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

SEC FILE NUMBER
8-39029

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 01-01-07 (MM/DD/YY) AND ENDING 12-31-07 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: DOMINION INVESTOR SERVICES, INC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1100 NW LOOP 410 SUITE 800
(No. and Street)

SAN ANTONIO (City) TEXAS (State) 78213 (Zip Code)

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

CAMERON SHROPSHIRE 800 929-5667
(Area Code – Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

HOLTMAN, WAGNER & COMPANY, LLP
(Name – *if individual, state last, first, middle name*)

P.O. BOX 311507 (Address) NEW BRAUNFELS (City) TEXAS (State) 78131-1507 (Zip Code)

PROCESSED
MAR 14 2008
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FINANCIAL

SEC Mail Processing Section
FEB 29 2008
Washington, DC
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CHECK ONE:

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

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)*

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 the form displays a currently valid OMB control number.

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OATH OR AFFIRMATION

I, RIX SMITH, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DOMINION INVESTOR SERVICES, INC, as of December 31, 20 07, 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:

Officers, directors and principals may have individual or related accounts, none of which have any cross interest with the broker dealer, and all of which are fully disclosed.

Signature

President

Title

Notary Public

SHIRLEY CRISLER
MY COMMISSION EXPIRES
September 24, 2008

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 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).*

DOMINION INVESTOR SERVICES, INC.

ANNUAL FINANCIAL REPORT

WITH

SUPPLEMENTAL INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Holtman, Wagner & Company L.L.P.
Certified Public Accountants

HOLTMAN, WAGNER & COMPANY, L.L.P.
Certified Public Accountants

876 Loop 337, Building 501
New Braunfels, Texas 78130
830-625-1182
Fax 830-625-1498

INDEPENDENT AUDITORS' REPORT

Board of Directors
Dominion Investor Services, Inc.

We have audited the accompanying statements of financial condition of Dominion Investor Services, Inc., (a wholly owned subsidiary of Dominion Financial Services, Inc.) as of December 31, 2007 and 2006, and the related statements of income, changes in stockholder's equity, changes in liabilities subordinated to the claims of general creditors, 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 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 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 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 Dominion Investor Services, Inc. as of December 31, 2007 and 2006, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I 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.

Holtman Wagner & Company LLP

Holtman, Wagner & Company, L.L.P.
February 22, 2008

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DOMINION INVESTOR SERVICES, INC.
(A Wholly Owned Subsidiary of Dominion Financial Services, Inc.)

Statements of Financial Condition
December 31, 2007 and 2006

		2007		2006
ASSETS				
Current assets:				
Cash and cash equivalents	$	508,170	$	554,234
Receivable from clearing organization		317,741		198,550
Receivable from other brokers and dealers		1,213		26,063
Accounts receivable, other		52,726		11,221
Prepaid expenses		83,141		68,254
Total current assets		**962,991**		**858,322**
Deposit with clearing organization		100,000		50,000
Fixed assets, net of accumulated depreciation		21,426		18,251
	$	**1,084,417**	$	**926,573**
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities:				
Accrued payroll and commissions	$	382,464	$	323,417
Accounts payable, other		24,525		31,038
Total current liabilities		**406,989**		**354,455**
Stockholder's equity:				
Common stock, $1 par value, 1,000,000 shares authorized, 1,465 shares issued and outstanding		1,465		1,465
Paid in capital		103,942		103,942
Retained earnings		572,021		466,711
Total stockholder's equity		**677,428**		**572,118**
Total liabilities and stockholder's equity	$	**1,084,417**	$	**926,573**

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

DOMINION INVESTOR SERVICES, INC.
(A Wholly Owned Subsidiary of Dominion Financial Services, Inc.)

Statements of Income
For the Years Ended December 31, 2007 and 2006

	2007	2006
REVENUES:		
Commissions	$ 6,218,435	$ 4,986,613
Managed account fees	408,029	431,692
Other income	204,421	72,707
Interest	47,660	47,106
Total revenues	**6,878,545**	**5,538,118**
EXPENSES:		
Commissions	5,053,586	3,968,210
Employee compensation and benefits	673,979	656,861
Clearing charges	282,133	262,247
Arbitration loss	-	218,258
General and administrative	210,348	164,992
Legal and professional	8,707	60,195
Rent	72,984	53,255
Communication	13,715	17,278
Other taxes	6,458	12,036
Depreciation	8,850	7,410
Bad debts and errors	27,475	223
Total expenses	**6,358,235**	**5,420,965**
Net income	**$ 520,310**	**$ 117,153**

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

DOMINION INVESTOR SERVICES, INC.
(A Wholly Owned Subsidiary of Dominion Financial Services, Inc.)

Statements of Changes in Stockholder's Equity
For the Years Ended December 31, 2007 and 2006

	Common Stock	Paid-in Capital	Retained Earnings	Total
Balance January 1, 2006	**$ 1,465**	**$ 103,942**	**$ 399,558**	**$ 504,965**
Dividends paid	-	-	(50,000)	(50,000)
Net income	-	-	117,153	117,153
Balance December 31, 2006	**1,465**	**103,942**	**466,711**	**572,118**
Dividends paid	-	-	(415,000)	(415,000)
Net income	-	-	520,310	520,310
Balance December 31, 2007	**$ 1,465**	**$ 103,942**	**$ 572,021**	**$ 677,428**

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

DOMINION INVESTOR SERVICES, INC.
(A Wholly Owned Subsidiary of Dominion Financial Services, Inc.)

Statements of Changes in Liabilities Subordinated
To the Claims of General Creditors
For the Years Ended December 31, 2007 and 2006

Subordinated liabilities at January 1, 2006	$	-
Increases		-
Decreases		-
Subordinated liabilities at December 31, 2006		-
Increases		-
Decreases		-
Subordinated liabilities at December 31, 2007	$	-

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

DOMINION INVESTOR SERVICES, INC.

(A Wholly Owned Subsidiary of Dominion Financial Services, Inc.)

Statements of Cash Flows
For the Years Ended December 31, 2007 and 2006

	2007	2006
Cash flows from operating activities:		
Net income	$ 520,310	$ 117,153
Adjustments to reconcile net income to net cash generated by operating activities:		
Depreciation	8,850	7,410
Changes in operating assets and liabilities:		
Decrease (increase) in receivable from clearing organization	(119,191)	(54,479)
Decrease (increase) in receivables from brokers and dealers	24,850	(18,067)
Decrease (increase) in accounts receivable	(41,505)	4,800
Decrease (increase) in prepaid expenses	(14,887)	(51,156)
Decrease (increase) in deposit with clearing organization	(50,000)	-
(Decrease) increase in accrued payroll and commissions	59,047	83,173
(Decrease) increase in other accounts payable	(6,513)	18,486
Net cash generated by operating activities	**380,961**	**107,320**
Cash flows from investing activities:		
Purchase of fixed assets	(12,025)	(13,828)
Net cash provided (used) by investing activities	**(12,025)**	**(13,828)**
Cash flows from financing activities:		
Dividends paid to parent	(415,000)	(50,000)
Net cash used by financing activities	**(415,000)**	**(50,000)**
Net increase (decrease) in cash	**(46,064)**	**43,492**
Cash at beginning of year	554,234	510,742
Cash at end of year	**$ 508,170**	**$ 554,234**

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

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Note 1-Summary of Significant Accounting Policies

Dominion Investor Services, Inc. (the Company) was formed on December 28, 1990 and is registered with the Financial Industry Regulatory Authority (FINRA). Its brokerage accounts are insured by the Securities Investors Protection Corporation (SIPC). The Company clears its securities transactions through First Southwest Company beginning in November, 2007 and National Financial Services Corporation prior to November, both are members of the New York Stock Exchange.

Reporting Entity:

Effective January 1, 2001, the parent company, Dominion Financial Services (DFS) elected under the Internal Revenue Code to be taxed as an S-Corporation. Under those provisions, DFS does not pay federal corporate income taxes on its income, rather its shareholders are liable for individual income tax on their proportionate share of DFS's taxable income. DFS has made an election with the Internal Revenue Service to treat the Company as a qualified Subchapter S Subsidiary. As a result, for federal tax law purposes, the Company's assets, liabilities, and items of income and deduction are treated as being owned by DFS. Only DFS is required to file a tax return and that return includes the Company's assets, liabilities, and items of income and deduction. These financial statements include only the accounts of Dominion Investor Services, Inc.

Commission Revenue:

Commission revenue is recognized as of the settlement date which is generally the third business day following the trade date.

Management's 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 amounts could differ from those estimates.

Note 2-Cash and Cash Equivalents

For purposes of statements of cash flows, the Company considers all highly liquid investments, with an original maturity of three months or less, to be cash equivalents.

Note 3-Deposits With Clearing Organizations

The Company entered into agreements with clearing organizations to execute and clear securities transactions. Each agreement requires that a $50,000 interest bearing deposit be maintained by the clearing organization. The Company changed to a different clearing organization during the current year and the previous clearing organization has not released the deposit as of year end. The total amount on deposit with clearing organizations is $100,000.

Note 4-Equipment

Equipment is stated at cost. Depreciation, for financial reporting purposes, is provided on the double declining balance and straight line methods over 5 to 7 years.

Changes in fixed assets are as follows:

	Furniture & Equipment	Accumulated Depreciation	Net Fixed Assets
Balance January 1, 2006	$ 254,350	$ 242,517	$ 11,833
Additions	13,828	7,410	6,418
Dispositions	(8,500)	(8,500)	-
Balance December 31, 2006	259,678	241,427	18,251
Additions	12,025	8,850	3,175
Balance December 31, 2007	$ 271,703	$ 250,277	$ 21,426

Note 5-Federal Income Taxes

Effective January 1, 2001, DFS elected under the Internal Revenue Code to be taxed as an S-Corporation and also elected to treat the Company as a Qualified Subchapter S Subsidiary of DFS. Under those provisions, DFS does not pay federal corporate income taxes on its income. As a Qualified Subchapter S subsidiary of DFS, the Company's income is reported on the DFS's tax return and its shareholders are liable for individual income tax on their proportionate share of DFS's taxable income. These financial statements include only the accounts of Dominion Investor Services, Inc.

The Company is still liable for taxes on built-in gains if certain assets are sold that were held by the Company at the time that the S-Corporation election was made. Management has determined that there were no built-in gains of the Company at January 1, 2001.

Note 6-Net Capital Requirement

The Company is subject to the Securities and Exchange Commission Uniform Net Capital rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2007, the Company had net capital of $463,195 which was $413,195 in excess of the required net capital of $50,000. The Company's aggregate indebtedness to net capital ratio is .88 to 1.

Note 7-Lease Commitments

The Company entered into a lease agreement for office space in October, 2006. The lease agreement calls for scheduled rent increases over the lease term of sixty-two months. Rent expense is calculated using the straight-line method over the term of the lease. Future minimum lease payments are as follows:

December 31, 2008	$	70,625
December 31, 2009		70,625
December 31, 2010		70,625
December 31, 2011		64,740
	$	276,615

Rent expense was $72,984 in 2007 and $53,255 in 2006.

Note 9-Concentrations of Receivables and Deposits

First Southwest Company (FSW) began clearing trades for the Company in November, 2007 and National Financial Services Corporation (NFSC) cleared trades for the Company prior to November, 2007. Each require a deposit of $50,000 be maintained for this service. The Company has other cash and investments deposited with FSW in the amount of $488,105 and NFSC in the amount of $669. In addition, FSW and NFSC owe the Company for certain December 2007 trades and other miscellaneous charges in the amounts of $188,981 and $128,760, respectively.

Note 10-Possession or Control Requirements

There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of (S.E.C.) Rule 15c3-3 (K) (2) (ii) by promptly transmitting all customer funds and securities to the clearing broker who carries the customer accounts; therefore, the Company does not have any possession or control of customer funds or securities. Further, our independent auditors have ascertained that the conditions of the exemptions were being complied with as of the date of the audit examination and no facts came to their attention to indicate that the exemption had not been complied with during the period of their examination.

DOMINION INVESTOR SERVICES, INC.
(A Wholly Owned Subsidiary of Dominion Financial Services, Inc.)

Computation of Net Capital Under SEC Rule 15c3-1
December 31, 2007

1 Total ownership equity from the statement of financial condition		$	677,428
2 Deduct ownership equity not allowable for net capital			-
3 Total ownership equity qualified for net capital			677,428
4 Add:			
A. Liabilities subordinated to the claims of general creditors Allowable for the computation of net capital			-
B. Other (deductions) or allowable credits			-
5 Total capital and allowable subordinated liabilities			677,428
6 Deductions and/or charges:			
A. Total non-allowable assets from the statement of financial condition:			
Receivables from brokers and dealers	$	(47,161)	
Other assets		(157,297)	(204,458)
B. Secured demand note deficiency			-
C. Commodity futures contracts and spot commodities-proprietary capital charges			-
D. Other deductions or charges			-
7 Other additions and/or allowable credits			-
8 Net capital before haircuts on security positions			472,970
9 Haircuts on securities (computed, where applicable, pursuant to 15c3-1f):			
A. Contractual securities commitments			-
B. Subordinated securities borrowings			-
C. Trading and investment securities:			
1 Exempted securities			-
2 Debt securites			-
3 Options			-
4 Other securities			-
D. Undue concentration			(9,775)
E. Other			-
10 Net capital		$	463,195

DOMINION INVESTOR SERVICES, INC.
(A Wholly Owned Subsidiary of Dominion Financial Services, Inc.)

Computation of Net Capital Under SEC Rule 15c3-1
December 31, 2007

Items included in the statement of financial condition:		
Accrued payroll and benefits	$	382,464
Other liabilities		24,525
Total aggregate indebtedness	$	406,989
Computation of basic net capital requirement		
Minimum net capital	$	50,000
Excess net capital at 1000%	$	422,496
Ratio: aggregate indebtedness to net capital		88%

Reconciliation of net capital to amount previously reported:

Net capital as previously reported	$	463,195
Audit adjustments		-
Net capital		463,195
Minimum requirement		(50,000)
Excess net capital	$	413,195

SCHEDULE I
(continued)

DOMINION INVESTOR SERVICES, INC.
(A Wholly Owned Subsidiary of Dominion Financial Services, Inc.)

Computation of Net Capital Under SEC Rule 15c3-1
December 31, 2007

Reconciliation of aggregate indebtedness to amount previously reported:

Aggregate indebtedness as previously reported	$	406,989
Audit adjustments		-
Aggregate indebtedness	$	406,989
Percentage of aggregate indebtedness to net capital as originally reported		88%
Percentage of aggregate indebtedness to net capital as adjusted		88%

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HOLTMAN, WAGNER & COMPANY, L.L.P.
Certified Public Accountants

876 Loop 337, Building 501
New Braunfels, Texas 78130
830-625-1182
Fax 830-625-1498

REPORT ON THE INTERNAL CONTROL STRUCTURE
REQUIRED BY SEC RULE 17a-5

Board of Directors
Dominion Investor Services, Inc.

In planning and performing our audit of the financial statements of Dominion Investor Services, Inc. (a wholly owned subsidiary of Dominion Financial Services, Inc.) for the year ended December 31, 2007, we considered its internal control structure, including procedures 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 the internal control structure.

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 (including tests of compliance with such practices and procedures) followed by Dominion Investor Services, Inc. that we considered relevant to the objectives stated in rule 17a-5(g), (1) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e); (2) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13; (3) in complying with the requirements for prompt payment for securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve System; and (4) the rule 15c3-3 to maintain physical possession or control of all fully paid and excess margin securities of customers does not apply to the Company because the Company does not have possession or control of customer funds or securities.

Dominion Investor Services, Inc. is exempt from rule 15c3-3, pursuant to the 15c3-3(k)(2)(ii) exemption, and the conditions of the exemptions were being complied with as of the examination date. No facts came to our attention to indicate that the exemption had not been complied with during the period of our examination.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and procedures 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 an internal control structure 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.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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 the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 the internal control structure, including procedures for safeguarding securities 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, 2007, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the Securities and Exchange Commission, 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 should not be used for any other purposes.

Holtman Wagner & Company LLP

Holtman, Wagner & Company, L.L.P.
February 22, 2008

END