FILE NUMBER
8-46575

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 01/01/06 AND ENDING 12/31/06
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Dresner Investment Services, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

20 North Clark St. Ste. 3550
(No. and Street)
Chicago IL 60602
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
John Bradley CFO 312 780 7222
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ostrow, Reisin, Berk & Abrams, Ltd.
(Name - if individual, state last, first, middle name)

NBC Tower - Suite 2600 455 N. Cityfront Plaza Dr. Chicago IL 60611-5379
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

APR 17 2007

THOMSON FINANCIAL

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)

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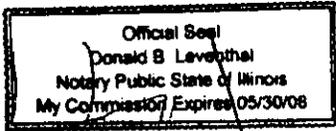
OATH OR AFFIRMATION

I, Steven M. Dresner, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Dresner Investment Services, Inc., as of December 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:

[Handwritten Signature]

Steven M. Dresner
Signature

President
Title



[Handwritten Signature]
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.
- (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. Waived
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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



Certified Public Accountants
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Chicago, IL 60611-5379

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Chicago - Joliet

Independent Affiliate
of BKR International

Independent Auditors' Report

Board of Directors
Dresner Investment Services, Inc.
Chicago, Illinois

We have audited the accompanying balance sheet of Dresner Investment Services, Inc. as of December 31, 2006 and 2005, and the related statements of operations, changes in shareholder'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 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 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 Dresner Investment Services, Inc. as of December 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.

Ostrow Reisin Berk & Abrams, Ltd.

Chicago, Illinois
February 1, 2007

Allen M. Abrams
Nicola K. Chalik
Joel A. Herman
Brian R. Israel
Thomas M. Kosinski
Michael J. Kovacs
Jeffrey C. Newman
Joseph A. Odzer
James G. Quaid
Richard A. Reisin
Kalman K. Shiner
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Kenneth L. Tornheim
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Oath or Affirmation

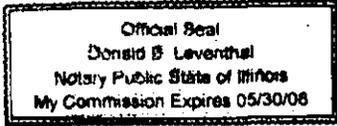
I, Steven Dresner, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statements and supporting schedule pertaining to the firm of Dresner Investment Services, Inc., as of December 31, 2006, are true and correct. I further swear (or affirm) that neither the Company nor any partner, proprietor, principal, officer or director has any proprietary interest in any account classified solely as that of a customer.

Signature [Handwritten Signature]

Title President

Subscribed and sworn to me before this 20 day of March 2007

[Handwritten Signature]
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 cash flows.
- (e) Statement of changes in shareholder's equity or partners' or sole proprietor's capital.
- (f) Statement of changes in liabilities subordinated to claims of general creditors.
- (g) Computation of net capital for brokers and dealers pursuant to Rule 15c3-1.
- (h) Computation for determination of reserve requirements pursuant to Rule 15c3-3.
- (i) Information relating to the possession or control requirements for brokers and dealers 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.
- (o) Independent auditor's report on internal accounting control.
- (p) Schedule of segregation requirements and funds in segregation — customers' regulated commodity futures account pursuant to Rule 171-5.

DRESNER INVESTMENT SERVICES, INC.

BALANCE SHEET

December 31,	2006	2005
ASSETS		
Current assets:		
Cash	\$ 865,459	\$ 86,852
Trade receivables, less allowance for doubtful accounts of \$618,630 in 2006 and \$396,424 in 2005	372,499	462,849
Due from affiliate	3,200,000	
Prepaid expenses	14,307	32,210
Total current assets	4,452,265	581,911
Investments, at cost	45,814	45,814
Computer equipment, net of accumulated depreciation	2,513	
Total assets	\$ 4,500,592	\$ 627,725
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Accrued expenses	\$ 50,205	\$ 21,264
Due to affiliate	1,789,692	103,839
State income taxes payable	55,338	
Total current liabilities	1,895,235	125,103
Shareholder's equity:		
Common stock, no par value; authorized 1,000,000 shares; issued and outstanding 100,000 shares, including paid-in capital	7,615	7,615
Retained earnings	2,597,742	495,007
Total shareholder's equity	2,605,357	502,622
Total liabilities and shareholder's equity	\$ 4,500,592	\$ 627,725

See notes to financial statements.

DRESNER INVESTMENT SERVICES, INC.

STATEMENT OF OPERATIONS

Years ended December 31,	2006	2005
Revenue, fee income (Note 3)	\$ 8,531,887	\$ 2,180,585
Operating expenses:		
Support services	1,283,216	943,475
Bad debts, net of recoveries	230,070	353,758
Wages and benefits	4,436,317	1,387,903
Total operating expenses	5,949,603	2,685,136
Operating income (loss)	2,582,284	(504,551)
Financial income (expense):		
Interest income	34,784	7,886
Interest expense	(4,995)	(7,480)
Loss on expiration of stock warrants		(1,650)
Other income		16,378
Total financial income, net	29,789	15,134
Income (loss) before income taxes	2,612,073	(489,417)
State income tax expense (credit)	55,338	(3,193)
Net income (loss)	\$ 2,556,735	\$ (486,224)

See notes to financial statements.

DRESNER INVESTMENT SERVICES, INC.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Common stock	Retained earnings
Balance, December 31, 2004	\$ 7,615	\$ 981,231
Net loss		(486,224)
Balance, December 31, 2005	7,615	495,007
Net income		2,556,735
Distributions paid		(454,000)
Balance, December 31, 2006	\$ 7,615	\$ 2,597,742

See notes to financial statements.

DRESNER INVESTMENT SERVICES, INC.

STATEMENT OF CASH FLOWS

Years ended December 31,	2006	2005
Operating activities:		
Net income (loss)	\$ 2,556,735	\$ (486,224)
Adjustments to reconcile above to cash provided by (used in) operating activities:		
Depreciation	628	
Loss on expiration of stock warrants		1,650
(Increase) decrease in operating assets:		
Trade receivables	90,350	(85,698)
Due from affiliate	(3,200,000)	491,611
Prepaid expenses	17,903	(22,265)
Increase in operating liabilities:		
Accrued expenses	28,941	2,550
Due to affiliate	1,685,853	
State income taxes payable	55,338	
Cash provided by (used in) operating activities	1,235,748	(98,376)
Investing activities:		
Purchase of computer	(3,141)	
Purchase of investments		(9,300)
Cash used in investing activities	(3,141)	(9,300)
Financing activities:		
Distributions paid	(454,000)	
Cash used in financing activities	(454,000)	
Increase (decrease) in cash	778,607	(107,676)
Cash, beginning of year	86,852	194,528
Cash, end of year	\$ 865,459	\$ 86,852

See notes to financial statements.

DRESNER INVESTMENT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

1. Description of business

Dresner Investment Services, Inc. (the Company) was incorporated in Illinois on April 12, 1993. The Company, which was admitted as a NASD member in 1994, provides investment banking services for middle market companies. These services include advising clients on mergers and acquisitions, divestitures, recapitalizations, placement of debt, equity securities and corporate valuations.

The Company's shareholder is also the sole shareholder of four other legal entities sharing common ownership and management control. These entities were incorporated to provide management, professional and consulting services and are not subject to regulatory agencies' oversight. (See Note 8)

2. Summary of significant accounting policies

Trade accounts receivable:

Trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance for trade receivables were as follows:

Years ended December 31,	2006	2005
Balance, beginning of year	\$ 396,424	\$ 80,074
Provision for losses	299,350	355,709
Charge-offs	(7,864)	(37,408)
Recoveries	(69,280)	(1,951)
Balance, end of year	\$ 618,630	\$ 396,424

Use of 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.

DRESNER INVESTMENT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Property and equipment and related depreciation and amortization:

Property and equipment are stated at cost. Provisions for depreciation and amortization of property and equipment are computed under accelerated and straight-line methods over the estimated useful lives of the assets.

Income taxes:

Dresner Investment Services, Inc. uses the cash method of accounting for tax reporting purposes and the accrual method of accounting for financial statement purposes.

Since its inception, the Company elected to be taxed as an S Corporation under the provisions of the Internal Revenue Code. Under these provisions, the Company is not required to pay federal income taxes on their income, if any. Instead, the shareholders of the Company are liable for the federal income taxes on their respective shares of the Company's income, if any. However, the Company is liable for state income taxes, where applicable.

3. Revenue

The Company's services are contracted under a variety of billing arrangements, including hourly, fixed and success fees. Gross revenue includes all amounts billed to clients during the year and net recoveries on previously disputed fees. Revenue is not recognized from contracts that the Company and its clients have not reached an agreement as to earned fees and/or costs if the amounts are not determinable.

4. Credit risk

The Company maintains its cash in bank accounts at a Chicagoland area bank. Such accounts, at times, may exceed federally insured limits. The Company has an uninsured balance approximating \$665,000 at December 31, 2006. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

5. Major customers

Four customers accounted for approximately 68% of the Company's sales for the year ended December 31, 2006 and one customer accounted for approximately 16% of the Company's sales for the year ended December 31, 2005.

DRESNER INVESTMENT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Employee retirement plan

Effective September 1, 2002, the Company and its affiliates began a defined contribution retirement plan (401(k) plan) with a profit-sharing feature covering substantially all employees. Under the plan, the Company may make a discretionary contribution based on salary and contributions of all employees who meet the service requirements as prescribed by the plan. The expense related to this plan allocated to the company was \$250,253 and \$123,270 for the years ended December 31, 2006 and 2005, respectively.

7. Lease commitments

The Company shares occupancy costs of its office facilities in Illinois with three of the entities described in Note 1. Each entity is responsible for its agreed upon share of base rent and real estate taxes and operating expenses of the facilities and the Company has recorded its proportionate share of expenses. The Company leases its office space under a non-cancelable lease which expires August 2011 and subleases a portion of its unused office space to an unrelated party. The sublease expired in September 2006. For the years ended December 31, 2006 and 2005, rent expense, net of sub-lease revenue, for its operating lease was \$121,524 and \$120,085, respectively.

At December 31, 2006, the total remaining annual minimum rental payments, not including sublease revenue, tenant's proportional share of operating costs and real estate taxes, and reimbursement from other entities sharing occupancy, are as follows:

Year	Total payments
2007	\$ 120,096
2008	123,745
2009	127,393
2010	131,042
2011	77,683
	<hr/>
	\$ 579,959

At October 1, 2006, the sublease was extended on a month-by-month basis.

DRESNER INVESTMENT SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Related party transactions

Dresner Capital Resources, Inc. (DCR), one of the related corporations which is wholly-owned by the sole shareholder of the Company, provides all of the administrative support services. DCR pays all of the Company's office expenses and other costs, including payroll and related payroll taxes. The Company reimbursed DCR for substantially all of the expenses charged in 2006 and 2005.

Allocation of expenses, referred to as "support services," are made by DCR to the Company and its affiliates. Expenses specific to the Company and its affiliates are allocated directly to the entity to which the expense applies. If the expense does not specifically apply to the Company or its affiliates, they are apportioned based on an allocation percentage determined by management.

During 2006, funds were transferred to Dresner Partners II, LLC for the purpose of pooling investment resources in high yielding investments. Also, the Company shares employee resources with Dresner Corporate Services, Inc. (DCS) and Dresner Securities, Inc. (DSI) and bills the related party for each company's share of corresponding employee costs.

At December 31, 2006 and 2005 the following amounts were due from (to) the above related companies.

	2006	2005
Dresner Capital Resources, Inc.	\$ (1,693,212)	\$ (103,839)
Dresner Corporate Services, Inc.	(10,680)	
Dresner Securities, Inc.	(85,800)	
Dresner Partners II, LLC	3,200,000	
Total	\$ 1,410,308	\$ (103,839)

DRESNER INVESTMENT SERVICES, INC.

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1

December 31, 2006

Total shareholder's equity \$ 2,605,357

Deductions and/or charges:

Nonallowable assets:

Investments 28,364

Due from affiliate 1,410,308

Other assets 389,319

Adjusted net capital 777,366

Minimum net capital requirement 5,000

Excess net capital \$ 772,366

Reconciliation with Company's computation of minimum
capital requirements:

Net capital, as reported in the Company's X-17A-5 \$ 772,366



**Ostrow
Reisin
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Ltd.**

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*Independent Affiliate
of BKR International*

Independent Auditors' Report on Internal Control

Board of Directors
Dresner Investment Services, Inc.
Chicago, Illinois

In planning and performing our audit of the financial statements of Dresner Investment Services, Inc. (the Company) as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission, we 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)(1) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the procedures 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 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.

Allen M. Abrams
Nicola K. Chalik
Joel A. Herman
Brian R. Israel
Thomas M. Kosinski
Michael J. Kovacs
Jeffrey C. Newman
Joseph A. Odzer
James G. Quaid
Richard A. Reisin
Kalman K. Shiner
Laurence A. Sophian
Mark A. Thomson
Kenneth L. Tomheim
Frank L. Washelesky
Danielle M. Winkle
Alan M. Witt

The management of the Company is responsible for establishing and maintaining a system of internal control including 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 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Company's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Company's financial statements that is more than inconsequential will not be prevented or detected by the Company's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Company's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider 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 December 31, 2006 to meet the SEC's objective.

This report is intended solely for the use of the shareholder, management, the SEC, the National Association of Securities Dealers, Inc. and other regulatory agencies which 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.

Ostron Reisin Berk + Abrams, Ltd.

Chicago, Illinois
February 1, 2007

END