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

SEC FILE NUMBER  
8-67063

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 12/31/07  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: JONES INTERNATIONAL SECURITIES, LTD OFFICIAL USE ONLY

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

9697 EAST MINERAL AVENUE

(No. and Street)

CENTENNIAL

(City)

CO

(State)

80112

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
ANDREA HEILAND 303-784-8483  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

HEIN & ASSOCIATES LLP

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

717 17TH ST, 16TH FLOOR

(Address)

DENVER

(City)

CO

(State)

80202

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

PROCESSED

APR 29 2008

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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 the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, TIMOTHY BURKE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of JONES INTERNATIONAL SECURITIES, LTD, as of DECEMBER 31, 2007, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Timothy J. Burke

Signature

VICE PRESIDENT

Title

Terrie R. Thompson

Notary Public

TERRIE R. THOMPSON  
Notary Public  
State of Colorado

Commission exp. 11/13/2008

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.
- (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).



**HEIN & ASSOCIATES LLP**

*Certified Public Accountants and Advisors*

**JONES INTERNATIONAL SECURITIES, LTD.**

Financial Statements .

December 31, 2007 and 2006

(With Independent Auditors' Report Thereon  
And Supplemental Report on  
Internal Control Structure)



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Jones International Securities, Ltd.

We have audited the accompanying statements of financial condition of Jones International Securities, Ltd. as of December 31, 2007 and 2006 and the related statements of operations, shareholder's equity, and cash flows for the years then ended that the Company is filing pursuant to the 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 Jones International Securities, Ltd. 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 Schedules I and II is presented for the 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.

  
Hein & Associates LLP  
Denver, Colorado  
February 27, 2008

717 17th Street, 16th Floor  
Denver, Colorado 80202  
Phone: 303-298-9600  
Fax: 303-298-8118  
[www.heincpa.com](http://www.heincpa.com)

**JONES INTERNATIONAL SECURITIES, LTD.**

Statements of Financial Condition

As of December 31, 2007 and 2006

<b>Assets</b>	<b>2007</b>	<b>2006</b>
Current assets:		
Cash	\$ 115,979	\$ 58,129
Advances to Jones International, Ltd.	115,795	13,807
Accounts receivable	4,000	—
Prepaid insurance	<u>416</u>	<u>832</u>
Total current assets	<u>236,190</u>	<u>72,768</u>
 Property and equipment (Note 2):		
Computer hardware	1,649	—
Accumulated depreciation	<u>(229)</u>	<u>—</u>
Property and equipment, net	<u>1,420</u>	<u>—</u>
 Total assets	<u>\$ 237,610</u>	<u>\$ 72,768</u>
 <b>Liabilities and Shareholder's Equity</b>		
Liabilities:		
Accrued payroll	\$ 64,361	\$ —
Accrued other expenses	<u>15,673</u>	<u>—</u>
Total liabilities	<u>80,034</u>	<u>—</u>
 Shareholder's equity:		
Common stock, \$0.01 par value. Authorized, issued and outstanding 1,000,000 shares	10,000	10,000
Additional paid-in-capital	804,000	404,000
Accumulated deficit	<u>(656,424)</u>	<u>(341,232)</u>
Total shareholder's equity	<u>157,576</u>	<u>72,768</u>
Total liabilities and shareholder's equity	<u>\$ 237,610</u>	<u>\$ 72,768</u>

See accompanying notes to financial statements.

**JONES INTERNATIONAL SECURITIES, LTD.**

Statements of Operations

Years ended December 31, 2007 and 2006

	2007	2006
Revenue (Note 2)	230,900	—
Operating expenses:		
Salary and benefits	334,653	—
Commissions	161,630	—
Professional services	59,529	38,046
Facilities expenses	29,519	—
Computer expenses	25,417	—
Dues and subscriptions	6,500	4,976
Other operating expenses	9,381	3,263
Total operating expenses	<u>626,629</u>	<u>46,285</u>
Operating loss	(395,729)	(46,285)
Other income	<u>35,000</u>	<u>—</u>
Loss before income taxes	(360,729)	(46,285)
Income tax benefit (Note 6)	<u>45,537</u>	<u>419</u>
Net loss	<u>\$ (315,192)</u>	<u>\$ (45,866)</u>

See accompanying notes to financial statements.

**JONES INTERNATIONAL SECURITIES, LTD.**

Statements of Shareholder's Equity

Years ended December 31, 2007 and 2006

	Common stock		Additional	Accumulated	Total
	Shares	Amount	paid-in	deficit	shareholder's
			capital		equity
Balances, January 1, 2006	1,000,000	\$ 10,000	\$ 354,000	\$ (295,366)	\$ 68,634
Net loss	—	—	—	(45,866)	(45,866)
Capitalization of advances from Jones International, Ltd.	—	—	50,000	—	50,000
Balances, December 31, 2006	1,000,000	\$ 10,000	\$ 404,000	\$ (341,232)	\$ 72,768
Net loss	—	—	—	(315,192)	(315,192)
Capitalization of advances from Jones International, Ltd.	—	—	400,000	—	400,000
Balances, December 31, 2007	1,000,000	\$ 10,000	\$ 804,000	\$ (656,424)	\$ 157,576

See accompanying notes to financial statements.

**JONES INTERNATIONAL SECURITIES, LTD.**

Statements of Cash Flows

Years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Net loss	\$ (315,192)	\$ (45,866)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	229	—
Net change in assets and liabilities:		
Increase in accounts receivable	(4,000)	—
Decrease (increase) in prepaid insurance	416	(455)
Increase in accrued payroll and other expenses	80,034	—
Net cash used in operating activities	<u>(238,513)</u>	<u>(46,321)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(1,649)</u>	<u>—</u>
Net cash used in investing activities	<u>(1,649)</u>	<u>—</u>
Cash flows from financing activities:		
Change in advances from Jones International, Ltd.	<u>298,012</u>	<u>46,321</u>
Net cash provided by financing activities	<u>298,012</u>	<u>46,321</u>
Increase in cash and cash equivalents	57,850	—
Cash and cash equivalents, beginning of year	<u>58,129</u>	<u>58,129</u>
Cash and cash equivalents, end of year	<u>\$ 115,979</u>	<u>\$ 58,129</u>
Supplemental cash flow disclosures:		
Capitalization of advances from Jones International, Ltd. (Note 3)	<u>\$ 400,000</u>	<u>\$ 50,000</u>

See accompanying notes to financial statements.

# JONES INTERNATIONAL SECURITIES, LTD.

## Notes to Financial Statements

December 31, 2007

### (1) Organization and Business

Jones International Securities, Ltd. (the "Company") is a wholly owned subsidiary of Jones International, Ltd. ("International"), a holding company with ownership interests in several companies involved in the Internet, e-commerce, software, education, entertainment, and radio programming industries. International is wholly owned by Glenn R. Jones, Chairman of the Board of Directors of the Company. The Company acts as dealer/manager in debt and/or equity offerings on behalf of affiliated entities. In 2000, the Company did not reregister with the Securities and Exchange Commission ("SEC") as a registered broker/dealer and the Company did not renew its membership application with the National Association of Securities Dealers ("NASD"). In 2005, the Company made the decision to register with the SEC as a broker/dealer and applied to renew its membership with the NASD. The application was approved in February 2006.

Beginning in 2007, the Company operated as dealer/manager in debt offerings on behalf of certain affiliates. The transactions of the Company do not involve the safeguarding of securities or the maintenance of customers' securities or other accounts.

### (2) Significant Accounting Policies

#### (a) Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity when issued of three months or less to be cash equivalents.

#### (b) Property and Equipment

Computer equipment is depreciated using the straight-line method over its estimated useful life of three years. For the years ended December 31, 2007 and 2006, the Company had depreciation expense of \$229 and \$0, respectively.

#### (c) Customer Accounts

The Company does not hold funds, securities or carry accounts for customers. In the opinion of management, the Company has complied with the exemptive provisions of rule 15c3-3 of the Securities and Exchange Commission for the years ended December 31, 2007 and 2006.

#### (d) Revenue Recognition Policy

The Company generates revenue by providing dealer/manager services to affiliates. The Company receives a commission of ten percent of funds raised from the affiliate. Revenue is recognized at each closing of the debt offering.

#### (e) Income Taxes

Beginning in 1998, the Company joined in filing a consolidated income tax return as provided for under the terms of a tax allocation agreement with International and certain of International's subsidiaries. Pursuant to the terms of the income tax allocation agreement, the Company will receive provisions (benefits) for income taxes based on its prorata contribution of taxable income (loss) to International's consolidated taxable income (loss).

## JONES INTERNATIONAL SECURITIES, LTD.

### Notes to Financial Statements

December 31, 2007

The Company accounts for deferred tax liabilities or assets based on the temporary differences between the financial reporting and tax basis of assets and liabilities as measured by the enacted tax rates that are expected to be in effect when these differences reverse. Deferred tax assets are reduced, if deemed necessary, by a valuation allowance for the amount of any tax benefits, based upon current circumstances, which are not expected to be realized.

*(d) Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(3) Transactions with Affiliates**

International owns a controlling interest in a number of subsidiaries. Certain members of management of the Company are also officers or directors of other entities affiliated with International and, from time to time, the Company may have transactions with these entities. Certain expenses are paid by affiliated entities on behalf of the Company and are allocated at cost based on specific identification or other reasonable methods. Significant transactions with affiliated entities are described below.

*(a) Revenue*

The Company receives commissions from an affiliate of International for its dealer/manager services. The Company received from its affiliate \$230,900 and \$0 for these services for the years ended December 31, 2007 and 2006, respectively.

*(b) Rent Expense*

The Company leases office space in Centennial, Colorado from an affiliate of International. Rent and associated expenses are allocated to the Company based on the amount of square footage it occupies. Rent expense of approximately \$30,000 and \$0 was charged to the Company for the years ended December 31, 2007 and 2006, respectively.

*(c) General and Administrative Expenses*

The Company reimburses International for providing certain administrative services to the Company. These services, which consist primarily of accounting, treasury, tax, and legal services, are allocated to the Company at cost, which includes salaries, related benefits, and overhead. Allocations for services are generally based on actual time spent by affiliated associates with respect to the Company. International and its affiliates charged the Company approximately \$29,000 and \$22,000 for these services for the years ended December 31, 2007 and 2006, respectively.

*(d) Computer Support Services*

An affiliate of International provides computer support services to the Company. The affiliate charged the Company \$24,000 and \$0 for these services for the years ended December 31, 2007 and 2006, respectively.

**JONES INTERNATIONAL SECURITIES, LTD.**

Notes to Financial Statements

December 31, 2007

The approximate income tax benefit on income before income taxes consists of the following:

	<u>Year ended December 31, 2007</u>	<u>Year ended December 31, 2006</u>
Current income taxes:		
Federal income tax benefit	\$ 126,200	\$ 16,200
State income tax benefit	<u>10,900</u>	<u>1,400</u>
Total current income tax benefit	137,100	17,600
Nonutilized income tax benefit	(85,500)	(17,200)
Other	<u>(6,100)</u>	<u>—</u>
Total income tax benefit, net	<u>\$ 45,500</u>	<u>\$ 400</u>

The approximate tax effects of temporary differences that give rise to the significant portions of the deferred tax assets and liabilities are as follows:

	<u>Year ended December 31, 2007</u>	<u>Year ended December 31, 2006</u>
Deferred tax assets:		
Federal tax net operating loss carryforward	\$ 74,600	\$ 18,800
State tax net operating loss carryforward	6,900	1,600
Future deductible amounts associated with other assets and liabilities, net	<u>24,400</u>	<u>—</u>
Total deferred tax assets	105,900	20,400
Less valuation allowance	<u>(105,900)</u>	<u>(20,400)</u>
Deferred tax assets, net	<u>\$ —</u>	<u>\$ —</u>

At December 31, 2007, the Company has net operating loss carry forwards for State income tax purposes in the amount of approximately \$213,000, which are available to offset future State taxable income, if any, through 2027. At December 31, 2007, the Company has net operating loss carry forwards for Federal income tax purposes in the amount of approximately \$213,000 which are available to offset future Federal taxable income, if any, through 2027. The Company has recorded a valuation allowance against net deferred tax assets as it is more likely that the Company will not be able to realize the assets. The valuation allowance increased by approximately \$85,500 and \$17,200 in 2007 and 2006, respectively.

**SCHEDULE I**

***JONES INTERNATIONAL SECURITIES, LTD.***

**(A Wholly Owned Subsidiary of Jones International, Ltd.)**

**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2007**

<b>Computation of Net Capital:</b>	
Total stockholder's equity (from statement of financial condition)	\$ <u>157,576</u>
Total stockholder's equity qualified for net capital	\$ 157,576
Deductions:	
Nonallowable assets:	
Advances to Jones International, Ltd.	115,795
Property and equipment, net	1,420
Prepaid insurance	416
Total deductions	<u>117,631</u>
Net capital	\$ <u>39,945</u>
<b>Computation of Aggregate Indebtedness:</b>	
Total aggregate indebtedness	\$ <u>80,034</u>
Ratio of aggregate indebtedness to net capital	<u>2.0</u>
<b>Computation of Basic Net Capital Requirements:</b>	
Minimum net capital required (6-2/3% of aggregate indebtedness)	\$ <u>5,338</u>
Minimum dollar net capital requirement	\$ <u>5,000</u>
Net capital requirement (greater of above amounts)	\$ <u>5,338</u>
Excess net capital	\$ <u>34,607</u>
<b>Reconciliation with Company's Computation</b> <b>(included in Part II of Form X-17A-5 as of December 31, 2007)</b>	
Net capital, as reported in Company Part II (unaudited) FOCUS report	\$ 39,945
Adjustments to reconcile to regulatory net capital per above	-
Net capital per above	\$ <u>39,945</u>

**SCHEDULE II**

***JONES INTERNATIONAL SECURITIES, LTD.***

**(A Wholly Owned Subsidiary of Jones International, Ltd.)**

**EXEMPTION CLAIMED FROM THE PROVISIONS OF RULE 15c3-3  
UNDER THE SECURITIES EXCHANGE ACT OF 1934  
AS OF DECEMBER 31, 2007**

Exemption is claimed from the provisions of Rule 15c3-3 of the Securities and Exchange Commission under Section 15c3-3(k)(1)(iii), since the Company promptly transmits all funds and delivers all securities received in connection with its activities as a broker or dealer, and does not otherwise hold funds or securities for, or owe money or securities to, customers.

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the Board of Directors,  
Jones International Securities, Ltd.

In planning and performing our audit of the financial statements of Jones International Securities, Ltd. (the "Company") as of and for the years ended December 31, 2007 and 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 (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and 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 and recordation of differences required by rule 17a-13
- (2) 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

The management of the Company is responsible for establishing and maintaining internal control 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 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 the 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 internal control and the practices and procedures referred to above, error or fraud 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.

To the Board of Directors  
Jones International Securities, Ltd.  
Page 2

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 a combination of control deficiencies, that adversely affects the entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities 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, as described in the second paragraph of this report, were adequate at December 31, 2007 and 2006, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered broker-dealers, and is not intended to be and should not be used by anyone other than these specified parties.

  
HEIN & ASSOCIATES LLP

Denver, Colorado  
February 27, 2008