

31606

INSTRUCTIONS ON REVERSE SIDE

No.	Idaho Corporation Annual Report Form Due No Later Than November 1, 1989 31606	2. Registered Agent and Office 200 MAIN STREET
Return To Secretary of State Room 203, Statehouse Boise, ID 83720 * FINAL NOTICE ** STATE NO FEE REQUIRED 39 OCT 27 AM 8	1. Mailing Address Please Correct INVESTMENT SERVICES, INC. LARRY RULE 200 MAIN LEWISTON ID 83501 50 INVESTMENT SERVICES, INC.	LEWISTON ID 83501 Linda Rule 3. Incorporated Under The Laws of IDAHO NO: 31606

4. Names and Addresses of Officers and Directors

	<u>Name</u>	<u>Street or P.O. Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
President:	LARRY G Rule	3119 Riverview Terrace	Lewiston	IDA	83501
Secretary:	LINDA D. Rule	" "	"	"	"
Directors:					

5. Nature of Business

Investments

6. I certify that this Annual Report has been examined by me and is to the best of my knowledge true, correct and complete.

Signature

Name (Typed or Printed)

Larry Rule

Date

Title

10-17-89

ISI
INVESTMENT SERVICES INC.
200 MAIN, LEWISTON, IDAHO 83501 208-743-6583

STATEMENT OF FINANCIAL CONDITION

- - -

DECEMBER 31, 1988

MEMBER:

**National Association of Securities
Dealers, Inc.**

&

**Securities Investors Protection
Corp.**

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OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

THE BOARD OF DIRECTORS
Investment Services, Inc.
Lewiston, Idaho

We have audited the statement of financial condition of Investment Services, Inc. as of December 31, 1988. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement referred to above presents fairly, in all material respects, the financial position of Investment Services, Inc. as of December 31, 1988, in conformity with generally accepted accounting principles.



Certified Public Accountants

Lewiston, Idaho
January 31, 1989

INVESTMENT SERVICES, INC.STATEMENT OF FINANCIAL CONDITIONDECEMBER 31, 1988ASSETS

Cash & savings account	\$ 35,522
Segregated cash (15c3-3 account), (Note B)	106,711
Accounts receivable:	
Brokers & dealers	38,015
Other receivables	5,091
Commission receivable	12,856
Equipment - net of accumulated depreciation of \$19,828 (Note A)	17,593
Other assets:	
Investment (Note E)	23,000
Prepaid expense	1,398
	<u>\$ 240,186</u>

LIABILITIES & STOCKHOLDERS' EQUITYLIABILITIES:

Accounts payable:	
Brokers & dealers	\$ 89,030
Customers	10,461
Other	6,611
Income taxes (Notes A & I)	294
Deferred income taxes (Notes A & I)	2,300
Notes payable (Note D)	5,893

TOTAL LIABILITIES	<u>\$ 114,589</u>
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STOCKHOLDERS' EQUITY:

Common stock, \$1.00 par value, 25,000 shares authorized, 11,964 shares issued & outstanding	\$ 11,964
Additional paid-in capital	11,386
Retained earnings	102,247

TOTAL STOCKHOLDERS' EQUITY	<u>\$ 125,597</u>
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	<u>\$ 240,186</u>
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See notes to statement of financial condition

INVESTMENT SERVICES, INC.

NOTES TO STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 1988

NOTE A - Operations & Statements of Significant Accounting Policies:

Investment Services, Inc. was incorporated on January 1, 1960, under the laws of the State of Idaho. The corporation acts primarily as a broker and/or dealer in the securities market. The company maintains its corporate and business offices in Lewiston, Idaho. Significant accounting policies are as follows:

1. Revenue recognition: Security transactions are recorded as final on the settlement date and, accordingly, the related commission revenue and expenses are recognized at that time. Generally accepted accounting principles require recognition of these security transactions at the trade date; however, the differences arising due to the timing of the recognition of security transactions are immaterial to these financial statements.
2. Equipment: Equipment is recorded at cost and depreciation is provided over the estimated useful lives of the equipment, utilizing straight-line and accelerated methods both for financial reporting purposes and income tax reporting purposes.
3. Repairs, maintenance & retirement of equipment: Maintenance, repairs and minor renewals are charged to expense as incurred. Major renewals and betterments are capitalized. When depreciable assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is recognized currently.
4. Deferred income taxes: Deferred income taxes are provided on timing differences between financial and taxable income.
5. Federal income tax credits: Federal income tax credits are accounted for by the "flow through" method, which recognizes the benefit in the year in which the credit is realized for tax purposes.

NOTE B - Cash Segregated Under Federal Regulations:

At December 31, 1988, cash in the aggregate amount of \$106,711 was segregated in special reserve bank accounts designated for the benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission for which the minimum required balance was \$60,839.

INVESTMENT SERVICES, INC.NOTES TO STATEMENT OF FINANCIAL CONDITION (CONTINUED)DECEMBER 31, 1988

NOTE C - Net Capital Requirements:

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, shall not exceed 15 to 1. At December 31, 1988, the company had net capital of \$88,705, which was \$63,705 in excess of its required net capital of \$25,000. The company's net capital ratio was .51 to 1.

NOTE D - Notes Payable:

At December 31, 1988, notes payable consisted of an equipment contract, payable in monthly installments of \$300, including interest at 1½% over the bank's prime rate, 12% at December 31, 1988. Certain office furniture and equipment are pledged as collateral.

The future maturities of the note payable for the years ending December 31, 1989, and 1990 are \$3,240 and \$2,653, respectively.

NOTE E - Investments:

As of December 31, 1988, the corporation's investments were comprised of the following:

Real property -	
Nez Perce County, Idaho	\$ 22,500
Lewiston Country Club -	
capital stock	<u>500</u>
Total	<u>\$ 23,000</u>

NOTE F - Profit Sharing Plan:

The corporation established a qualified employee profit sharing plan in 1977. The annual employer contribution to the plan is at the discretion of the corporation's Board of Directors. The Board of Directors authorized no employer contribution for the year ended December 31, 1988. The corporation's contributions to the plan are funded on a current basis.

INVESTMENT SERVICES, INC.

NOTES TO STATEMENT OF FINANCIAL CONDITION (CONTINUED)

DECEMBER 31, 1988

NOTE G - Rental Agreements:

The corporation rents certain office equipment on a month-to-month basis with such rental aggregating approximately \$20,000 for the year ended December 31, 1988.

The corporation also rents its office space from Larry Rule and Linda Rule, who are officers and stockholders of Investment Services, Inc. (Note H) with such rents aggregating \$31,705 for 1988. Current rents being paid under this arrangement amount to \$2,400 per month plus the payment of real property taxes annually.

NOTE H - Related Party Transactions:

The corporation has entered into various business transactions with Larry Rule and Linda Rule, who are officers and stockholders of Investment Services, Inc. Such related party transactions are summarized as follows:

1. The corporation rents its office space from the stockholders (Note G) on a month-to-month arrangement currently at \$2,400 per month or \$28,800 annually plus the payment of real property tax assessments.
2. The corporation has rented two automobiles from the stockholders with aggregate annual rents of \$5,400. Such arrangement is ongoing at the outset of 1989.
3. The corporation has rented an airplane from the stockholders based upon an hourly usage rental with such rents aggregating \$857 for 1988. Such arrangement is ongoing at the outset of 1989.

NOTE I - Income Taxes:

The provision for income taxes for the year ended December 31, 1988, is summarized as follows:

INVESTMENT SERVICES, INC.NOTES TO STATEMENT OF FINANCIAL CONDITION (CONTINUED)DECEMBER 31, 1988

NOTE I - Income Taxes (Continued):

Currently payable:	
Federal income tax	\$ 360
State income tax	240
	<u>\$ 600</u>
Deferred:	
Federal income tax	\$ (200)
State income tax	(100)
	<u>\$ (300)</u>
Total	<u>\$ 300</u>

Deferred income taxes relate to differences between financial and taxable income arising from the reporting of commission income from the sale of limited partnership interests and the use of the election to write off up to \$10,000 of capital asset additions for federal and state income tax purposes.

NOTE J - Financial Information:

Part II of the Securities and Exchange Commission's Annual Focus Report on Form X-17-a-5 as of December 31, 1988, is available for examination at the office of Investment Services, Inc., or the Commissioner's regional office in Seattle, Washington.