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MISSION

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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-7 thereunder

MAR 01 2002

SEC FILE NUMBER

47352

REPORT FOR THE PERIOD BEGINNING 1/1/2001 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: EBH Securities, Inc.

OFFICIAL USE ONLY

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

FIRM ID NO

8867 Major Run

(No. and Street)

Indianapolis

IN

46256

(City)

(State)

(Zip Code)

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

Stan Whittlesey

(317) 594-0023

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Jeremiah Lockett

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

5555 N. Tacoma, Suite 207 Indianapolis, IN 46220

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

APR 04 2002

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**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(c) 2

OATH OR AFFIRMATION

I, Stanley Whittlesey, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of EBH Securities, Inc., as of December 31, 2001, 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:

[Handwritten Signature]

Signature

President

Title



[Handwritten Signature]

Notary Public

LAWRENCE C. ARNY

A RESIDENT OF HAMILTON COUNTY

MY COMMISSION EXPIRES FEBRUARY 29, 2008

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 Proprietors' 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 15c3-3 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).

EBH SECURITIES, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

December 31, 2001

EBH SECURITIES, INC.

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JEREMIAH LOCKETT
Certified Public Accountant
5555 N. Tacoma Avenue, #207
Indianapolis, IN 46220
(317) 252-5709

INDEPENDENT AUDITOR'S REPORT

Mr. Stan Whittlesey
President
EBH Securities, Inc.
Indianapolis, Indiana

I have audited the accompanying balance sheet of EBH Securities, Inc. as of December 31, 2001 and the related statements of income, cash flows and changes in stockholder's equity for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EBH Securities, Inc. as of December 31, 2001, and the results of its operations, cash flows and changes in stockholder's equity for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information presented on pages 7-10 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 my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Jeremiah Lockett, MBA, CPA
February 26, 2002

EBH SECURITIES, INC.
BALANCE SHEET
December 31, 2001

ASSETS

CURRENT ASSETS

Cash	\$ 15,066
Accounts receivable	5,543
Loans receivable	<u>1,500</u>

Total current assets \$22,109

EQUIPMENT

Furniture	5,448	
Less accumulated depreciation	<u>(2,898)</u>	<u>2,550</u>

Total Assets \$24,659

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

Payroll taxes payable	\$ 2,271
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CONTRIBUTED CAPITAL

Common stock, npar, 1,000 shares authorized, 500 shares issued and outstanding	7,849
Additional paid in capital	4,260
Retained earnings	<u>10,279</u>

Total stockholder's equity 22,388

Total Liabilities and Stockholder's Equity \$24,659

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

EBH SECURITIES, INC.
INCOME STATEMENT
FOR THE YEAR ENDED December 31, 2001

REVENUE		
Fees	\$ 98,045	
Interest income	<u>36</u>	
Total revenue		\$ 98,081
 EXPENSES		
Commissions	\$ 38,890	
Salaries	19,977	
Rent	1,118	
Payroll tax expense	1,598	
Telephone	3,965	
License	3,700	
Auto expense	5,163	
Audit and accounting	1,500	
Office supplies	690	
Travel	733	
Bank charges	200	
Postage	509	
Entertainment	414	
Depreciation	874	
Outside services	18,260	
Advertising	325	
Office expense	1,681	
Subscriptions	40	
General Insurance	<u>66</u>	
Total Expenses		<u>99,703</u>
NET LOSS		<u><u>\$ (1,622)</u></u>

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

EBH SECURITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED December 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (1,622)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	874
Increase in accounts receivable	(1,433)
Increase in taxes payable	<u>162</u>
Net decrease in cash	(2,019)
Cash, beginning of year	<u>17,085</u>
Cash, end of year	<u><u>\$15,066</u></u>

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

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

	Common Stock	Additional Paid in Capital	Retained Earnings	Total
Balance at December 31, 2000	\$7,849	\$4,260	\$11,901	\$24,010
Net loss	<u>-</u>	<u>-</u>	<u>(1,622)</u>	<u>(1,622)</u>
Balance at December 31, 2001	<u>\$7,849</u>	<u>\$4,260</u>	<u>\$10,279</u>	<u>\$22,388</u>

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

EBH SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED December 31, 2001

1. NATURE OF THE ORGANIZATION

EBH Securities, Inc., located in Indianapolis, Indiana, is an Indiana corporation established on May 10, 1994, as a securities broker dealer. EBH Securities, Inc. is a closely held corporation with a 100% stockholder.

2. SIGNIFICANT ACCOUNTING POLICIES

EBH Securities, Inc., prepares its financial statements on the accrual basis of accounting.

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and use assumptions that affect reported amounts. Actual results may differ from such estimates.

Purchased furniture and office equipment are recorded at cost. Depreciation is recognized using the straight-line method over the estimated useful lives of seven years and five years respectfully.

EBH SECURITIES, INC.
COMPUTATION OF NET CAPITAL
FOR THE YEAR ENDED December 31, 2001

Capital balance at December 31, 2000	\$24,010
Add: Net Loss	<u>(1,622)</u>
Capital balance at December 31, 2001	<u><u>\$22,388</u></u>

JEREMIAH LOCKETT
Certified Public Accountant
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REPORT ON THE INTERNAL CONTROL STRUCTURE

Mr. Stan Whittlesey
President
EBH Securities, Inc.
Indianapolis, Indiana

In planning and performing my audit of the financial statements of EBH Securities, Inc. for the year ended December 31, 2001, I considered its internal control structure, including procedures for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my 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, I have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by EBH Securities, Inc. that I considered relevant to the objectives stated in Rule 17a-5(g), in making the periodic computations of aggregated indebtedness and net capital under Rule 17a-3(a)(11). I did not review the practices and procedures followed by the Company in making the monthly securities examination, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or 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, because the Company does not carry security account customers or perform custodial functions relating to customer securities.

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 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 of 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.

My 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 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. My study and evaluation disclosed that no material weakness exists. This evaluation was considered in determining the nature, timing and extent of the procedures to be performed in my audit of the financial statements of EBH Securities, Inc. for the year ended December 31, 2001. In addition, no facts came to my attention which would indicate the Company was not in compliance with its type k(2)(i) and k(2)(ii) exemptions from the requirements of SEC Rule 15c3-3. However, it should be noted that my examination was not directed primarily toward obtaining knowledge of such noncompliance.

I 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 regulation, 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 my study, I 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 use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.



Jeremiah Lockett, MBA, CPA
February 26, 2002

JEREMIAH LOCKETT
Certified Public Accountant
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Indianapolis, IN 46220
(317) 252-5709

REPORT ON RECONCILIATION OF NET CAPITAL

A reconciliation, including appropriate explanations, of the audited computation of net capital and computation 15c3-3 reserve requirement and the broker-dealer's corresponding unaudited Part IIA was conducted. No material differences were found.



Jeremiah Lockett, MBA, CPA
February 26, 2002