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OMB Number: 3235-0123 Expires: February 28, 2010 Estimated average burden Hours per response...12.00

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

SEC FILE NUMBER
<del>8-17632</del>

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

8-17632

REPORT FOR THE PERIOD BEGINNING August 1, 2006 AND ENDING July 31, 2007  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

**Blackburn & Company, Inc.**

OFFICIAL USE ONLY
FIRM ID NO.

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

**245 Prospect Avenue #11B**

<b>Hackensack</b>	(No. and Street) <b>NJ</b>	<b>07601</b>
<small>(City)</small>	<small>(State)</small>	<small>(Zip Code)</small>

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

**Camilla R. Hazlehurst** **650-340-0510**

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this report\*

**Harb, Levy & Weiland LLP**

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

<b>The Landmark @ One Market, 6<sup>th</sup> Floor</b>	<b>San Francisco</b>	<b>CA</b>	<b>94105</b>
<small>(Address)</small>	<small>(City)</small>	<small>(State)</small>	<small>(Zip Code)</small>

CHECK ONE:

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

PROCESSED

SEP 28 2007

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 (06-02) Potential persons who are to respond to the collection of information contained in this form are not required to respond unless this form displays a currently valid OMB control number.

Handwritten initials and date 9/27

## OATH OR AFFIRMATION

I, **Camilla R. Hazlehurst**, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statements and supporting schedules pertain to the firm of **Blackburn & Company, Inc.**, as of **July 31, 2007**, and 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:

Camilla R. Hazlehurst  
Signature

President  
Title

Subscribed and sworn to before me  
this 24 day of SEPTEMBER 2007



[Signature]  
Notary Public

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (d) Statement of Cash Flows
- (e) Statement of Changes in Stockholders' Equity or Partners' Equity or Members' Equity 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.
- (o) Independent auditor's report on internal control required by SEC Rule 17a-5
- (p) Independent auditor's report on internal control required by SEC Rule 17a-5 for a Broker-Dealer claiming exemption from SEC Rule 15c3-3

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

BLACKBURN & COMPANY, INC.  
STATEMENT OF FINANCIAL CONDITION  
JULY 31, 2007



Independent Auditors' Report

To the Board of Directors  
Blackburn & Company, Inc.

We have audited the accompanying statement of financial condition of Blackburn & Company, Inc. (the "Company") as of July 31, 2007. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Blackburn & Company, Inc. as of July 31, 2007 in conformity with accounting principles generally accepted in the United States of America.

*Harb, Levy + Weiland LLP*

San Francisco, California  
September 21, 2007

*Member of NEXIA International, A Worldwide Association of Independent Accounting Firms*

BLACKBURN & COMPANY, INC.  
Statement of Financial Condition  
July 31, 2007

Assets

Cash, including money market account of \$507,834	\$ 575,614
Securities owned, at fair value	
Marketable, equity	9,231
Non-marketable, equity	1,633,421
Deferred tax asset	36,200
Other assets	<u>74,658</u>
 Total Assets	 <u>\$ 2,329,124</u>

Liabilities and Stockholders' Equity

Liabilities:

Deferred tax liability	\$ 638,028
Accounts payable and accrued liabilities	<u>22,882</u>
Total liabilities	<u>660,910</u>

Stockholders' equity

Common stock	
Class A, par value \$1.00, 500 shares authorized, 152 shares issued and outstanding	152
Class B, par value \$1.00, 500 shares authorized, no shares issued and outstanding	-
Additional paid-in capital	51,288
Retained earnings	<u>1,616,774</u>
Total stockholders' equity	<u>1,668,214</u>

Total liabilities and stockholders' equity	<u>\$ 2,329,124</u>
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See Accompanying Notes to Statement of Financial Condition

BLACKBURN & COMPANY, INC.  
Notes to Statement of Financial Condition  
July 31, 2007

1. Organization

Blackburn & Company, Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission ("SEC"), and is a member of the New York Stock Exchange, Inc. ("NYSE") and the Financial Industry Regulatory Authority ("FINRA"). Through August 2004, the Company executed securities transactions on behalf of its customers. Subsequent to August 2004, all securities transactions were executed by outside broker-dealers. The Company does not handle or maintain securities in its physical possession nor does it maintain customer accounts as all transactions for accounts of clients are traded and cleared through outside broker-dealers via a commission sharing arrangement.

2. Summary of Significant Accounting Policies

*Cash* consists of cash on deposit with a commercial banks and money market accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

*Securities Owned* Securities owned are valued at estimated fair value with the resulting net gains or losses on principal transactions reflected in earnings. Quoted market prices are used as the basis to determine the estimated fair value. Securities not readily marketable, due to restrictions on the sale of the securities, have been recorded at the quoted market price less a discount to determine the estimate fair value.

*Use of Estimates* The statement of financial condition is prepared in accordance with accounting principles generally accepted in the United States of America which require that the Company make estimates and assumptions that affect reported amounts. Actual results could differ from those estimates.

*Income Taxes:* The Company uses the asset and liability method of accounting to record income taxes. Accordingly, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for federal and state income tax purposes, as well as net capital losses.

BLACKBURN & COMPANY, INC.  
Notes to Statement of Financial Condition  
July 31, 2007

3. Concentration of Risk

The Company is engaged in brokerage activities with counterparties who are exclusively broker-dealers. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

During the year ended July 31, 2007, the Company generated 49% of its revenues from trades executed on behalf of a single client. This results in economic dependence and a concentration of credit risk with a single client. Accordingly, the Company's future results of operations could be affected if this client relationship were terminated.

4. Income Taxes

At July 31, 2007, the Company had federal and state operating loss carry forwards of approximately \$109,738 and \$118,492 respectively. The Company expects to utilize these losses to offset future taxable income.

The Company's net operating loss carryforwards may be subject to annual utilization limitations in case of a change in stock ownership, as deferred by federal and state tax laws.

Components of the Company's deferred tax asset and liability as of July 31, 2007 are as follows:

Deferred tax asset:	
Net operating loss	<u>\$ 36,200</u>
Deferred tax liability:	
Unrealized gains	<u>\$ 638,028</u>

5. Profit Sharing Plan

The Company has a qualified profit sharing plan (the "Plan") for eligible employees of the Company. The Company's contribution to the Plan is determined on a discretionary basis by the Company's Board of Directors. The Company did not authorize payments to the Plan during the fiscal year 2007.

BLACKBURN & COMPANY, INC.  
Notes to Statement of Financial Condition  
July 31, 2007

6. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule ("SEC Rule 15c3-1") which requires the maintenance of minimum net capital, as defined, equal to the greater of \$5,000 or 6-2/3% of aggregated indebtedness, as defined. SEC Rule 15c3-1 also requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. At July 31, 2007, the Company had net capital of \$584,195, which was \$579,195 in excess of the amount required of \$5,000. The Company's ratio of aggregate indebtedness to net capital was 3.92 to 1.

END