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SEC
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AUG 29 2012

SECURITY [Barcode] 12062775 ISSUION

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

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| SEC FILE NUMBER |
| 8 - 52491 21023 |

Washington DC
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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 07/01/2011 AND ENDING 06/30/2012
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: L.B. Fisher & Comany

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

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

17300 Dallas North Parkway, Suite
3050

(No. and Street)

Dallas
(City)

Texas
(State)

75248
(Zip Code)

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

Lewis B. Fisher, Jr

(972) 733-4800

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PMB Helin Donovan, LLP

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

5550 Lyndon B. Johnson Freeway #750
(Address)

Dallas
(City)

Texas
(State)

75240
(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).

Club 5/3

OATH OR AFFIRMATION

I, Lewis B. Fisher, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of L.B. Fisher & Company, as of June 30, 2012, 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

Handwritten signature of Lewis B. Fisher, Jr.

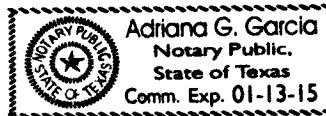
Signature

President

Title

Handwritten signature of Adriana G. Garcia

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 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).

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L.B. FISHER & COMPANY

Financial Statements and Supplemental Schedule
June 30, 2012

(With Independent Auditors' Reports Thereon)

L.B. FISHER & COMPANY
Index to Financial Statements and Supplemental Schedule
June 30, 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
L.B. Fisher & Company:

We have audited the accompanying statement of financial condition of L.B. Fisher & Company (the "Company") as of June 30, 2012, and the related statements of operations, changes in stockholders' 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 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 L.B. Fisher & Company as of June 30, 2012, 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 information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PMB Helin Donovan, LLP

PMB Helin Donovan, LLP

Dallas, Texas
August 24, 2012

L.B. FISHER & COMPANY
Statement of Financial Condition
June 30, 2012

| | |
|---|-------------------|
| Assets | |
| Cash and cash equivalents | \$ 82,902 |
| Deposit with clearing broker-dealer | 50,000 |
| Receivable from clearing broker-dealer | 20,936 |
| Investments, fair value | 73,868 |
| Property and equipment, net | 15,973 |
| Other assets | 4,245 |
| Total assets | <u>\$ 247,924</u> |
| Liabilities and Stockholders' Equity | |
| Liabilities | |
| Accounts payable | \$ 13,584 |
| Notes payable | 16,994 |
| Deferred rent | 3,276 |
| Total liabilities | <u>33,854</u> |
| Commitments and contingencies | |
| - | |
| Stockholders' equity | |
| Common stock, 500,000 shares authorized with \$1.00 par value, 7,000 issued and outstanding at June 30, 2012 | 7,000 |
| Additional paid-in capital | 51,023 |
| Retained earnings | 156,047 |
| Total stockholders' equity | <u>214,070</u> |
| Total liabilities and stockholders' equity | <u>\$ 247,924</u> |

See notes to the financial statements and independent auditors' report.

L.B. FISHER & COMPANY
Statement of Operations
For the Year Ended June 30, 2012

| | |
|---|---------------------------|
| Revenues: | |
| Commissions | \$ 336,750 |
| Interest and dividends | 19,708 |
| Realized gain on sale of investments | 13,295 |
| Other | 3,201 |
| Total revenues | <u>372,954</u> |
| Operating expenses: | |
| Employee compensation and benefits | 214,108 |
| Floor brokerage and clearance fees | 53,550 |
| General and administrative | 112,852 |
| Pension and profit-sharing contribution | 10,000 |
| Interest | 1,243 |
| Total operating expenses | <u>391,753</u> |
| Net loss before income taxes | (18,799) |
| Income tax expense | <u>-</u> |
| Net loss | <u><u>\$ (18,799)</u></u> |

See notes to the financial statements and independent auditors' report.

L.B. FISHER & COMPANY
Statement of Changes in Stockholders' Equity
For the Year Ended June 30, 2012

| | <u>Common Stock</u> | | <u>Additional</u> | | <u>Retained</u> | | <u>Total</u> | |
|------------------------------------|---------------------|-----------------|------------------------|-------------------|-----------------|--|-------------------|--|
| | <u>Shares</u> | <u>Amount</u> | <u>Paid-in Capital</u> | <u>Earnings</u> | | | | |
| Balance at June 30, 2011 | 7,000 | \$ 7,000 | \$ 51,023 | \$ 179,846 | | | \$ 237,869 | |
| Distributions paid to stockholders | - | - | - | (5,000) | | | (5,000) | |
| Net loss | - | - | - | (18,799) | | | (18,799) | |
| Balance at June 30, 2012 | <u>7,000</u> | <u>\$ 7,000</u> | <u>\$ 51,023</u> | <u>\$ 156,047</u> | | | <u>\$ 214,070</u> | |

See notes to the financial statements and independent auditors' report.

L.B. FISHER & COMPANY
Statement of Cash Flows
For the Year Ended June 30, 2012

| | |
|---|------------------|
| Cash flows from operating activities: | |
| Net loss | \$ (18,799) |
| Adjustments to reconcile net loss to net cash used in operating activities: | |
| Depreciation | 11,628 |
| Realized gain on investments, net | (13,295) |
| Change in assets and liabilities: | |
| Receivable from clearing broker-dealer | 9,675 |
| Purchases of investments in securities, net | (637) |
| Other assets | (3,189) |
| Income tax receivable | 700 |
| Accounts payable | 13,584 |
| Deferred rent | (1,655) |
| Net cash used in operating activities | <u>(1,988)</u> |
| Cash flows from financing activities: | |
| Distributions to stockholders | (5,000) |
| Payments on notes payable | (10,909) |
| Net cash used in financing activities | <u>(15,909)</u> |
| Net decrease in cash | (17,897) |
| Cash and cash equivalents at beginning of year | <u>100,799</u> |
| Cash and cash equivalents at end of year | <u>\$ 82,902</u> |
| Income taxes paid | <u>\$ -</u> |
| Interest paid | <u>\$ 1,243</u> |

See notes to the financial statements and independent auditors' report.

L.B. FISHER & COMPANY
Notes to the Financial Statements
June 30, 2012

NOTE 1 – NATURE OF BUSINESS

L.B. Fisher & Company (the “Company”) is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”). The Company is engaged in full service broker dealer activities and investment banking.

The Company was organized on August 26, 1976 under the laws of the State of Texas. All customer transactions are cleared through a third party clearing firm, RBC Capital Markets Corporation (“RBC”), on a fully disclosed basis. The Company has claimed exemption from Rule 15c3-3 (“Rule”) under section (k)(2)(ii) of the SEC, and accordingly is exempt from the remaining provisions of that Rule.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Revenues are recognized in the period earned and expenses when incurred.

Cash and Cash equivalents

Cash and cash equivalents include cash and highly liquid investments with a maturity at date of purchase of ninety days or less. The Company considers highly liquid investments in money market funds to be cash equivalents.

Use of Estimates

The preparation of the 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Securities Transactions

Purchases and sales of securities are recorded on a trade date basis. Commission revenue and expense are recorded on a settlement date basis, generally the third business day following the transaction. If materially different, commission revenue and related expenses are recorded on a trade date basis.

Transaction Fees

Transaction fees are recognized on an accrual basis and are included in income as commissions are earned from the completion of transactions or as payments are received per agreement with the client.

Financial instruments and credit risk

Financial instruments that potentially subject the Company to credit risk include cash and accounts receivable from customers. Cash is deposited in demand accounts in federally insured domestic institutions to minimize risk.

Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line depreciation method over their estimated useful lives. Computers and equipment are depreciated over three to seven years. Upon disposal, property and equipment and the related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss is reflected in the statements of operations.

L.B. FISHER & COMPANY
Notes to the Financial Statements – Continued
June 30, 2012

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment of Long-lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the statements of financial condition, reported at the lower of the carrying amount or fair value less costs to sell, and no longer depreciated.

Financial Instruments and Credit Risk

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

Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents, deposit with clearing broker-dealer, receivables from clearing broker-dealer, investments, other assets, accounts payable, deferred rent and notes payable.

Fair Value Measurements

The fair value of the Company's financial instruments reflects the amounts that the Company estimates to receive in connection with the sale of an asset or paid in connection with the transfer of a liability in an orderly transaction between market participants at the measurement date (exit price). The fair value hierarchy that prioritizes the use of inputs used in valuation techniques is as follows:

Level 1 – quoted prices in active markets for identical assets and liabilities;

Level 2 – observable inputs other than quoted prices in active markets, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data;

Level 3 – unobservable inputs reflecting management's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, deposit with clearing broker-dealer, receivables from clearing broker-dealer, investments, other assets, accounts payable, deferred rent and notes payable, approximate their fair values due to their short maturities.

Income Taxes

The Company accounts for income taxes using the asset and liability method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the asset or liability is expected to be realized or settled. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

L.B. FISHER & COMPANY
Notes to the Financial Statements – Continued
June 30, 2012

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In the ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain. The Company regularly assesses uncertain tax positions in each of the tax jurisdictions in which it has operations and accounts for the related financial statement implications. Unrecognized tax benefits are reported using the two-step approach under which tax effects of a position are recognized only if it is “more-likely-than-not” to be sustained and the amount of the tax benefit recognized is equal to the largest tax benefit that is greater than fifty percent likely of being realized upon ultimate settlement of the tax position. Determining the appropriate level of unrecognized tax benefits requires the Company to exercise judgment regarding the uncertain application of tax law. The amount of unrecognized tax benefits is adjusted when information becomes available or when an event occurs indicating a change is appropriate. The Company includes interest and penalties related to its uncertain tax positions as part of income tax expense, if any.

The Company has not changed any of its tax accrual estimates. The Company files U.S. federal and U.S. state tax returns. The Company is generally no longer subject to tax examinations relating to federal and state tax returns for years prior to 2008.

The Company is subject to Texas franchise tax, which is based on taxable margin, rather than being based on federal taxable income. For the year ended June 30, 2012, the Company has no Texas margin tax obligation.

Management Review

The Company has evaluated subsequent events through August 24, 2012, the date the financial statements were available to be issued.

Recent Accounting Pronouncements

Accounting standards that have been issued or proposed by the Financial Accounting Standards Board (“FASB”) or other standards-setting bodies are not expected to have a material impact on the Company’s financial position, results of operations or cash flows.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2012:

| | |
|-------------------------------|------------------|
| Vehicles | \$ 58,137 |
| Computers | <u>12,738</u> |
| Subtotal | 70,875 |
| Less accumulated depreciation | <u>(54,902)</u> |
| Total | <u>\$ 15,973</u> |

Depreciation expense for the year ended June 30, 2012 was \$11,628.

NOTE 4 – CLEARING DEPOSIT

The Company maintains a deposit account with RBC as part of the Company’s contract for services. RBC requires a deposit for its services that serves as a reserve for counterparty credit risk, including default risk and settlement risk, as well as market risk to open un-hedged positions. As of June 30, 2012, cash of \$50,000 has been maintained as a deposit.

L.B. FISHER & COMPANY
Notes to the Financial Statements – Continued
June 30, 2012

NOTE 5 – FAIR VALUE MEASUREMENTS

The following table represents the Company’s fair value hierarchy for its investments measured at fair value on a recurring basis as of June 30, 2012:

| <u>Description</u> | <u>Quoted Prices for Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> | <u>Total</u> |
|--------------------------|--|--|--|------------------|
| Equity securities | \$ 53,270 | \$ - | \$ - | \$ 53,270 |
| International securities | 20,598 | | | 20,598 |
| Total liabilities | <u>\$ 73,868</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 73,868</u> |

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Leases

The Company leases office space under an operating lease expiring in August 2014. The Company recognizes rent expense on a straight-line basis over the lease term. Total rent expense under the leases was \$20,882 for the year ended June 30, 2012.

Future minimum lease payments under the noncancelable operating leases are as follows for the year ending June 30:

| | |
|------|------------------|
| 2013 | \$ 19,681 |
| 2014 | <u>14,899</u> |
| | <u>\$ 34,580</u> |

Litigation

The Company from time to time may be involved in litigation relating to claims arising out of its ordinary course of business. Management believes that there are no claims or actions pending or threatened against the Company, the ultimate disposition of which would have a material impact on the Company’s financial position, results of operations or cash flows.

Risk Management

The Company maintains various forms of insurance that the Company’s management believes are adequate to reduce the exposure to these risks to an acceptable level.

Sub-Clearing Agreement

Included in the Company’s sub-clearing agreement is an indemnification clause. This clause relates to instances where the Company’s customers fail to settle security transactions. In the event this occurs, the Company will indemnify the clearing broker-dealer to the extent of the net loss on any unsettled trades. At June 30, 2012, management of the Company had not been notified by the clearing broker-dealer, nor were they otherwise aware, of any potential losses relating to this indemnification.

L.B. FISHER & COMPANY
Notes to the Financial Statements – Continued
June 30, 2012

NOTE 7 – NOTES PAYABLE

The Company is a party to two note agreements for the purchase of vehicles. These note agreements call for monthly payments, including interest, ranging from \$472 to \$540, and bear interest from 5.14% to 5.59% with maturity dates through December 2013. The notes are collateralized by the underlying assets. Notes payable at June 30, 2012 totaled \$16,994.

As of June 30, 2012, future scheduled principal payments or balances due on demand of long-term debt for the years ending June 30 are as follows:

| | | |
|------|----|---------------|
| 2013 | \$ | 11,513 |
| 2014 | | <u>5,481</u> |
| | \$ | <u>16,994</u> |

NOTE 8 - INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred taxes at June 30, 2012 are as follows:

| | | |
|------------------------------------|----|-----------------|
| Deferred tax assets (liabilities): | | |
| Depreciable assets | \$ | (3,486) |
| Net operating loss carryover | | <u>16,947</u> |
| Total net deferred tax assets | | 13,461 |
| Less valuation allowance | | <u>(13,461)</u> |
| | \$ | <u>-</u> |

The Company has established valuation allowances equal to the total gross deferred tax assets due to uncertainties regarding the realization of deferred tax assets. The valuation allowance increased by \$3 during the year ended June 30, 2012.

The Company's provision for income taxes differs from the expected tax expense (benefit) amount computed by applying the statutory federal income tax rate of 34% to income before income taxes as a result of the following:

| | | |
|-----------------------------------|----|----------|
| Tax at U.S. statutory rate of 34% | \$ | (6,392) |
| Permanent differences and other | | 6,389 |
| Change in valuation allowance | | <u>3</u> |
| Income tax provision (benefit) | \$ | <u>-</u> |

As of June 30, 2012, the Company had federal net operating loss carryforwards of approximately \$50,000, which will expire in varying amounts beginning in 2025, if not utilized. Under the provisions of the Internal Revenue Code, certain substantial changes in the Company's ownership may result in a limitation on the amount of net operating loss carryforwards which can be used in future years.

L.B. FISHER & COMPANY
Notes to the Financial Statements – Continued
June 30, 2012

NOTE 9 – NET CAPITAL REQUIREMENTS

The Company, as a registered fully licensed broker and dealer in securities, is subject to the SEC Uniform Net Capital Rule (“Rule 15c3-1”). Under this rule, the Company is required to maintain a minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At June 30, 2012, the minimum net capital requirement for the Company was \$100,000. Net capital at June 30, 2012 aggregated \$181,331. The Company’s ratio of aggregate indebtedness to net capital was 0.19 to 1 at June 30, 2012.

NOTE 10 – EMPLOYEE RETIREMENT PLAN

The Company provides a defined contribution profit sharing trust plan (“Trust Plan”) for all employees. Contributions to the Trust Plan vest immediately and are declared at the discretion of the Board of Directors. For the year ended June 30, 2012, there were no discretionary contributions to the Plan.

The Company provides a money purchase pension plan (“Pension Plan”) for all employees. Required contributions to the Pension Plan are limited to 10% of each employee’s annual salary. Current employees’ contributions to the Pension Plan vest immediately. New employees are subject to a vesting period defined by the Plan. For the year ended June 30, 2012, the Company contributed \$10,000 to the Pension Plan.

SUPPLEMENTAL SCHEDULES

L.B. FISHER & COMPANY
Computation Net Capital and Aggregate Indebtedness
Pursuant to Rule 15c-1 of the Securities and Exchange Commission
For the Year Ended June 30, 2012

Schedule I

| | |
|---|--------------------------|
| Total stockholders' equity qualified for net capital | \$ 214,070 |
| Deductions and/or charges | |
| Non-allowable assets: | |
| Property and equipment, net | 15,973 |
| Other assets | 4,245 |
| Total deductions and/or charges | <u>20,218</u> |
| Net capital before haircuts on securities | 193,852 |
| Haircuts on securities | <u>12,521</u> |
| Net capital | <u><u>\$ 181,331</u></u> |
| Aggregate indebtedness | |
| Accounts payable | \$ 13,584 |
| Notes payable | 16,994 |
| Deferred rent | <u>3,276</u> |
| Total aggregate indebtedness | <u><u>\$ 33,854</u></u> |
| Computation of basic net capital requirement | |
| Minimum net capital required (greater of \$100,000 or 6 2/3% of aggregate indebtedness) | <u><u>\$ 100,000</u></u> |
| Net capital in excess of minimum requirement | <u><u>\$ 81,331</u></u> |
| Net capital less greater of 10% of aggregate indebtedness or 120% of minimum net capital required | <u><u>\$ 61,331</u></u> |
| Ratio of aggregate indebtedness to net capital | <u><u>0.19 to 1</u></u> |
| Net capital, as reported in the Company's Part II (unaudited) Focus report filed with FINRA on July 12, 2012 | \$ 174,590 |
| Audit adjustments: | |
| Net effect of audit adjustments | <u>6,741</u> |
| Net capital per audit | <u><u>\$ 181,331</u></u> |

See notes to the financial statements and independent auditors' report.

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL**

To the Board of Directors of
L.B. Fisher & Company:

In planning and performing our audit of the financial statements and supplemental schedule of L.B. Fisher & Company (the "Company") as of and for the year ended June 30, 2012 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 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 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
2. Recordation of differences required by rule 17a-13
3. 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 accordance 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 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 were not adequate at June 30, 2012 to meet the SEC's objectives. We identified several audit adjustments which we consider to be significant deficiencies due to accrual and prior year accrual-based adjustments.

This report is intended solely for use of the Company's management, the SEC, the Financial Industry Regulatory Authority, Inc. 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.

PMB Helin Donovan, LLP

PMB Helin Donovan, LLP

Dallas, Texas
August 24, 2012