

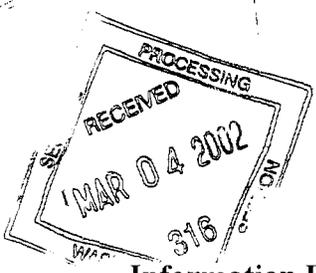


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ANNUAL AUDITED REPORT FORM X-17A-5 PART III

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 01/01/2001 AND ENDING 12/31/2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER:
Kiley, Bloemers, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

340 ROYAL POINCIANA PLAZA

(No. and Street)

PALM BEACH

FL

33480

(City)

(State)

(Zip Code)

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

Michael Kiley

(561) 820-9700

(Area Code - Telephone No.)

B. ACCOUNTANT DESIGNATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

P. Jason Ling, CPA, P.A.

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

Boca Raton

Florida

33433

(City)

(State)

(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

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual audit 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).

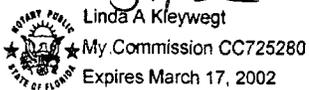
OATH OR AFFIRMATION

I, Michael Kiley, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm or Kiley, Bloemers, Inc., as of December 31, 20 01 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:

Michael Kiley
Signature

CEO
Title

Linda A Kleywegt
Public Notary



- This report** contains (check all applicable boxes);
- (a) Facing page.
 - (b) Statement of Financial Condition.
 - (c) Statement of Income (Loss).
 - (d) Statement of Changes in Financial Condition.
 - (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 15c3-1.
 - (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).

KILEY, BLOEMERS, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

KILEY, BLOEMERS, INC.
FINANCIAL STATEMENTS AND SCHEDULES

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Computation of Net Capital Pursuant to SEC Rule 15c3-1 and
Reconciliation of Net Capital Pursuant to SEC Rule 17a-5(d)(4) I

Information Pursuant to the Requirements Under SEC Rule 15c3-3 II

Report of Independent Accounts on the Internal Control Structure
as Required by SEC Rule 17a-5 III



REPORT OF INDEPENDENT AUDITOR

Board of Directors
Kiley, Bloemers, Inc.:

We have audited the accompanying statement of financial condition of Kiley, Bloemers, Inc. as of December 31, 2001, and the related statement 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 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 generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain a 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 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 Kiley, Bloemers, Inc. as of December 31, 2001, and the results of its operations and cash flows for the year then ended in conformity with United States generally accepted accounting principles.

Our audit was conducted for the purpose of informing an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, and III is presented for the 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 and Exchange Act of 1934. Such information has been subject 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.

P. Jason Ling CPA, PA

Boca Raton, Florida
February 20, 2002

KILEY, BLOEMERS, INC.
STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2001

Assets

Current Assets

Cash and cash equivalents	\$ 118,685
Restricted cash	25,000
Brokers receivable	3,000
Commissions receivable	<u>383,598</u>
Total Current Assets	<u>530,283</u>

Other Assets

Deposits	6,245
Property & equipment, net of \$4,830 accumulated depreciation	<u>25,551</u>
	<u>31,796</u>

Total Assets

\$ 562,079

Liabilities & Shareholders' Equity

Liabilities

Commissions payable	\$ 340,254
Accounts payable & accrued expenses	<u>28,198</u>
Total Liabilities	<u>368,452</u>

Shareholders' Equity

Common stock, no par value, 2,000 authorized, 100 shares issued and outstanding	
Retained earnings	<u>193,627</u>
Total Shareholders' Equity	<u>193,627</u>

Total Liabilities and Shareholders' Equity

\$ 562,079

KILEY, BLOEMERS, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2001

Revenues

Commission & principal trading revenue	\$ 2,256,627
Interest & dividends	12,214
Total Revenues	<u>2,268,841</u>

Expenses

Commissions, salaries, & benefits	1,687,494
Quotations & research	188,824
Clearing costs	102,525
Occupancy & administrative	185,777
Telephone & communication	42,439
Depreciation	9,140
Dues & subscriptions	5,203
Legal & professional	17,543
State & local taxes	1,651
Licenses & registrations	22,015
Total Expenses	<u>2,262,611</u>
Net Income	<u><u>\$ 6,230</u></u>

KILEY, BLOEMERS, INC.
 STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
 FOR THE YEAR ENDED DECEMBER 31, 2001

Stockholders' Equity

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance as of December 31, 2000	\$ -	\$ -	\$ 246,792	\$ 246,792
S corporation distributions			(59,395)	(59,395)
2001 net income			6,230	6,230
Balance as of December 31, 2001	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,627</u>	<u>\$ 193,627</u>

KILEY, BLOEMERS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

Cash flows from operating activities

Net Operating Income	\$ 6,230
Depreciation	9,140
	15,370

Adjustments to reconcile net operating income to net cash provided by operating activities:

Increase in commissions receivable	(255,264)
Decrease in prepaid expenses & deposits	1,914
Increase in commissions payable	284,266
Increase in accounts payable and accrued expenses	8,441
Total adjustments	39,357

Total cash flows from operating activities	54,727
--	--------

Cash flows from investing activities

Purchase of property & equipment	(19,537)
Net cash used in investing activities	(19,537)

Cash flows from financing activities

Shareholder distributions	(59,395)
Net cash used in financial activities	(59,395)

Net increase (decrease) in cash & cash equivalents	(24,205)
Cash and cash equivalents - Beginning of Period	142,890
Net cash and cash equivalents - End of period	\$ 118,685

KILEY, BLOEMERS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2001

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of Business - Kiley, Bloemers, Inc. (the Company) is an Illinois corporation formed on December 9, 1994 for the purpose of conducting business as a broker-dealer in securities. The Company is a registered broker-dealer with the Securities and Exchange Commission and the National Association of Securities Dealers.

The Company operates one branch office in addition to its main office, both are located in Palm Beach County, Florida. The Company's main source of revenue is through executing corporate and municipal fixed income transactions for primarily institutional customers in the Midwestern United States. In connection with its activities as a broker-dealer, the Company clears its securities transactions on a fully disclosed basis through Dain Correspondent Services, a division of Dain Rauscher Incorporated (DNI). Although the Company's clearing firm maintains all of the accounts of customers and preserves all required and customary records, the Company remains contingently liable for losses, which may be incurred on these accounts.

Securities Transactions - Profit and loss from all securities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Customers' security transactions and related commissions and expenses are reported on a trade date basis.

Furniture, fixtures and equipment - Furniture, fixtures and equipment are stated at cost, net of accumulated depreciation. Equipment, furniture and fixtures are depreciated on a straight-line basis over their estimated useful lives, generally three to seven years.

Income tax status - The Company, with the consent of its stockholders, has elected to be taxed as an S corporation under Subchapter S of the Internal Revenue Code that provides, in lieu of corporation income taxes, the stockholders separately account for their share of the Company's items of income, deductions, losses and credits. Therefore, these statements do not include any provision for corporate income taxes.

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 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.

Fair Value of Financial Instruments - Substantially all of the Company's financial assets and liabilities are carried at market value or at amounts, which, because of their short-term nature, approximate current fair value.

Computation of customer reserve - The Company is exempt from customer reserve requirements and providing information relating to possession or control of securities pursuant to Rule 15c3-3 of the Securities and Exchange Act of 1934. The Company meets the exemptive provisions of Paragraph (k)(2)(ii).

Restricted Cash - Restricted cash consists of funds on deposit with RPR pursuant the Company's clearing agreement. The agreement requires the Company to maintain a clearing deposit of \$25,000. As long as the Company continues to use the clearing and execution services of RPR, the Company is required to maintain the cash deposit.

KILEY, BLOEMERS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2001

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (cont')

Due From Clearing Broker – This amount represents funds held at the clearing firm in excess of the required minimum clearing deposit and is collectable on demand provided the Company carries no securities inventory.

Commissions Receivable - *Commissions receivable represent amounts due the Company from its clearing broker relating to customer securities transactions introduced by the Company.*

Comprehensive income - In June 1997, FASB issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"). SFAS 130 establishes standards for reporting and displaying of comprehensive income and its components in a full set of general-purpose financial statements. SFAS 130 is effective for financial statements for fiscal years beginning after December 15, 1997. A statement of comprehensive income is not presented since the company had no items of other comprehensive income.

NOTE 2. AGREEMENT WITH CLEARING BROKER

The Company's has a fully disclosed clearing agreement with DNI that requires minimum clearing charges of \$3,000 per quarter. The agreement is cancelable by either party sixty days after providing written notification. The Company has agreed to indemnify its clearing broker for losses that the clearing broker may sustain from the customer accounts introduced by the Company. As of December 31, 2001, no amounts were owed under this provision.

NOTE 3. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1), which as of December 31, 2001 required the maintenance of \$24,576 minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, not exceed 15 to 1. At December 31, 2001, the Company had net capital of \$159,457 (\$134,881 in excess of its requirement) and the Company's aggregate indebtedness to net capital ratio was 2.31 to 1 (231%).

NOTE 4. CONTRACTUAL COMMITMENTS

The Company's has four current operating lease agreements for quotation and execution terminals with Bloomberg, L.P. that expire at various times during the next two years. The minimum lease payments for the years 2002 and 2003 are \$49,210 and \$14,245 respectively.

The Company has 2 operating leases for office space expiring 2004. The following is a schedule of future minimum rental payments under this lease as of December 31, 2001:

2002	\$ 51,003
2003	53,553
2004	32,278
	<u>\$ 136,834</u>

KILEY, BLOEMERS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2001

NOTE 5. OFF-BALANCE-SHEET RISK

The Company's customers' securities transactions are introduced on a fully disclosed basis with its clearing broker/dealer with Dain Correspondent Services. The clearing broker/dealer is responsible for collection of and payment of funds and receipt and delivery of securities relative to customer transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing broker/dealer may charge any losses it incurs to the Company. The Company seeks to minimize this risk through procedures designed to monitor the creditworthiness of its customers and proper executions of customer transactions by the clearing broker/dealer.

NOTE 6. SIMPLIFIED EMPLOYEE PENSION PLAN

The Company contributes to a simplified employee pension plan (SEP) that covers all full-time employees. The Company makes discretionary contributions subject to Internal Revenue Service limitations. In 2001, the Company's total contributions under this plan was approximately \$17,362.

NOTE 7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses were composed of the follow liabilities as of December 31, 2001:

Accrued SEP expense	\$ 1,200
Accrued quotations & research	11,009
Accrued professional fees	7,000
Accrued office expenses	8,989
	<u>\$28,198</u>

SUPPLEMENTARY INFORMATION

Pursuant to Rule 17a-5 of the
Securities Exchange Act of 1934

As of December 31, 2001

KILEY, BLOEMERS INC.
 COMPUTATION OF NET CAPITAL PURSUANT TO SEC RULE 15c3-1
 AS OF DECEMBER 31, 2001

Computation of Net Capital

Shareholders equity qualified for net capital	\$	193,627
Less: Non-allowable assets		31,796
		161,831
Tentative Net Capital		161,831
Haircut on money market account		2,374
		159,457
Net Capital		159,457

Computation of Aggregate Indebtedness

Commissions payable	\$	340,254
Accounts payable & accrued expenses		28,198
		368,452
Total Aggregate Indebtedness		368,452

Computation of Required Minimum Net Capital

Calculation of Required Capital (the greater of):		
Regulatory minimum		5,000
Calculated minimum (aggregate indebtedness @ 6.67%)		24,576
		24,576
Required Capital		24,576
Net Capital in Excess of Requirement		134,881
Ratio of aggregate indebtedness to net capital		2.31 to 1
Percentage of aggregate indebtedness to net capital		231%

Reconciliation with company's calculation as reported on December 31, 2001 FOCUS report

Net Capital as reported in December 31, 2001 Form X-17A-5, Part IIA (unaudited) FOCUS report		174,549
Net adjustments to accrue year end payables		(17,998)
Increase in commissions receivable		2,906
		159,457
Net Capital, Per Above	\$	159,457

KILEY, BLOEMERS, INC.
INFORMATION RELATING TO THE POSSESSION OR
CONTROL REQUIREMENTS UNDER SEC RULE 15c3-3
AS OF DECEMBER 31, 2001

Kiley, Bloemers, Inc. operates pursuant to the (K)(2)(ii) exemption under SEC Rule 15c3-3 and does not hold customer funds or securities. The Company is therefore exempt from the reserve formula calculations and possession and control computations.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE AS
REQUIRED BY SEC RULE 17a-5

Board of Directors
Kiley, Bloemers, Inc.:

In planning and performing our audit of the financial statements and supplemental schedules of Kiley, Bloemers, 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 structure.

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 the procedures for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial function 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
2. Recordation of differences required by rule 17a-13
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 an internal control structure 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 internal control structure policies and procedures 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 an internal control structure 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 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 any internal control structure or the practices and procedures referred to above, errors or irregularities 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 the internal control structure would not necessarily disclose all matters in the internal control structure 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 elements does not reduce to a relatively low level the risk that errors or irregularities in the 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 the internal control structure 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 and 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 SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, 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 should not be used for any other purpose.

Boca Raton, Florida
February 20, 2002