



SE 02003566 S E COMMISSION  
Washington, D.C. 20549

EW 3/8  
OMB APPROVAL  
OMB Number: 3235-0123  
Expires: January 31, 1993  
Estimated average burden  
hours per response ... 12.00

SEC FILE NUMBER  
8-48547

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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
Lewis Young Robertson & Burningham, Inc  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY  
FIRM ID. NO.

(No. and Street)

(City)

(State)

(Zip Code)

**PROCESSED**  
**MAR 26 2002**  
**THOMSON FINANCIAL**

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

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Jones Simkins LLP

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

(Address)

(City)

(State)

(Zip Code)

**REC'D S.E.C.**  
**MAR 01 2002**  
**535**

**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).

*Handwritten:* 3-22-02

## OATH OR AFFIRMATION

I, \_\_\_\_\_, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of \_\_\_\_\_, as of \_\_\_\_\_, 19\_\_\_\_\_, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
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 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 15c3-3.
- (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).

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

FINANCIAL STATEMENTS and  
SUPPLEMENTARY INFORMATION

December 31, 2001 and 2000

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

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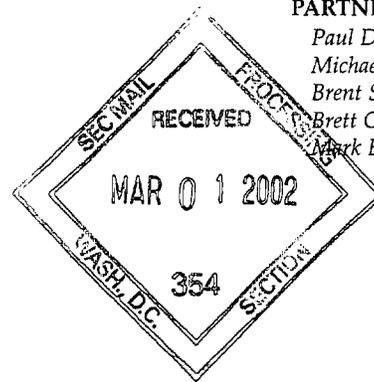
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**JONES  
LLP  
SIMKINS**

**Certified Public Accountants**

95 West 100 South, Suite 200  
P.O. Box 747  
Logan, UT 84323-0747  
Phone: (435) 752-1510 • (877) 752-1510  
Fax: (435) 752-4878



**PARTNERS:**

*Paul D. Simkins, CPA  
Michael C. Kidman, CPA, MBA  
Brent S. Sandberg, CPA  
Brett C. Hugie, CPA  
Mark E. Low, CPA*

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of  
Lewis Young Robertson & Burningham, Inc.

We have audited the accompanying balance sheets of Lewis Young Robertson & Burningham, Inc. as of December 31, 2001 and 2000, and the related statements of operations, stockholders' equity, and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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 Lewis Young Robertson & Burningham, Inc. as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years 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 supplementary information contained in Schedule 1 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.

*Jones Simkins LLP*

JONES SIMKINS LLP

Logan, Utah

February 5, 2002

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

BALANCE SHEETS

December 31, 2001 and 2000

| <u>ASSETS</u>  | <u>2001</u> | <u>2000</u> |
|--|-------------|-------------|
| Current assets:  |             |             |
| Cash   | \$ 314,386  | 189,077     |
| Investments  | 4,775       | 4,775       |
| Receivables  | 68,970      | 35,685      |
| Deferred tax asset   | -           | 7,000       |
| Total current assets   | 388,131     | 236,537     |
| Property and equipment, net  | 65,129      | 52,348      |
| Cash surrender value of life insurance   | 35,602      | 35,602      |
| Investments  | 20,100      | 20,100      |
| Other assets   | 5,394       | 12,849      |
| Total assets   | \$ 514,356  | 357,436     |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>  |             |             |
| Current liabilities:   |             |             |
| Payables   | \$ 115,059  | 120,671     |
| Related party payable  | 42,000      | -           |
| Current portion of long-term debt  | 24,966      | 15,398      |
| Current portion of deferred income taxes   | 22,000      | -           |
| Total current liabilities  | 204,025     | 136,069     |
| Deferred income taxes  | 12,000      | 8,000       |
| Long-term debt   | 18,824      | 23,355      |
| Total liabilities  | 234,849     | 167,424     |
| Stockholders' equity:  |             |             |
| Common stock, \$1 par value, 50,000 shares<br>authorized, 2,333 and 3,333 shares issued and<br>outstanding, respectively | 2,333       | 3,333       |
| Additional paid-in capital   | 68,313      | 130,313     |
| Note receivable from stock sale  | -           | (17,000)    |
| Retained earnings  | 208,861     | 73,366      |
| Total stockholders' equity   | 279,507     | 190,012     |
| Total liabilities and stockholders' equity   | \$ 514,356  | 357,436     |

See accompanying notes to financial statements.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.  
STATEMENTS OF OPERATIONS  
Years ended December 31, 2001 and 2000

|                                     | <u>2001</u>       | <u>2000</u>      |
|-------------------------------------|-------------------|------------------|
| Revenues:                           |                   |                  |
| Financial advisory fees             | \$ 1,419,099      | 889,735          |
| Consulting fees                     | 319,237           | 377,688          |
| Unrealized gain on investments      | -                 | 3,965            |
| Other                               | 18,032            | 22,059           |
|                                     | <u>1,756,368</u>  | <u>1,293,447</u> |
| Costs and expenses:                 |                   |                  |
| General and administrative expenses | 1,522,750         | 1,305,983        |
| Interest expense                    | 6,123             | 5,791            |
|                                     | <u>1,528,873</u>  | <u>1,311,774</u> |
| Income (loss) before income taxes   | 227,495           | (18,327)         |
| Provision for income taxes          | <u>92,000</u>     | <u>-</u>         |
| Net income (loss)                   | <u>\$ 135,495</u> | <u>(18,327)</u>  |

See accompanying notes to financial statements.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.  
STATEMENTS OF STOCKHOLDERS' EQUITY  
Years Ended December 31, 2001 and 2000

|  | <u>Common Stock</u> |                 | <u>Additional<br/>Paid-in<br/>Capital</u> | <u>Note<br/>Receivable<br/>From Stock<br/>Sale</u> | <u>Retained<br/>Earnings</u> | <u>Total</u>      |
|--|---------------------|-----------------|---|--|------------------------------|-------------------|
|  | <u>Shares</u>       | <u>Amount</u>   |   |  |                              |                   |
| Balance at<br>January 1, 2000              | 3,000               | \$ 3,000        | \$ 130,313                                | \$ (17,000)  | \$ 91,693                    | \$ 208,006        |
| Issuance of common<br>stock for services   | 333                 | 333             | -   | -  | -                            | 333               |
| Net loss                                   | -                   | -               | -   | -  | (18,327)                     | (18,327)          |
| Balance at<br>December 31, 2000            | 3,333               | 3,333           | 130,313                                   | (17,000)   | 73,366                       | 190,012           |
| Collection of note<br>receivable           | -                   | -               | -   | 17,000   | -                            | 17,000            |
| Purchase and retirement<br>of common stock | (1,000)             | (1,000)         | (62,000)                                  | -  | -                            | (63,000)          |
| Net income                                 | -                   | -               | -   | -  | 135,495                      | 135,495           |
| Balance at<br>December 31, 2001            | <u>2,333</u>        | <u>\$ 2,333</u> | <u>\$ 68,313</u>                          | <u>\$ -</u>  | <u>\$ 208,861</u>            | <u>\$ 279,507</u> |

See accompanying notes to financial statements.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2001 and 2000

|  | <u>2001</u>       | <u>2000</u>     |
|--|-------------------|-----------------|
| <u>Cash flows from operating activities:</u>   |                   |                 |
| Net income (loss)  | \$ 135,495        | (18,327)        |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                   |                 |
| Depreciation and amortization  | 25,555            | 30,554          |
| Deferred income taxes  | 33,000            | (8,000)         |
| Provision for losses on accounts receivable  | -                 | (9,945)         |
| Unrealized gain on investments   | -                 | (3,965)         |
| Stock compensation   | -                 | 333             |
| (Increase) decrease in:  |                   |                 |
| Receivables  | (33,285)          | 664             |
| Prepaid expenses   | -                 | 15,693          |
| Other assets   | 7,455             | 2,546           |
| Increase (decrease) in payables  | <u>(5,612)</u>    | <u>34,770</u>   |
| Net cash provided by operating activities  | <u>162,608</u>    | <u>44,323</u>   |
| <u>Cash flows from investing activities:</u>   |                   |                 |
| Purchase of equipment  | (12,986)          | (5,872)         |
| Purchase of investments  | -                 | (20,910)        |
| Increase in cash surrender value of life insurance                                       | <u>-</u>          | <u>(35,602)</u> |
| Net cash used in investing activities  | <u>(12,986)</u>   | <u>(62,384)</u> |
| <u>Cash flows from financing activities:</u>   |                   |                 |
| Payments on related party payable  | (21,000)          | -               |
| Collection of note receivable from stock sale  | 17,000            | -               |
| Payments on long-term debt   | <u>(20,313)</u>   | <u>(13,061)</u> |
| Net cash used in financing activities  | <u>(24,313)</u>   | <u>(13,061)</u> |
| Net increase (decrease) in cash  | 125,309           | (31,122)        |
| Cash, beginning of year  | <u>189,077</u>    | <u>220,199</u>  |
| Cash, end of year  | <u>\$ 314,386</u> | <u>189,077</u>  |

See accompanying notes to financial statements.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Lewis Young Robertson & Burningham, Inc., (the Company) was incorporated under the laws of the state of Utah on July 6, 1995. The Company provides financial and consulting services to local governmental and other entities.

Concentration of Credit Risk

The Company maintains its cash in bank accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Company's customer base consists primarily of local governmental agencies. Management does not believe significant credit risk exists at December 31, 2001.

Investments

The Company classifies its investments at market value.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Depreciation and amortization on property and equipment and capital leases is determined using the straight-line method over the estimated useful lives of the assets or terms of the lease which range from 5 to 7 years. Expenditures for maintenance and repairs are expensed when incurred and betterments are capitalized.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue is recognized when services are provided.

Income Taxes

Deferred income taxes are provided in amounts sufficient to give effect to temporary differences between financial and tax reporting, principally related to the use of the cash method of accounting for income tax purposes and accelerated depreciation and amortization.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts may differ from these amounts.

Note 2 – Investments

Investments are classified as available for sale and consist of the following:

|                               | <u>2001</u>      | <u>2000</u>    |
|-------------------------------|------------------|----------------|
| Investments, at cost          | \$ 20,910        | 20,910         |
| Gross unrealized holding gain | <u>3,965</u>     | <u>3,965</u>   |
| Investments, at fair value    | 24,875           | 24,875         |
| Current portion               | <u>(4,775)</u>   | <u>(4,775)</u> |
|                               | \$ <u>20,100</u> | <u>20,100</u>  |

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 3 – Detail of Certain Balance Sheet Accounts

Receivables consist of the following:

|                              | <u>2001</u>      | <u>2000</u>   |
|------------------------------|------------------|---------------|
| Accounts receivable          | \$ 68,970        | 13,547        |
| Income tax refund receivable | —                | <u>22,138</u> |
|                              | \$ <u>68,970</u> | <u>35,685</u> |

Payables consist of the following:

|                  | <u>2001</u>       | <u>2000</u>    |
|------------------|-------------------|----------------|
| Accounts payable | \$ 7,634          | 29,905         |
| Pension payable  | 102,877           | 90,766         |
| Taxes payable    | <u>4,548</u>      | —              |
|                  | \$ <u>115,059</u> | <u>120,671</u> |

Note 4 – Property and Equipment

Property and equipment consists of the following:

|   | <u>2001</u>      | <u>2000</u>      |
|---|------------------|------------------|
| Furniture and fixtures                            | \$ 72,232        | 72,232           |
| Computer equipment                                | 143,121          | 104,785          |
| Leasehold improvements                            | <u>5,009</u>     | <u>5,009</u>     |
|   | 220,362          | 182,026          |
| Less accumulated depreciation<br>and amortization | <u>(155,233)</u> | <u>(129,678)</u> |
|   | \$ <u>65,129</u> | <u>52,348</u>    |

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 5 – Long-term Debt

Long-term debt consists of the following at December 31:

|  | <u>2001</u>      | <u>2000</u>     |
|--|------------------|-----------------|
| Note payable to a bank in monthly installments of \$630 including interest at 8.25%, secured by equipment and maturing in 2004 | \$ 18,009        | -               |
| Capital lease obligations (see Note 6)   | <u>25,781</u>    | <u>38,753</u>   |
|  | 43,790           | 38,753          |
| Less current portion   | <u>(24,966)</u>  | <u>(15,398)</u> |
| Long-term debt   | \$ <u>18,824</u> | <u>23,355</u>   |

Future maturities of long-term debt at December 31, 2001 are as follows:

| <u>Year</u> | <u>Amount</u>    |
|-------------|------------------|
| 2002        | \$ 24,966        |
| 2003        | 13,584           |
| 2004        | <u>5,240</u>     |
|             | \$ <u>43,790</u> |

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 6 – Lease Obligations

The Company leases certain furniture and fixtures under noncancellable capital leases. These leases provide the Company the option to purchase the leased assets at the end of the initial lease terms. Assets under capital leases included in property and equipment are as follows:

|                               | <u>2001</u>      | <u>2000</u>     |
|-------------------------------|------------------|-----------------|
| Furniture and fixtures        | \$ 73,060        | 67,710          |
| Less accumulated amortization | <u>(48,722)</u>  | <u>(36,708)</u> |
|                               | \$ <u>24,338</u> | <u>31,002</u>   |

Amortization expense for assets under capital leases during the years ended December 31, 2001 and 2000 was approximately \$11,000 and \$10,000 respectively.

Capital lease obligations have imputed interest rates ranging from 10% to 16% and are payable in aggregate monthly installments of \$1,734, maturing through 2004. The leases are secured by furniture, fixtures and equipment.

Future minimum lease payments as of December 31, 2001 are as follows:

| <u>Year</u>                         | <u>Amount</u>    |
|-------------------------------------|------------------|
| 2002                                | \$ 20,808        |
| 2003                                | 9,061            |
| 2004                                | <u>188</u>       |
| Total future minimum lease payments | 30,057           |
| Less amount representing interest   | <u>(4,276)</u>   |
|                                     | \$ <u>25,781</u> |

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 6 – Lease Obligations (continued)

The Company leases office space under a noncancellable operating lease agreement, which expires in 2004. Future minimum rental payments for this noncancellable operating lease at December 31, 2001 are as follows:

| <u>Year</u> | <u>Amount</u>    |
|-------------|------------------|
| 2002        | \$ 40,077        |
| 2003        | 54,740           |
| 2004        | <u>4,574</u>     |
|             | \$ <u>99,391</u> |

Rental expense on the operating lease for the years ended December 31, 2001 and 2000 was approximately, \$64,000 and \$49,000, respectively.

Note 7 – Income Taxes

The provision for income taxes for the years ended December 31, consists of the following:

|          | <u>2001</u>      | <u>2000</u>  |
|----------|------------------|--------------|
| Current  | \$ 59,000        | (8,000)      |
| Deferred | <u>33,000</u>    | <u>8,000</u> |
|          | \$ <u>92,000</u> | <u>-</u>     |

The provision (benefit) for income taxes is different from the amounts computed at federal statutory rates for the following reasons:

|                               | <u>2001</u>      | <u>2000</u> |
|-------------------------------|------------------|-------------|
| Federal tax at statutory rate | \$ 77,000        | (3,000)     |
| Meals and entertainment       | 9,000            | 3,000       |
| Insurances                    | <u>6,000</u>     | <u>-</u>    |
|                               | \$ <u>92,000</u> | <u>-</u>    |

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 7 – Income Taxes (continued)

Deferred tax assets (liabilities) consist of the following:

|                            | <u>2001</u>        | <u>2000</u>    |
|----------------------------|--------------------|----------------|
| Assets:                    |                    |                |
| Revenue recognition        | \$ -               | <u>8,000</u>   |
| Liabilities:               |                    |                |
| Depreciation               | (12,000)           | (8,000)        |
| Unrealized holding gain    | (1,000)            | (1,000)        |
| Revenue recognition        | <u>(21,000)</u>    | <u>-</u>       |
|                            | <u>(34,000)</u>    | <u>(9,000)</u> |
| Net deferred tax liability | \$ <u>(34,000)</u> | <u>(1,000)</u> |

Presented in the financial statements as follows:

|                              | <u>2001</u>        | <u>2000</u>    |
|------------------------------|--------------------|----------------|
| Current deferred asset       | \$ -               | 7,000          |
| Current deferred liability   | (22,000)           | -              |
| Long-term deferred liability | <u>(12,000)</u>    | <u>(8,000)</u> |
|                              | \$ <u>(34,000)</u> | <u>(1,000)</u> |

Note 8 – Related Party Payable

The Company acquired and retired 1,000 shares of common stock from an officer of the Company for \$63,000 during the year ended December 31, 2001. The purchase price is payable in monthly payments of \$3,500. The balance at December 31, 2001 is \$42,000.

Note 9 – Profit Sharing Plan

The Company has adopted a profit sharing plan for all employees who qualify as to age and service. The Company's contribution expense was \$102,877 and \$90,766 for the years ended December 31, 2001 and 2000, respectively.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2001 and 2000

Note 10 – Supplemental Cash Flow Information

During the year ended December 31, 2001:

- The Company acquired and retired common stock in exchange for a related party payable of \$63,000.
- The Company acquired equipment in exchange for long-term debt of \$25,350.

Actual amounts paid for interest and income taxes for the years ended December 31 are as follows:

|              | <u>2001</u>      | <u>2000</u>   |
|--------------|------------------|---------------|
| Interest     | \$ <u>6,123</u>  | <u>5,791</u>  |
| Income taxes | \$ <u>44,000</u> | <u>16,771</u> |

Note 11 – Financial Instruments

The Company's financial instruments consist of cash, receivables, payables and long-term debt. The carrying amount of cash, receivables and payables approximates fair value because of the short-term nature of these items. The carrying amount of the long-term debt approximates fair value as the individual borrowings bear interest at market interest rates.

Note 12 – Changes in Stockholder's Equity Accounts and Liabilities Subordinated to Claims of General Creditors

During the year ended December 31, 2001, the common stock shares of one of the shareholders were repurchased and retired by the Company (see Note 8).

There were no changes in the stockholder's equity or liabilities subordinated to claims of general creditors during the year ended December 31, 2000.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION

December 31, 2001

Schedule 1

|   |                   |
|---|-------------------|
| Net capital   | \$ 279,507        |
| Less: nonallowable assets   | <u>(126,225)</u>  |
| Net capital before haircuts on securities positions               | 153,282           |
| Haircuts on securities - investments                              | <u>(768)</u>      |
| Net capital   | <u>\$ 152,514</u> |
| <br>  |                   |
| Minimum net capital required                                      | <u>\$ 5,000</u>   |
| <br>  |                   |
| Excess net capital  | <u>\$ 147,514</u> |
| <br>  |                   |
| Net capital @ 1000% (Net capital - 10% of aggregate indebtedness) | <u>\$ 129,028</u> |
| <br>  |                   |
| Ratio of aggregate indebtedness to net capital                    | <u>1.54 to 1</u>  |



**JONES  
LLP  
SIMKINS**

**Certified Public Accountants**

95 West 100 South, Suite 200  
P.O. Box 747  
Logan, UT 84323-0747  
Phone: (435) 752-1510 • (877) 752-1510  
Fax: (435) 752-4878

**PARTNERS:**

*Paul D. Simkins, CPA  
Michael C. Kidman, CPA, MBA  
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Brett C. Hugie, CPA  
Mark E. Low, CPA*

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

To the Board of Directors of  
Lewis Young Robertson & Burningham, Inc.

In planning and performing our audit of the financial statements and supplemental schedule of Lewis Young Robertson & Burningham, Inc. (the "Company"), for the year ended December 31, 2001, we considered its internal control, 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
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 internal control 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 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 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 any internal control 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 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 elements does not reduce to a relatively low level the risk that errors or irregularities 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 the internal control 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 SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, 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.

*Jones Simkins LLP*

JONES SIMKINS LLP

Logan, Utah

February 5, 2002