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**ANNUAL AUDITED REPORT  
FORM X17A-5  
PART III**

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**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 July 1, 2007 AND ENDING June 30, 2008  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

Isbin Investments, Inc.

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

730 2nd Avenue South, Suite # 413

(No. and Street)

Minneapolis

Minnesota

55402

(city)

(State)

(Zip Code)

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

Ira M. Isbin

612-338-6113

(Area Code—Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Lurie Besikof Lapidus and Company, LLP

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

2501 Wayzata Boulevard

Minneapolis

Minnesota

55405

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

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

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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).

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OATH OR AFFIRMATION

I, Ira M. Isbin, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of

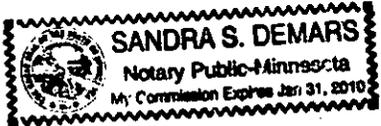
\_\_\_\_\_, as of

June 30, 2008, 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:

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

Ira M. Isbin  
Signature  
President  
Title

Sandra S. Demars  
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/Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' 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) Report on internal control required by SEC Rule 17a-5 for a broker-dealer claiming an exemption from SEC Rule 15c3-3.

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

# Isbin Investments, Inc.

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**Independent Auditor's Report**

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The Director  
Isbin Investments, Inc.  
Minneapolis, Minnesota

We have audited the accompanying statement of financial condition of Isbin Investments, Inc. (the Company) as of June 30, 2008, and the related statements of operations, changes in stockholder's equity, and cash flows for the year 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 Isbin Investments, Inc. as of June 30, 2008, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Lurie Besikof Lapidus & Company, LLP*

**Lurie Besikof Lapidus & Company, LLP**

August 21, 2008

phone 612.377.4404  
fax 612.377.1325

address 2501 Wayzata Boulevard  
Minneapolis, MN 55405

website [www.lblco.com](http://www.lblco.com)

# Isbin Investments, Inc.

## Statement of Financial Condition

<b>June 30</b>	<b>2008</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$369,189
Prepaid Expense	622
Property and Equipment, net of accumulated depreciation of \$55,292	9,722
<b>Total Assets</b>	<b>\$379,533</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>	
Accounts Payable and Accrued Expenses	\$ 7,348
Stockholder's Equity	372,185
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$379,533</b>

See notes to financial statements.

# Isbin Investments, Inc.

## Statement of Operations

<b>Year Ended June 30</b>	<b>2008</b>
<b>Revenue</b>	
Commissions	\$ 110,515
Trading profit	39,965
NASD/NYSE consolidation refund	35,000
Interest	12,408
<b>Total Revenue</b>	<b>197,888</b>
<b>Expenses</b>	
Compensation and benefits	118,449
Clearing fees	23,141
Occupancy	10,165
Other	43,433
<b>Total Expenses</b>	<b>195,188</b>
<b>Net Income</b>	<b>\$ 2,700</b>

See notes to financial statements.

# Isbin Investments, Inc.

## Statement of Changes in Stockholder's Equity

Description	Common Stock *		Additional Paid-in Capital	Retained Earnings	Stockholder's Equity
	Shares	Amount			
Balance, June 30, 2007	10,000	\$ 100	\$ 87,650	\$ 281,735	\$ 369,485
Net income	-	-	-	2,700	2,700
<b>Balance, June 30, 2008</b>	<b>10,000</b>	<b>\$ 100</b>	<b>\$ 87,650</b>	<b>\$ 284,435</b>	<b>\$ 372,185</b>

\* 100,000 shares authorized - \$.01 par value.

# Isbin Investments, Inc.

## Statement of Cash Flows

<b>Year Ended June 30</b>	<b>2008</b>
<b>Operating Activities</b>	
Net income	\$ 2,700
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	3,408
Changes in operating assets and liabilities:	
Prepaid expense	2
Accounts payable and accrued expenses	155
<b>Net Cash Provided by Operating Activities and Increase in Cash and Cash Equivalents</b>	<b>6,265</b>
<b>Cash and Cash Equivalents</b>	
Beginning of year	362,924
End of year	<b>\$369,189</b>

See notes to financial statements.

# Isbin Investments, Inc.

## Notes to Financial Statements

### 1. The Company and Summary of Significant Accounting Policies

#### The Company

Isbin Investments, Inc. (the Company) is a securities broker/dealer registered with the Securities and Exchange Commission and is regulated by the Financial Industry Regulatory Authority (FINRA), formerly the National Association of Securities Dealers, Inc (NASD). The Company primarily executes over-the-counter security trades for clients in the midwestern United States and engages in private placements.

#### Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

All highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents.

Cash and cash equivalents are maintained in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

#### Securities Transactions

Firm trading securities are valued at market and unrealized gains and losses are included in income. Commission income and related expenses are recorded on a settlement date basis, generally the third business day following the transaction date.

#### Property and Equipment

Property and equipment, consisting of office furniture and equipment, are stated at cost less accumulated depreciation. Depreciation is computed using straight-line and accelerated methods over periods prescribed by the Internal Revenue Service which do not result in significantly different amounts than under accounting principles generally accepted in the United States of America.

### 2. Off - Balance Sheet Risk

The Company clears all transactions for its customers on a fully disclosed basis with a clearing broker, who carries all the customer accounts and maintains the related records. The Company is liable to the clearing broker for the transactions of its customers. These activities may expose the Company to off-balance sheet risk in the event other parties are unable to fulfill their contractual obligations. A clearing account deposit of approximately \$12,000 is maintained to ensure the performance of obligations under the agreement. The deposit is included in cash equivalents.

### 3. Lease

The Company leases its office facility under a month to month lease. Rent expense was \$10,165.

# Isbin Investments, Inc.

## Notes to Financial Statements

### 4. Net Capital Requirement and Exemption

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 that the ratio of aggregate indebtedness to net capital, both as defined, not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). Net capital and the related net capital ratio fluctuate on a daily basis; however, at June 30, 2008, the net capital ratio was .02 to 1 and net capital was \$359,834, which exceeded the minimum capital requirement by \$259,834.

The Company is exempt from rule 15c3-3 of the Securities and Exchange Commission since all customer transactions are cleared through another broker-dealer on a fully disclosed basis. Therefore, the Company is not required to make the periodic computation of the reserve requirement for the exclusive benefit of customers.

### 5. Income Taxes

The Company has a federal net operating loss carryforward of approximately \$11,100, which will expire through 2027. The deferred tax asset related to net operating loss carryforward at June 30, 2008, was approximately \$1,700 and was fully reserved with a valuation allowance due to the uncertainty of utilizing the tax asset. The valuation allowance decreased \$1,100 from the 2007 valuation allowance.

**Independent Auditor's Report - Supplementary Information Required by Rule 17a-5 of the Securities and Exchange Commission**

The Director  
Isbin Investments, Inc.  
Minneapolis, Minnesota

We have audited the accompanying financial statements of Isbin Investments, Inc. as of and for the year ended June 30, 2008, and have issued our report thereon dated August 21, 2008. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on page 9 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.

*Lurie Besikof Lapidus & Company, LLP*

**Lurie Besikof Lapidus & Company, LLP**

August 21, 2008

phone 612.377.4404  
fax 612.377.1325

address 2501 Wayzata Boulevard  
Minneapolis, MN 55405

website www.lblco.com

# Isbin Investments, Inc.

## Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission

<b>June 30</b>	<b>2008</b>
<b>Net Capital</b>	
Stockholder's equity	\$ 372,185
Deductions:	
Haircut on certain cash equivalents	(2,007)
Nonallowable items:	
Prepaid expense	(622)
Property and equipment, net of accumulated depreciation	(9,722)
<b>Net Capital</b>	<b>\$ 359,834</b>
<b>Basic Net Capital Requirement</b>	
Net Capital	\$ 359,834
Minimum net capital required	(100,000)
<b>Excess Net Capital</b>	<b>\$ 259,834</b>
<b>Aggregate Indebtedness</b>	
Liabilities	\$ 7,348
<b>Ratio of Aggregate Indebtedness to Net Capital</b>	<b>0.02</b>
<b>Reconciliation to the Company's Computation included in Part II of Form X-17a-5 as of June 30, 2008</b>	
Net capital as reported by the Company	\$ 360,814
Haircut on certain cash equivalents	(2,007)
Net audit adjustments	1,027
<b>Net Capital</b>	<b>\$ 359,834</b>

**Report on Internal Control Structure Required by SEC Rule 17a-5(g)(1) for a Broker-Dealer  
Claiming an Exemption from SEC Rule 15c3-3**

The Director  
Isbin Investments, Inc.  
Minneapolis, Minnesota

In planning and performing our audit of the financial statements and supplemental schedule of Isbin Investments, Inc. (the Company) as of and for the year ended June 30, 2008, 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 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 preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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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.

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 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. We identified the following deficiency in internal control that we consider to be a significant deficiency, as defined above.

Segregation of Duties

There is a general lack of segregation of duties since one person has the responsibility for all the accounting records. The Company plans no corrective action because it is management's opinion that the size of the Company does not warrant hiring additional personnel to achieve the desired segregation of duties.

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. However, we identified a deficiency in internal control that we consider to be a material weakness, as defined above, and communicated the significant deficiency above and the following comment in writing to those charged with governance on August 21, 2008.

Internal Control over Financial Reporting

The Company is expected to establish internal controls over financial statement reporting that provide reasonable assurance that its financial statements are fairly presented in conformity with generally accepted accounting principles. The Company has not established such control procedures over financial statement reporting.

These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of Isbin Investments, Inc. for the year ended June 30, 2008, and this report does not affect our report thereon dated August 21, 2008.

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 June 30, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that 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.

*Lurie Besikof Lapidus & Company, LLP*

**Lurie Besikof Lapidus & Company, LLP**

August 21, 2008

**END**