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

SEC File Number
8-53529

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 10/01/10 and ending 09/30/11

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Easton Investment Services, L.L.C.

Official Use Only

Firm ID No.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do not use P.O. Box No.):
320 E. 90th Drive

(No. and Street)

Merrillville

(City)

IN

(State)

46410

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS
REPORT: Barbara Bowden (219)755-4347

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
DeMarco Sciacotta Wilkens & Dunleavy, LLP

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

1211 W. 22nd Street, Suite 110

(No. and Street)

Oak Brook

(City)

Illinois

(State)

60523

(Zip Code)

CHECK ONE:

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



FOR OFFICAL USE ONLY

*Claims for exemption from the requirement that the annual report 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)

OATH OR AFFIRMATION

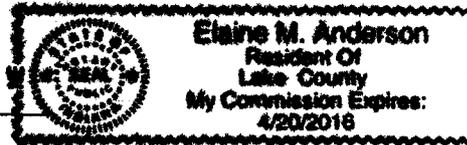
I, **Barbara J. Bowden**, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to the firm of Easton Investment Services, LLC as of September 30, 2011, are true and correct. I further swear (or affirm) that neither the 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:

None.

Barbara J. Bowden
Signature

Chief Executive Officer
Title

Elaine M. Anderson
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 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 15c-3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c-3-3.
- (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 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).

EASTON INVESTMENT SERVICES, L.L.C.

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INDEPENDENT AUDITORS' REPORT

Members of
Easton Investment Services, L.L.C.

We have audited the accompanying statement of financial condition of Easton Investment Services, L.L.C. as of September 30, 2011 and the related statements of income, changes in members' capital and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities and 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 attain 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 Easton Investment Services, L.L.C. as of September 30, 2011 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule included with this report 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 of the Securities and 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.

DeMarco Sciacotta Wilkens & Dunleavy LLP

Oak Brook, Illinois
November 17, 2011

EASTON INVESTMENT SERVICES, L.L.C.

STATEMENT OF FINANCIAL CONDITION

SEPTEMBER 30, 2011

ASSETS

Cash	\$	46,089
Receivable from broker/dealers		3,022
Other assets		<u>15</u>
TOTAL ASSETS	\$	<u>49,126</u>

LIABILITIES AND MEMBERS' CAPITAL

Liabilities

Accounts payable, accrued expenses and other liabilities	\$	3,200
Commissions payable		<u>1,511</u>

Total Liabilities **\$** **4,711**

Members' Capital **\$** **44,415**

TOTAL LIABILITIES AND MEMBERS' CAPITAL **\$** **49,126**

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

EASTON INVESTMENT SERVICES, L.L.C.

STATEMENT OF INCOME

YEAR ENDED SEPTEMBER 30, 2011

REVENUE

Commissions	\$ 99,297
Interest	52
Miscellaneous	<u>43</u>

Total Revenue	<u>\$ 99,392</u>
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EXPENSES

Commissions	\$ 49,853
Clearing and execution charges	-0-
Occupancy	2,016
Other expenses	<u>45,095</u>

Total Expenses	<u>\$ 96,964</u>
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NET INCOME (LOSS)	<u><u>\$ 2,428</u></u>
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The accompanying notes are an integral part of these financial statements.

EASTON INVESTMENT SERVICES, L.L.C.
STATEMENT OF CHANGES IN MEMBERS' CAPITAL
YEAR ENDED SEPTEMBER 30, 2011

Balance-Beginning of Year	\$ 101,987
Capital Contributions	-0-
Capital Distributions	(60,000)
Net Income (Loss)	<u>2,428</u>
 BALANCE-END OF YEAR	 <u>\$ 44,415</u>

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

EASTON INVESTMENT SERVICES, L.L.C.

STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2011

Cash Flows from Operating Activities	
Net Income (Loss)	\$ 2,428
Adjustments:	
Decrease in commissions receivable	58
Decrease in accounts payable	(500)
Decrease in commissions payable	<u>(31)</u>
Net Cash Flow Provided (Used) by Operating Activities	\$ <u>1,955</u>
Net Cash Flow Provided (Used) by Investing Activities	\$ <u>-0-</u>
Cash Flows from Financing Activities	
Capital distributions	\$ <u>(60,000)</u>
Net Increase (Decrease) in Cash	\$ <u>(58,045)</u>
Cash balance at September 30, 2010	\$ <u>104,134</u>
Cash balance at September 30, 2011	\$ <u><u>46,089</u></u>

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

EASTON INVESTMENT SERVICES, L.L.C.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization - The Company, a limited liability company, was organized in the state of Indiana on June 19, 2001. The duration of the Company is perpetual. The Company is registered as a broker/dealer with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority (FINRA). The Company's principal business activity is the sale of securities.

Securities Transactions - Commission revenue and related expense arising from securities transactions are recorded on a trade date basis, which is the same business day as the transaction date.

Concentration of Risk - The Company's cash is on deposit at one financial institution and the balance at times may exceed the federally insured limit. Due to the strong credit rating of this financial institution, the Company believes it is not exposed to any significant credit risk to cash.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that 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.

Subsequent Events - The Company has evaluated all significant events or transactions that occurred through the audit report date, the date these financial statements were available to be issued.

NOTE 2 - INCOME TAXES

As a limited liability company the Company has elected to file as an S Corporation for federal income tax purposes. Income taxes are therefore the responsibility of the individual members of the Company.

EASTON INVESTMENT SERVICES, L.L.C.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2011

NOTE 3 - OPERATING AGREEMENT

The Company's operating agreement places certain restrictions on the transfer of ownership interests in the Company and the amount of debt the Company can incur. Additional information is included therein.

NOTE 4 - RELATED PARTIES

Through common ownership and management the Company is affiliated with Financial Strategies, L.L.C., a registered investment advisor and FSR Management, L.L.C. (FSR). In addition, a member and officer of the Company is a general partner or managing member of several limited partnerships and limited liability companies.

Pursuant to an agreement with the aforementioned related parties which continues until terminated or amended by either party, the Company is required to pay FSR \$467 per month as reimbursement for certain overhead and operating expenses. Payments pursuant to this agreement, which total \$5,604 for the year ended September 30, 2011, are allocated as follows, on the statement of income:

Occupancy	\$ 2,016
Other operating expenses	<u>3,588</u>
	<u>\$ 5,604</u>

NOTE 5 - NET CAPITAL REQUIREMENTS

As a registered broker/dealer and member of the Financial Industry Regulatory Authority, the Company is subject to the Uniform Net Capital Rule, which requires the maintenance of minimum net capital and requires that the ratio of aggregated indebtedness to net capital, both as defined, shall not exceed 1500%. At September 30, 2011 the Company's net capital and required net capital were \$42,907 and \$5,000 respectively. The ratio of aggregate indebtedness to net capital was 10.98%.

EASTON INVESTMENT SERVICES, L.L.C.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2011

NOTE 6 - OFF-BALANCE-SHEET RISK AND CLEARING AGREEMENTS

In order to facilitate securities transactions, the Company entered into an agreement with another broker/dealer (Cambridge Investment Research, Inc.) and the Initial Introducing Broker/dealer's clearing broker/dealer (National Financial Services, LLC) whereby the Company forwarded (introduced) customer securities transactions to the Clearing Broker/dealer, through the Initial Introducing Broker/dealer, fully disclosing the customer name and other information. That agreement was terminated on July 31, 2010 and the Company no longer introduces securities transactions to the Clearing Broker/dealer. The Clearing Broker/dealer no longer maintains any customer accounts or processes any transactions or other customer activity on behalf of the Company. Therefore, this off-balance sheet risk is no longer a consideration.

SUPPLEMENTARY INFORMATION

NOTE: The Company is exempt from the provisions of SEC Rule 15c3-3 pursuant to subparagraph k(2)(ii) of that rule. Therefore the Computation for Determination of the Reserve Requirements under Exhibit A of Rule 15c3-3 and the Information Relating to the Possession or Control Requirements under Rule 15c3-3 have not been provided.

EASTON INVESTMENT SERVICES, L.L.C.

COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS

SEPTEMBER 30, 2011

COMPUTATION OF NET CAPITAL

Total members' capital	\$ 44,415
Deduction:	
Non-allowable assets	(1,508)
NET CAPITAL	<u>\$ 42,907</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital requirement (6 2/3% of total aggregate indebtedness)	<u>\$ 314</u>
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Minimum dollar net capital requirement	<u>\$ 5,000</u>
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Net capital requirement	<u>\$ 5,000</u>
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COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities	<u>\$ 4,711</u>
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Percentage of Aggregate Indebtedness to Net Capital	<u>10.98%</u>
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NOTE: There are no material differences between the computations above and the computations included in the Company's corresponding unaudited Form X-17A-5 Part IIA filing

The accompanying notes are an integral part of this financial statement.

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL



Members of
Easton Investment Services, L.L.C.

In planning and performing our audit of the financial statements of Easton Investment Services, L.L.C. (the Company), as of and for the year ended September 30, 2011, 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 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 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 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 the internal control that might be material weaknesses. However, our study and evaluation disclosed that a lack of segregation of functions exists. Although this condition may be considered to be a material weakness in internal control, it is a common condition in entities of this size. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of Easton Investment Services, L.L.C. for the year ended September 30, 2011 and this report does not affect our report thereon dated November 17, 2011.

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 September 30, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Members, management, the Securities and Exchange Commission, the Financial Industry Regulatory Authority 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 is not intended to be and should not be used by anyone other than these specified parties.

DeMarco Sciacotta Wilkens & Dunleavy LLP

Oak Brook, Illinois
November 17, 2011