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

| |
|-----------------|
| SEC FILE NUMBER |
| 8-21410 |

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 07/01/08 AND ENDING 06/30/09
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

Isaak Bond Investments, Inc.

| |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM ID. NO. |

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

600 17th Street, Suite 2610-S
(No. and Street)

Denver Colorado 80202
(City) (State) (Zip Code)

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

Donald J. Lemek (303) 623-7500
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ehrhardt Keefe Steiner & Hottman PC
(Name - if individual, state last, first, middle name)

7979 East Tufts Ave., Suite 400 Englewood Colorado 80237
(Address) (City) (State) (Zip Code)

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).

09-16

OATH OR AFFIRMATION

I, Donald J. Lemek, affirm that, to the best of my knowledge and belief the accompanying consolidated financial statements and supplementary information pertaining to the firm of Isaak Bond Investments, Inc. and Subsidiary, as of and for the year ended June 30, 2009, are true and correct. I further affirm that neither the Company nor any stockholder, principal officer or director has any proprietary interest in any account classified solely as that of a customer.

Donald J. Lemek
Signature

Vice President
Title

Tricia Bergel
Notary Public



My Commission Expires 11/24/2011

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 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 Requirement 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 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.
- n. Independent accountants' report on internal control.

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

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

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EKS&H

EHRHARDT • KEEFE
STEINER • HOTTMAN PC

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

7979 E. Tufts Avenue, Suite 400

Denver, Colorado 80237-2843

P: 303-740-9400 F: 303-740-9009

INDEPENDENT AUDITORS' REPORT

Board of Directors
Isaak Bond Investments, Inc. and Subsidiary
Denver, Colorado

We have audited the accompanying consolidated statement of financial condition of Isaak Bond Investments, Inc. and Subsidiary as of June 30, 2009, and the related consolidated statement of income, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors, 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 consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Isaak Bond Investments, Inc. and Subsidiary as of June 30, 2009, and the results of their operations and their cash flows for the year 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 consolidated financial statements taken as a whole. The information included in the accompanying schedule is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Ehrhardt Keefe Steiner + Hottman PC

Ehrhardt Keefe Steiner & Hottman PC

August 25, 2009
Denver, Colorado

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

Consolidated Statement of Financial Condition
June 30, 2009

Assets

| | |
|--|---------------------|
| Assets | |
| Cash and cash equivalents | \$ 76,128 |
| Due from clearing broker and dealers | 62,503 |
| Interest receivable | 25,183 |
| Due from officer | 71,949 |
| Other receivables | 56,049 |
| Securities owned, substantially pledged as collateral for amounts due to clearing broker | 1,404,885 |
| Cash surrender value of life insurance, net of policy loan of \$133,767 | 71,793 |
| Property and equipment, net of accumulated depreciation of \$195,154 | 20,641 |
| Other assets | <u>193,351</u> |
| Total assets | <u>\$ 1,982,482</u> |

Liabilities and Stockholders' Equity

| | |
|--|---------------------|
| Liabilities | |
| Due to clearing broker, collateralized by securities owned | \$ 54,284 |
| Commissions payable | 188,138 |
| Accrued expenses | 30,976 |
| Deferred income taxes | 45,220 |
| Subordinated debt | <u>461,000</u> |
| Total liabilities | <u>779,618</u> |
| Commitments and contingencies | |
| Stockholders' equity | |
| Common stock, \$1 par value; authorized 500,000 shares; issued and outstanding 45,805 shares | 45,805 |
| Additional paid-in capital | 476,939 |
| Retained earnings | <u>680,120</u> |
| Total stockholders' equity | <u>1,202,864</u> |
| Total liabilities and stockholders' equity | <u>\$ 1,982,482</u> |

See notes to consolidated financial statements.

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

Consolidated Statement of Income
For the Year Ended June 30, 2009

| | |
|------------------------------------|-------------------|
| Revenues | |
| Net trading gains and commissions | \$ 3,100,656 |
| Interest | <u>121,046</u> |
| Total revenues | <u>3,221,702</u> |
| Expenses | |
| Employee compensation and benefits | 2,189,778 |
| Other operating expenses | 318,043 |
| Interest | 90,000 |
| Occupancy and equipment rental | 88,608 |
| Clearing charges | 75,944 |
| Depreciation and amortization | <u>10,499</u> |
| Total expenses | <u>2,772,872</u> |
| Income before taxes | 448,830 |
| Income tax expense | <u>93,302</u> |
| Net income | <u>\$ 355,528</u> |

See notes to consolidated financial statements.

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

**Consolidated Statement of Changes in Stockholders' Equity
For the Year Ended June 30, 2009**

| | <u>Common Stock</u> | | <u>Additional</u> | <u>Retained</u> | <u>Total</u> |
|-------------------------|---------------------|------------------|-------------------|-------------------|----------------------|
| | <u>Shares</u> | <u>Amount</u> | <u>Paid-in</u> | <u>Earnings</u> | <u>Stockholders'</u> |
| | | | <u>Capital</u> | | <u>Equity</u> |
| Balance - June 30, 2008 | 45,805 | \$ 45,805 | \$ 476,939 | \$ 324,592 | \$ 847,336 |
| Net income | - | - | - | 355,528 | 355,528 |
| Balance - June 30, 2009 | <u>45,805</u> | <u>\$ 45,805</u> | <u>\$ 476,939</u> | <u>\$ 680,120</u> | <u>\$ 1,202,864</u> |

See notes to consolidated financial statements.

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

**Consolidated Statement of Changes in Liabilities
Subordinated to Claims of General Creditors
For the Year Ended June 30, 2009**

| | |
|---|-------------------|
| Subordinated liabilities at June 30, 2008 | \$ 461,000 |
| Changes during the year | <u>-</u> |
| Subordinated liabilities at June 30, 2009 | <u>\$ 461,000</u> |

See notes to consolidated financial statements.

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2009

| | |
|--|-------------------|
| Cash flows from operating activities | |
| Net income | \$ <u>355,528</u> |
| Adjustments to reconcile net income to net cash used in operating activities | |
| Depreciation and amortization | 10,499 |
| Deferred income taxes | 45,220 |
| Cash surrender value of life insurance | (4,363) |
| Changes in assets and liabilities | |
| Due from clearing broker and dealers | (46,476) |
| Interest receivable | (5,799) |
| Other receivables | 47,641 |
| Securities owned | 2,244,601 |
| Other assets | (38,096) |
| Due to clearing broker | (2,761,585) |
| Commissions payable | 83,455 |
| Accrued expenses | <u>583</u> |
| | <u>(424,320)</u> |
| Net cash used in operating activities | <u>(68,792)</u> |
| Cash flows from investing activities | |
| Due from officer | (71,786) |
| Purchase of equipment | <u>(12,075)</u> |
| Net cash used in investing activities | <u>(83,861)</u> |
| Net decrease in cash | (152,653) |
| Cash - beginning of year | <u>228,781</u> |
| Cash - end of year | <u>\$ 76,128</u> |

Supplemental disclosure of cash flow information:

Cash paid for interest for the year ended June 30, 2009 was \$90,000.

Cash paid for income taxes for the year ended June 30, 2009 was \$45,000.

See notes to consolidated financial statements.

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1 - Description of Business and Summary of Significant Accounting Policies

Isaak Bond Investments, Inc. and Subsidiary (the "Company") is a Colorado corporation established on March 1, 1977. The Company is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company's primary operation is proprietary trading of municipal bond securities. The Company's wholly-owned subsidiary, Funds Management Corp. ("Management Corp.") has been dormant for several years.

The Company operates under the provisions of Paragraph (k)(2)(ii) of rule 15c3-3 of the Securities Exchange Act of 1934 and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker-dealer, and promptly transmit all customer funds and securities to the clearing broker-dealer. The Company's clearing broker is Southwest Securities, Inc. ("Southwest Securities"). Southwest Securities carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Isaak Bond Investments, Inc. and its subsidiary, Management Corp. All intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests.

Due from Clearing Broker and Dealers and Other Receivables

Due from clearing broker and dealers are recorded as trades are executed on a trade date basis. The Company has not provided a reserve for uncollectible accounts, as management believes all receivables are fully collectible.

Property and Equipment

Property and equipment is stated at cost. Depreciation is provided utilizing straight-line and accelerated methods over the estimated useful lives for owned assets, ranging from three to seven years.

Clearing Deposit and Other Assets

Other assets includes \$50,000 deposited with Southwest Securities to offset certain risks assumed by Southwest Securities, related to the clearing and settling of securities and cash transactions on behalf of the Company.

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash and securities owned. The Company places its temporary cash investments with what management believes are high-credit, quality financial institutions. Securities owned consists primarily of municipal bond securities invested in a diversified portfolio of municipal bond positions.

Securities transactions are initiated on a fully disclosed basis with Southwest Securities. Under the terms of the clearing agreement, the Company is ultimately responsible for the executing of transactions and the contractual obligations thereunder. In conjunction with the clearing broker, the Company seeks to control the risks of activities and is required to maintain collateral in compliance with various regulatory and internal guidelines. Compliance with the various guidelines is monitored daily and pursuant to such guidelines, the Company may be required to deposit additional collateral or reduce positions when necessary.

The Company is engaged in various trading and brokerage activities where counterparties primarily include broker-dealers, banks and other financial institutions. In the event these counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

Market risk arises due to fluctuations in interest rates and market prices that may result in changes in the values of trading instruments. The Company manages its exposure to market risk resulting from trading activities through its risk management function. Risk reports are reviewed daily by management to mitigate market risk.

As of June 30, 2009, one investment accounted for approximately 79% of the carrying amount of securities owned.

Derivative Financial Instruments

Derivative financial instruments used for trading purposes are carried at fair value. These derivative instruments consist principally of future contracts to purchase or sell government securities. Fair values are based upon quoted market prices. Fair value of those financial instruments are recorded in securities owned or due to clearing broker, as appropriate. Unrealized gains or losses resulting from these financial instruments are recorded in trading revenues.

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Fair Value Accounting

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements*. In February 2008, the Financial Accounting Standards Board ("FASB") issued FSP FAS 157-2, *Effective Date of FASB Statement No. 157*, which defers the effective date of SFAS No. 157 for one year for certain nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. Beginning January 1, 2009, the Company adopted the provisions for nonfinancial assets and nonfinancial liabilities that are not required or permitted to be measured at fair value on a recurring basis. SFAS No. 157 establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. SFAS No. 157 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. SFAS No. 157 also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or
- Level 3: Unobservable inputs in which there is little or no market data, which requires the reporting entity to develop its own assumptions.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Revenue Recognition and Securities Owned

The Company recognizes revenue relating to proprietary securities transactions and commission income and expense related to customers' securities transactions on a trade date basis. Municipal securities owned and investment securities are valued at fair value based on trade activity within a publicly observable marketplace with the resulting net unrealized gains and losses included in earnings of the current period.

Income Taxes

The Company recognizes deferred tax assets and liabilities based on the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years.

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

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 affect the reported amounts of assets and liabilities, disclosures 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.

Note 2 - Fair Value Accounting

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2009, using quoted prices in active markets for identical assets and liabilities (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3).

The following assets are measured at fair value on a recurring basis:

| <u>Description</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------|----------------|---------------------|----------------|---------------------|
| Municipal bonds | \$ - | \$ 1,301,040 | \$ - | \$ 1,301,040 |
| Money market fund | - | 103,845 | - | 103,845 |
| Total | \$ - | \$ 1,404,885 | \$ - | \$ 1,404,885 |

The Company values municipal bonds based on trades of the bonds within a publicly observable marketplace. The municipal bond market is based on negotiated contracts between a limited number of parties for rather than high-volume exchange transactions. The determination of pricing for municipal bonds can be determined through review of transactions involving the specified bond, or a like-kind bond.

The valuation technique used to measure fair value of the money market fund was based on inputs other than quoted prices that are observable for valuing the asset, either directly or indirectly (i.e. interest rate and yield curves observable at commonly quoted intervals, default rates, etc.).

Gains and losses (realized and unrealized) included in earnings (or changes in net assets) for the period ended June 30, 2009, are reported in trading revenues and in other revenues as follows:

| | <u>Trading Revenues</u> | <u>Other Revenues</u> |
|---|-----------------------------|-----------------------|
| Total gains or losses included in earnings for the period ended June 30, 2009 | <u>\$ 3,060,286</u> | <u>\$ 161,416</u> |

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 3 - Due to Clearing Broker

The Company clears its proprietary trades through another broker-dealer. The Company is required to maintain securities reserves and other collateral accounts with the Company's broker with a balance at all times equal to or greater than the margin requirement on the underlying securities. At June 30, 2009, the Company maintained approximately \$1,335,000 in these accounts. This amount is netted against the amount payable to the broker-dealer. This payable is collateralized by securities owned by the Company. The Company met all margin requirements, as determined by the clearing broker, as of June 30, 2009.

Note 4 - Commitments and Contingencies

Operating Leases

The Company leases facilities and equipment under non-cancelable operating leases. Rent expense for these leases was \$82,701 for the year ended June 30, 2009.

Future minimum lease payments under these leases are approximately as follows:

Year Ending June 30,

| | | |
|------|----|----------------|
| 2010 | \$ | 60,842 |
| 2011 | | <u>44,503</u> |
| | \$ | <u>105,345</u> |

Note 5 - Subordinated Debt

The borrowings under subordination agreements at June 30, 2009 are owed to the majority stockholder as follows:

| | | |
|--|----|----------------|
| Interest at prime plus 2% (5.25% at June 30, 2009), \$100,000 due October 31, 2010, \$100,000 due March 31, 2011, and \$261,000 due May 31, 2011 | \$ | <u>461,000</u> |
|--|----|----------------|

For the year ended June 30, 2009, interest expense related to the subordinated debt was \$27,038.

The subordinated borrowings are unsecured and are covered by agreements approved by FINRA and are thus available in computing net capital under the Securities and Exchange Commission's uniform net capital rule. To the extent that such borrowings are required for the Company's uniform net capital requirements, they may not be repaid.

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 6 - Employee Benefit Plan

The Company's Section 401(k) profit sharing plan covers substantially all full-time employees. The Company's contributions to the plan are determined annually by the Board of Directors and vest over a period from two to six years of service. In addition, the Company has a discretionary match of up to 6% of employee salary deferrals. Employer contributions to the plan were \$125,086 for the year ended June 30, 2009 and are included in employee compensation and benefits in the Consolidated Statement of Income.

Note 7 - Income Taxes

The net current and long-term deferred tax assets and liabilities in the accompanying Statement of Financial Condition include the following at June 30, 2009:

| | |
|----------------------------|--------------------|
| Deferred tax asset | \$ 1,075 |
| Deferred tax liability | <u>(46,295)</u> |
| Net deferred tax liability | <u>\$ (45,220)</u> |

Temporary differences and carryforwards giving rise to a significant portion of deferred tax assets and liabilities at June 30, 2009 are as follows:

| | |
|------------------------|--------------------|
| Property and equipment | \$ (5,092) |
| Prepaid expenses | (41,203) |
| Accrued interest | 707 |
| State taxes | <u>368</u> |
| | <u>\$ (45,220)</u> |

Components reflected in the Consolidated Statement of Income for the year ended June 30, 2009 are as follows:

| | |
|-----------------|------------------|
| Current | |
| Federal | \$ 43,282 |
| State and local | <u>4,802</u> |
| | <u>48,084</u> |
| Deferred | |
| Federal | 41,459 |
| State and local | <u>3,759</u> |
| | <u>45,218</u> |
| | <u>\$ 93,302</u> |

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 7 - Income Taxes (continued)

The following is a reconciliation of the statutory federal income tax rate applied to pre-tax accounting net income compared to the income taxes in the Consolidated Statement of Income for the year ended June 30, 2009 are as follows:

| | | |
|---|----|---------------|
| Income tax expense at the statutory rate | \$ | 152,602 |
| Change resulting from: | | |
| State income taxes, net of federal income tax | | 9,188 |
| Meals and entertainment | | 4,652 |
| Non-deductible club dues | | 3,947 |
| Municipal interest | | (30,154) |
| Municipal interest related expenses | | 18,795 |
| Officer's life insurance - increase in CSV | | (1,483) |
| Change in valuation allowance | | (66,490) |
| Other | | <u>2,245</u> |
| | \$ | <u>93,302</u> |

Note 8 - Related Party Transactions

One of the Company's customers is a partnership, where the general partner is related to the majority stockholder. In addition to providing investment advisory services, the Company performs certain administrative services for the partnership. For the year ended June 30, 2009, the Company's revenue earned from this partnership was \$33,829. The amount due from the partnership was \$56,049 as of June 30, 2009.

Note 9 - Net Capital Requirements

The Company is subject to the Securities and Exchange Commission uniform net capital rule "SEC rule 15c3-"), 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. 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 June 30, 2009, the Company had net capital of approximately \$1,152,000, which was approximately \$1,052,000 in excess of its minimum net capital of \$100,000. The Company's net capital ratio was 0.27 to 1.

Note 10 - Subsequent Events

The Company evaluated all events and transactions that occurred after June 30, 2009 through August 25, 2009, the date of issuance of these consolidated financial statements.

ACCOMPANYING INFORMATION

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

Computation of Aggregate Indebtedness and Net Capital Pursuant to Rule 15c3-1 of the
Securities and Exchange Commission
June 30, 2009

| Net Capital | |
|---|---------------------|
| Stockholders' equity | \$ 1,202,864 |
| Additions | |
| Liabilities subordinated to claims of general creditors | 461,000 |
| Deductions | |
| Due from officer | (71,949) |
| Other receivables | (56,049) |
| Property and equipment | (20,641) |
| Other assets | (257,932) |
| Haircuts on securities | |
| Debt securities | (84,326) |
| Other securities | (2,077) |
| Undue concentration | <u>(18,456)</u> |
| Net capital | <u>\$ 1,152,434</u> |

Aggregate Indebtedness

| | |
|------------------------------|-------------------|
| Payables | |
| Commissions payable | \$ 188,138 |
| Accrued expenses and other | <u>118,957</u> |
| Total aggregate indebtedness | <u>\$ 307,095</u> |

Computation of Basic Net Capital Requirements

| | |
|--|---------------------|
| Required minimum net capital | <u>\$ 100,000</u> |
| Capital in excess of minimum requirement | <u>\$ 1,052,434</u> |
| Ratio of aggregate indebtedness to net capital | <u>0.27</u> |

Reconciliation with Company's computation:

There is no difference from the Company's computations included in its Part II of Form X-17A-5 as of June 30, 2009, and the audited computation above.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17A-5

Board of Directors
Isaak Bond Investments, Inc. and Subsidiary
Denver, Colorado

In planning and performing our audit of the consolidated financial statements of Isaak Bond Investments, Inc. and Subsidiary (the "Company"), as of and for the year ended June 30, 2009 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 consolidated 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 the 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 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.

Board of Directors
Isaak Bond Investments, Inc. and Subsidiary

Because of inherent limitations in internal control or 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.

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 June 30, 2009, 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 Financial Industry Regulatory Authority, 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.

Ehrhardt Keefe Steiner + Hottman PC

Ehrhardt Keefe Steiner & Hottman PC

August 25, 2009
Denver, Colorado

ISAAK BOND INVESTMENTS, INC. AND SUBSIDIARY

**Consolidated Financial Statements
and
Independent Auditors' Report
June 30, 2009**

EKS&H

**EHRHARDT • KEEFE
STEINER • HOTTMAN PC**

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS