

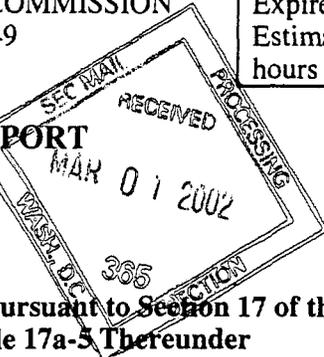


UNITED STATES
ES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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



SEC FILE NUMBER
8-37321

**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 01/01/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

KIMBERLY SECURITIES, INC.

OFFICIAL USE ONLY
FIRM ID. NO.

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

775 PARK AVENUE, SUITE 145

(No. and Street)

HUNTINGTON
(City)

NY
(State)

11743
(Zip Code)

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

KIMBERLY MISURACA, PRESIDENT

(631) 300-2480
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

VAN BUREN & HAUKE, LLC, CPA's

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

63 WALL STREET, SUITE 2501
(Address)

NEW YORK
(City)

NY
(State)

10005
(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 20 2002

**THOMSON
FINANCIAL**

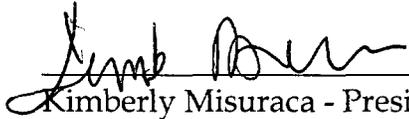
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Handwritten initials/signature

AFFIRMATION

I, Kimberly Misuraca, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to the firm of Kimberly Securities, Inc. (Company) at December 31, 2001 and for the year then ended are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified as that of a customer.



Kimberly Misuraca - President

Sworn and subscribed to before me this 26 day of February, 2002.



Bineeta Singh

BINEETA SINGH
Notary Public, State of New York
No. 01SI6051108
Qualified in Queens County
Commission Expires November 20, 2002

KIMBERLY SECURITIES, INC.

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Van Buren & Hauke, LLC
Certified Public Accountants

63 Wall Street
Suite 2501
New York, New York 10005

Tel (212) 344-3600
Fax (212) 344-3834
E-mail: VBH@wallstcpas.com

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT

To the Board of Directors of
Kimberly Securities, Inc.

We have audited the accompanying balance sheet of Kimberly Securities, Inc. as of December 31, 2001, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended. 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 U.S. generally accepted auditing standards. 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 Kimberly Securities, Inc. at December 31, 2001, and the results of its operations, changes in stockholder's equity, and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained on page 8 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 Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the examination 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.

Van Buren & Hauke, LLC

New York, NY
February 22, 2002

KIMBERLY SECURITIES, INC.
BALANCE SHEET
DECEMBER 31, 2001

ASSETS

Cash	\$ 69,184
Receivable from clearing broker	84,657
Clearing deposit	<u>75,206</u>
 Total Assets	 <u><u>\$ 229,047</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ 19,457
Income tax payable	<u>5,000</u>

Total Liabilities	<u>24,457</u>
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Contingencies	-
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Stockholder's Equity:

Common stock, \$1.00 par value; 10,000 shares authorized, 100 shares issued and outstanding	100
Additional paid-in capital	189,943
Retained earnings	<u>14,547</u>

Total Stockholder's Equity	<u>204,590</u>
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Total Liabilities and Stockholder's Equity	<u><u>\$ 229,047</u></u>
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See accompanying notes.

KIMBERLY SECURITIES, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2001

Revenues:

Commission income	\$ 2,186,446
Interest income	2,612
Other income	<u>288,532</u>

Total Revenues 2,477,590

Costs and Expenses:

Loss on securities sales	3,071
Employee compensation and related taxes	107,784
Commissions	392,583
Clearing charges	608,265
Consulting fees	1,307,383
Regulatory fee	48,250
Professional fees	6,500
Office supplies and expense	<u>3,393</u>

Total Costs and Expenses 2,477,229

Net income \$ 361

See accompanying notes.

KIMBERLY SECURITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

Cash Flows From Operating Activities:	
Net income	\$ 361
Adjustment to reconcile net income to net cash used by operating activities:	
Changes in:	
Receivable from clearing broker	(35,885)
Clearing deposit	(29,731)
Marketable securities	6,516
Other assets	1,600
Accounts payable and accrued expenses	(5,519)
Payable to parent company	(15,343)
Income tax payable	400
Securities sold, not yet purchased	<u>(9,938)</u>
Net Cash Used By Operating Activities	<u>(87,539)</u>
Cash Flows From Investing Activities:	
Additional paid-in capital	<u>150,043</u>
Net Increase In Cash	62,504
Cash at beginning of the year	<u>6,680</u>
Cash at end of the year	<u><u>\$ 69,184</u></u>

See accompanying notes.

KIMBERLY SECURITIES, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001

	<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>Stockholder's</u>
			<u>Capital</u>		<u>Equity</u>
Balance, January 1, 2001	100	\$ 100	\$ 39,900	\$ 14,186	\$ 54,186
Shareholder contribution	-	-	150,043	-	150,043
Net income	-	-	-	361	361
Balance, December 31, 2001	<u>100</u>	<u>100</u>	<u>189,943</u>	<u>14,547</u>	<u>204,590</u>

See accompanying notes.

KIMBERLY SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. ORGANIZATION AND NATURE OF BUSINESS

Kimberly Securities, Inc (Company) was incorporated in Pennsylvania in 1986. The Company is a broker-dealer in securities transactions under the Securities Exchange Act of 1934. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers, Inc. (NASD). The Company has adopted December 31 as its year end.

The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services, including aging and riskless principal transactions.

The Company clears all of its transactions through security clearing brokers. The Company acts as a broker-dealer and is exempt from Securities and Exchange Commission Rule 15c3-3 under paragraph k(2)(ii) since it uses other security firms for clearing.

Pursuant to agreements between the Company and Southwest Clearing Corp. and RBC Dain Rauscher Inc., all securities transactions of the Company are cleared and its customers are introduced and cleared on a fully disclosed basis. The Company is exempt from provisions of Rule 15c3-3 and is not responsible for compliance with Section 4(c) of Regulation T of the Board of Governors of the Federal Reserve System, as all customers' accounts, as defined by such rules, are carried by Southwest Clearing Corp and RBC Dain Rauscher, Inc.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenues

The Company's financial statements are prepared using the accrual method of accounting.

Commissions realized on agency transactions are recorded on a settlement date basis. The difference between recording the transactions on a trade date basis was immaterial.

Use of 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 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.

KIMBERLY SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

3. NET CAPITAL REQUIREMENTS

The Company is a member of the NASD and subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), 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. At December 31, 2001 the Company had net capital of \$204,590, which was \$199,590 in excess of its required net capital of \$5,000.

4. CONTINGENCIES

In the normal course of business, the Company is engaged in various trading and brokerage activities on a principal and agency basis through a clearing broker.

In connection with these activities, a customer's unsettled transactions may expose the Company to off-balance-sheet risk in the event the customer is unable to fulfill its contractual obligations.

Significant credit exposure may result in the event that the Company's clearing broker is unable to fulfill their contractual obligation.

5. RELATED PARTIES

The Company's operating expenses are paid for by its parent under an unconditional, non-recourse agreement. The Company paid approximately \$1,307,000 in consulting fees during 2001.

During 2001, the parent company provided additional paid-in-capital to the Company of approximately \$150,000 bringing the entire capital contribution of the parent to the Company to \$190,000.

KIMBERLY SECURITIES, INC.
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2001

NET CAPITAL:

Total Stockholder's equity	\$ 204,590
Non-allowable assets and deductions:	-
	-
Net capital before haircuts on securities positions	<u>204,590</u>
Haircuts on securities positions	-
Net Capital	<u><u>\$ 204,590</u></u>

AGGREGATE INDEBTEDNESS:

Items included in the statement of financial condition

Accounts payable and accrued expenses	19,457
Income tax payable	5,000
Total aggregate indebtedness	<u><u>\$ 24,457</u></u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:

Minimum net capital required	<u><u>\$ 5,000</u></u>
Excess net capital	<u><u>\$ 199,590</u></u>
Excess net capital at 1,000%	<u><u>\$ 202,144</u></u>
Percentage of aggregate indebtedness to net capital	<u><u>12%</u></u>

The above computation does not differ materially from the December 31, 2001 computation of net capital filed electronically by the Company on FOCUS Form X-17A-5 Part IIA.

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL
ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

To the Board of Directors of
Kimberly Securities, Inc.

In planning and performing our audit of the financial statements and supplementary information of Kimberly Securities, Inc. (the "Company") for the year ended December 31, 2001, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities 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, or, 3) Complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining a system of internal accounting 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 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.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including 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 adequate at December 31, 2001, to meet the Commission's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc., (N.A.S.D.), 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.

Van Buren & Hauke, LLC

New York, NY
February 22, 2002