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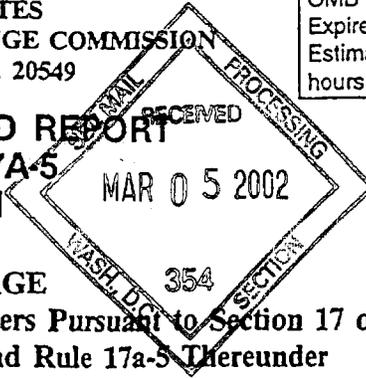
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SECURITIES EXCHANGE COMMISSION
Washington, D.C. 20549

BB 3/12

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	September 30, 1998
Estimated average burden hours per response . . .	12.00

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



SEC FILE NUMBER
8- 35714

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: DAVIS CAPITAL RESOURCES, INC.

OFFICIAL USE ONLY
FIRM ID. NO.

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

3340 Peachtree Road, Suite 1800

(No. and Street)

Atlanta

(City)

Georgia

(State)

30326

(Zip Code)

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

Daniel W. Davis III

(404) 239-6278

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Westbrook, McGrath, Gibson & Orth

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

2750 Premiere Parkway, Suite 800 Duluth Georgia

(Address)

(City)

(State)

30097

Zip Code)

CHECK ONE:

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

PROCESSED
MAR 20 2002

FOR OFFICIAL USE ONLY

THOMSON
FINANCIAL

*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).

SEC 1410 (3-91)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

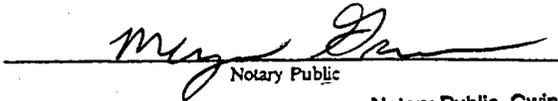
AAJ
3/19/2002

OATH OR AFFIRMATION

I, Daniel W. Davis III, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Davis Capital Resources, Inc., as of December 31, 192001, 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

President
Title


Notary Public

Notary Public, Gwinnett County, Georgia
My Commission Expires September 17, 2002

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.
- (o) Independent Auditors' Report on Internal Control

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

DAVIS CAPITAL RESOURCES, INC.

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WESTBROOK, McGRATH, GIBSON & ORTH

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

CERTIFIED PUBLIC ACCOUNTANTS

2750 PREMIER PARKWAY

SUITE 800

DULUTH, GEORGIA 30097

PHONE: (770) 622-9885

FAX (770) 622-9886

REPORT OF INDEPENDENT AUDITORS

To the Stockholder
Davis Capital Resources, Inc.

We have audited the accompanying balance sheet of Davis Capital Resources, Inc. as of December 31, 2001, and the related statement of operations and accumulated deficit, 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 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 Davis Capital Resources, Inc. as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Westbrook, McGrath, Gibson & Orth

February 11, 2002

DAVIS CAPITAL RESOURCES, INC.

Balance sheet
December 31, 2001

ASSETS

CURRENT ASSETS

Cash	\$	27,842
Accounts receivable		-
Advances		<u>1,959</u>
Total current assets		<u>29,801</u>

FIXED ASSETS, less accumulated depreciation of \$5,010 1,029

DEPOSITS 3,608

\$ 34,438

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES 4,597

STOCKHOLDER'S EQUITY:

Common stock, \$.10 par value, 1,000 shares authorized, 500 shares issued and outstanding		50
Paid-in capital in excess of par		93,950
Accumulated deficit		<u>(64,159)</u>
		<u>29,841</u>
		<u><u>34,438</u></u>

The accompanying notes are an integral part of these financial statements.

DAVIS CAPITAL RESOURCES, INC.

STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT

For the year ended December 31, 2001

REVENUE	
Commissions and fees	\$ 53,905
Interest	<u>218</u>
	<u>54,123</u>
EXPENSES	
Salaries & wages	15,000
Payroll Taxes	1,204
Professional fees	10,950
Bank Fees	66
Auto expense	3,522
Meals & entertainment	3,971
Telephone	2,551
Office supplies & expenses	430
Licenses & fees	901
Insurance	6,824
Taxes	55
Rent & administration	22,024
Dues & subscriptions	700
Depreciation	643
Travel	155
Postage	<u>46</u>
	\$ <u>69,042</u>
NET INCOME (LOSS)	(14,919)
ACCUMULATED DEFICIT, beginning of year	<u>(49,240)</u>
ACCUMULATED DEFICIT, end of year	\$ <u><u>(64,159)</u></u>

The accompanying notes are an integral part of these financial statements.

DAVIS CAPITAL RESOURCES, INC.

STATEMENT OF CASH FLOWS
For the year ended December 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income (Loss)	\$ (14,919)
Non cash items included in net income	
Depreciation	643
Changes in:	
Accounts receivable	5,000
Deposits	1,349
Accrued expenses	<u>4,597</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES (3,330)

CASH FLOWS FROM INVESTING ACTIVITIES:

Additional Paid-in capital in excess of par	<u>11,000</u>
---	---------------

NET CASH USED BY INVESTING ACTIVITIES 11,000

**NET INCREASE (DECREASE) IN CASH AND
CASH EQUIVALENTS** 7,670

CASH AND CASH EQUIVALENTS, beginning of year 20,172

CASH AND CASH EQUIVALENTS, end of year \$ 27,842

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations – The Company provides investment banking services concentrating on mergers and acquisitions and private placement of equity capital. The Company's operations are primarily in the United States.

Revenue Recognition - Revenue related to the sale of mutual funds will be recorded at the date of sale. Revenue related to commissions earned regarding the arranging of private placement of securities by issuers will be recognized generally at the "date of closing" when the revenue is earned.

Fixed Assets - Fixed assets are recorded at cost. Depreciation of fixed assets is computed using the straight line method over the estimated useful lives of the property. The cost and accumulated depreciation related to assets retired or sold are relieved from the accounts, and gain or loss on disposal is reflected in income. The cost of maintenance and repairs is charged to expenses as incurred. Renewals and betterments which extend the useful life of assets are capitalized.

Income taxes - The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company's net income or loss is reportable by its stockholder in his individual income tax return.

Use of estimates – The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - PENSION PLAN:

The Company has a Simplified Employee Pension Plan (SEP). Contributions to the plan are determined annually and are made at the discretion of the Board of Directors. The Company did not make a contribution to the plan for 2001.

NOTE 3 - NET CAPITAL REQUIREMENTS:

The Company is a licensed broker/dealer and accordingly is subject to the Securities and Exchange Commission Uniform Net Capital Rule which requires the maintenance of adjusted minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 8 to 1. At December 31, 2001, the Company had adjusted net capital of \$23,245 which was \$18,245 in excess of its required net capital of \$5,000.

NOTE 4 – LEASES:

The Company leases office space pursuant to an operating lease that expires in the February, 2002. Rent expense of \$17,700 is included in rent and administration expense in the accompanying statement of operations.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – STOCKHOLDER’S EQUITY

During 2001 the Company’s stockholder contributed \$11,000 to the Company’s capital. The contribution to capital is reflected as an increase in paid-in capital in excess of par as follows:

Paid-in capital in excess of par at January 1, 2001	\$82,950
Contribution to capital during 2001	<u>11,000</u>
Paid-in capital in excess of par at December 31, 2001	<u>\$93,950</u>

WESTBROOK, MCGRATH, GIBSON & ORTH

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

CERTIFIED PUBLIC ACCOUNTANTS

2750 PREMIER PARKWAY

SUITE 800

DULUTH, GEORGIA 30097

PHONE: (770) 622-9885

FAX (770) 622-9886

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Stockholder
Davis Capital Resources, Inc.

Our report on our audit of the basic financial statements of Davis Capital Resources, Inc. for 2001 appears on page one. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information reconciling audited and unaudited reports at December 31, 2001 is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.

Westbrook, McGrath, Gibson & Orth

February 11, 2002

RECONCILIATION OF AUDITED AND UNAUDITED REPORTS
December 31, 2001

<u>Description</u>	<u>As Previously Stated</u>	<u>Debit</u>	<u>Credit</u>	<u>As Stated</u>
ASSETS				
Cash	\$27,842			\$27,842
Advances	\$1,959			\$1,959
Accounts Receivable				\$0
Fixed assets, less accumulated depreciation	1,672		\$643 (1)	1,029
Other assets	4,957		\$1,349 (3)	3,608
	<u>\$36,430</u>	<u>\$0</u>	<u>\$1,992</u>	<u>\$34,438</u>
LIABILITIES				
Accounts payable	\$4,301		\$296 (2)	\$4,597
Other Liabilities	\$0			\$0
	<u>\$4,301</u>	<u>\$0</u>	<u>\$296</u>	<u>\$4,597</u>
STOCKHOLDER'S EQUITY				
Common stock	50			50
Additional paid-in capita	93,950			93,950
Accumulated deficit	(61,871)	\$2,288 (1), (2) & (3)		(64,159)
	<u>32,129</u>			<u>29,841</u>
	<u>\$36,430</u>	<u>\$2,288</u>	<u>\$0</u>	<u>\$34,438</u>
INCOME AND (EXPENSES)				
Revenue	\$54,123			\$54,123
Salaries	(\$16,204)			(16,204)
Other Compensation	\$0			0
Regulatory fees	(821)			(821)
Other expenses	(49,729)	2,288 (1), (2) & (3)		(52,017)
	<u>(\$12,631)</u>	<u>\$2,288</u>	<u>\$0</u>	<u>(\$14,919)</u>

- (1) Adjustments to properly record depreciation in 2001.
(2) Adjustment to properly record payables in 2001.
(3) Adjustment to write off refunded deposits in 2001.

See Independent Auditors' Report on Supplemental Information

**FORM
X-17A-5**

FOCUS REPORT

OMB No. 3235-0123
(5-31-87)

(Financial and Operational Combined Uniform Single Report)

PART IIA 12

3/91

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) 16 2) Rule 17a-5(b) 17 3) Rule 17a-11 18
 4) Special request by designated examining authority 19 5) Other 26

NAME OF BROKER-DEALER

SEC FILE NO.

8-35714 14

Davis Capital Resources, Inc. 13

FIRM ID. NO.

17769 15

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

3340 Peachtree Rd., N.E. Suite 1800 20

(No. and Street)

FOR PERIOD BEGINNING (MM/DD/YY);

01/01/01 24

AND ENDING (MM/DD/YY)

12/31/01 25

Atlanta 21 Georgia 22 30326 23

(City)

(State)

(Zip Code)

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

(Area Code)—Telephone No.

30 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE

32 33

34 35

36 37

38 39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES 40 NO 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the _____ day of _____ 19 _____

Manual signatures of:

1) _____
Principal Executive Officer or Managing Partner

2) _____
Principal Financial Officer or Partner

3) _____
Principal Operations Officer or Partner

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:(a))

07-017769-J
 DAVIS CAPITAL RESOURCES, INC.
 DANIEL MILBURN DAVIS, III
 P.O. BOX 420073, TUXEDO
 ATLANTA GA 30342

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER Davis Capital Resources, Inc.

N 3

100

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND
CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY) 12/31/01

SEC FILE NO. 8-35714

Consolidated		99
Unconsolidated		98
		198
		199

ASSETS

	Allowable	Non-Allowable	Total
1. Cash	\$ 27,842	200	\$ 27,842
2. Receivables from brokers or dealers:			
A. Clearance account	295		
B. Other	300	550	810
3. Receivables from non-customers	355	1,959	1,959
4. Securities and spot commodities owned, at market value:			
A. Exempted securities	418		
B. Debt securities	419		
C. Options	420		
D. Other securities	424		
E. Spot commodities	430		850
5. Securities and/or other investments not readily marketable:			
A. At cost \$	130		
B. At estimated fair value	440	610	860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:			
A. Exempted securities \$	150		
B. Other securities \$	160		
7. Secured demand notes, market value of collateral:			
A. Exempted securities \$	170		
B. Other securities \$	180		
B. Memberships in exchanges:			
A. Owned, at market \$	190		
B. Owned, at cost		650	
C. Contributed for use of the company, at market value		660	900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships	480	670	910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net, of accumulated depreciation and amortization	490	1,029	1,029
11. Other assets	535	735	3,608
12. TOTAL ASSETS	\$ 27,842	540	\$ 6,596
		740	\$ 34,438

OMIT PENN

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER Davis Capital Resources, Inc.

as of 12/31/01

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING
AND CERTAIN OTHER BROKERS OR DEALERS

LIABILITIES AND OWNERSHIP EQUITY

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
3. Bank loans payable.....	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account.....	1114	1315	1560
B. Other.....	1115	1305	1540
15. Payable to non-customers.....	1155	1355	1610
16. Securities sold not yet purchased, at market value.....		1360	1620
17. Accounts payable, accrued liabilities, expenses and other.....	4,597 1205	1385	4,597 1685
18. Notes and mortgages payable:			
A. Unsecured.....	1210		1690
B. Secured.....	1211	1390	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:.....		1400	1710
1. from outsiders \$ 970			
2. Includes equity subordination (15c3-1 (d)) of \$ 980			
B. Securities borrowings, at market value:...		1410	1720
from outsiders \$ 990			
C. Pursuant to secured demand note collateral agreements:.....		1420	1730
1. from outsiders: \$ 1000			
2. Includes equity subordination (15c3-1 (d)) of \$ 1010			
D. Exchange memberships contributed for use of company, at market value.....		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes.....	1220	1440	1750
20. TOTAL LIABILITIES.....	\$ 4,597 1230	\$ 1450	\$ 4,597 1760
<u>Ownership Equity</u>			
21. Sole proprietorship.....			\$ 1770
22. Partnership (limited partners.....)	\$ 1020		1780
23. Corporation:			
A. Preferred stock.....			1791
B. Common stock.....		50	1792
C. Additional paid-in capital.....		93,950	1793
D. Retained earnings.....		(64,159)	1794
E. Total.....		29,841	1795
F. Less capital stock in treasury.....			1796
24. TOTAL OWNERSHIP EQUITY.....		\$ 29,841	1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY.....		\$ 34,438	1810

OMIT PENNIES

FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER

Davis Capital Resources, Inc.

as of 12/31/01

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition.....		\$	29,841		3480
2. Deduct ownership equity not allowable for Net Capital.....		Y		(3490
3. Total ownership equity qualified for Net Capital.....			29,841		3500
4. Add:					
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital.....					3520
B. Other (deductions) or allowable credits (List).....					3525
5. Total capital and allowable subordinated liabilities.....		\$	29,841		3530
6. Deductions and/or charges:					
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C).....		Y			3540
B. Secured demand note deficiency.....			6,596		3590
C. Commodity futures contracts and spot commodities- proprietary capital charges.....					3600
D. Other deductions and/or charges.....					3610
7. Other additions and/or allowable credits (List).....				(6,596
8. Net capital before haircuts on securities positions.....		Y			3630
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):					
A. Contractual securities commitments.....		\$			3660
B. Subordinated securities borrowings.....					3670
C. Trading and investment securities:					
1. Exempted securities.....		Y			3735
2. Debt securities.....					3733
3. Options.....					3730
4. Other securities.....					3734
D. Undue Concentration.....					3650
E. Other (List).....					3736
10. Net Capital.....		\$	23,245		3740
					3750

OMIT PENNIE

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER Davis Capital Resources, Inc.

as of 12/31/01

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$		3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	5,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$	5,000	3760
14. Excess net capital (line 10 less 13)	\$	18,245	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	22,785	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.L. liabilities from Statement of Financial Condition	\$	4,597	3790
17. Add:			
A. Drafts for immediate credit	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	3810	
C. Other unrecorded amounts (List)	\$	3820	3830
19. Total aggregate indebtedness	\$	4,597	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	19.789%	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%		3860

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$		3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$		3880
24. Net capital requirement (greater of line 22 or 23)	\$		3760
25. Excess net capital (line 10 less 24)	\$		3910
26. Net capital in excess of: 5% of combined aggregate debit items or \$120,000	\$		3920

OMIT PENNIES

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER Davis Capital Resources, Inc.

For the period (MMDDYY) from 01/01/01 3932 to 12/31/01 3933
Number of months included in this statement 12 3931

STATEMENT OF INCOME (LOSS)

REVENUE

1. Commissions:		
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$	3935
b. Commissions on listed option transactions	Y	3938
c. All other securities commissions		3939
d. Total securities commissions		3940
2. Gains or losses on firm securities trading accounts		
a. From market making in options on a national securities exchange		3945
b. From all other trading		3949
c. Total gain (loss)		3950
3. Gains or losses on firm securities investment accounts		3952
4. Profit (loss) from underwriting and selling groups	Y	3955
5. Revenue from sale of investment company shares		3970
6. Commodities revenue		3990
7. Fees for account supervision, investment advisory and administrative services		3975
8. Other revenue (includes Interest of \$218)		54,123 3995
9. Total revenue	\$	54,123 4030

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers	\$	16,204	4120
11. Other employee compensation and benefits	Y		4115
12. Commissions paid to other broker-dealers			4140
13. Interest expense			4075
a. Includes interest on accounts subject to subordination agreements		4070	
14. Regulatory fees and expenses		821	4195
15. Other expenses		52,017	4100
16. Total expenses	\$	69,042	4200

NET INCOME

17. Net income (loss) before Federal income taxes and items below (Item 9 less Item 16)	\$	(14,919)	4210
18. Provision for Federal income taxes (for parent only)	Y		4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above			4222
a. After Federal income taxes of		4238	
20. Extraordinary gains (losses)			4224
a. After Federal income taxes of		4239	
21. Cumulative effect of changes in accounting principles			4225
22. Net income (loss) after Federal income taxes and extraordinary items	\$	(14,919)	4230

MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items	\$		4211
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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER Davis Capital Resources, Inc.

For the period (MMDDYY) from 01/01/01 to 12/31/01

STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period.....	\$	33,760	4240
A. Net income (loss).....		(14,919)	4250
B. Additions (Includes non-conforming capital of additional paid in capital.....)	\$	11,000	4260
C. Deductions (Includes non-conforming capital of.....)	\$	11,000	4270
2. Balance, end of period (From item 1800).....	\$	29,841	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period.....	\$	N/A	4300
A. Increases.....			4310
B. Decreases.....			4320
4. Balance, end of period (From item 3520).....	\$		4330

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER Davis Capital Resources, Inc.

as of 12/31/01

Exemptive Provision Under Rule 15c3-3

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- | | | |
|---|--|--|
| <p>A. (k) (1)—\$2,500 capital category as per Rule 15c3-1</p> | <p>_____</p> | <p style="border: 1px solid black; padding: 2px;">4550</p> |
| <p>B. (k) (2)(A)—“Special Account for the Exclusive Benefit of customers” maintained</p> | <p style="text-align: center;">X</p> | <p style="border: 1px solid black; padding: 2px;">4560</p> |
| <p>C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm <u>Y</u></p> | <p style="border: 1px solid black; padding: 2px;">4335</p> | <p style="border: 1px solid black; padding: 2px;">4570</p> |
| <p>D. (k) (3)—Exempted by order of the Commission</p> | <p>_____</p> | <p style="border: 1px solid black; padding: 2px;">4580</p> |

WESTBROOK, McGRATH, GIBSON & ORTH

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

CERTIFIED PUBLIC ACCOUNTANTS

2750 PREMIER PARKWAY

SUITE 800

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PHONE: (770) 622-9885

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

To the Stockholder
Davis Capital Resources, Inc.

In planning and performing our audit of the financial statements of Davis Capital Resources, Inc. 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 purposes 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 and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Davis Capital Resources, Inc. that we considered relevant to the objectives stated in Rule 17a-5(g): (1) in making the periodic computation of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c-3-3(e); (2) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; (3) in 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; and (4) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

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 judgements 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 Commission'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 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 structure 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 structure, including procedures 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 Commission 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 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.

Westhead, Macbrath, Diben & Oak

February 11, 2002

DAVIS CAPITAL RESOURCES, INC.

Financial Statements and
Supplemental Information
December 31, 2001