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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

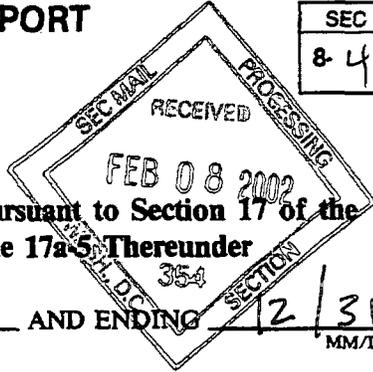
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8 49964

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 11/1/2001 AND ENDING 12/31/2001  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Dulaney Securities, Inc.

OFFICIAL USE ONLY  
FIRM ID. NO.

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

9690 Deereco Road, Suite 440  
(No. and Street)

Timonium  
(City)

MARYLAND  
(State)

21093  
(Zip Code)

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

LISA A. NASSER

410-561-9690  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Bob Black, Black Reilly & Assoc, The Riderwood Bldg,  
(Name - if individual, state last, first, middle name)

#304, 1107 Kenilworth Ave, Towson Md 21204  
(Address) (City) (Zip Code)

PROCESSED

FEB 14 2002

THOMSON  
FINANCIAL

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).

OATH OR AFFIRMATION

I, Dorothy M. Schmitt, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Dulaney Securities, Inc., as of JANUARY 31, 2007 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:

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

Dorothy M. Schmitt  
Signature  
President  
Title

Paul A. Nassner  
PAUL A. NASSNER  
PUBLIC STATE OF MARYLAND  
My Commission Expires December 23, 2007

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).

**DULANEY SECURITIES, INC.**

**Audited Financial Statement  
and schedules**

**December 31, 2001**

DULANEY SECURITIES, INC.

Audited Financial Statements and Schedules

December 31, 2001

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# BLACK, REILLY & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS REPORT

Board of Directors  
Dulaney Securities, Inc.  
Towson, Maryland

We have audited the accompanying statement of financial condition of Dulaney Securities, Inc. as of December 31, 2001, and the related statements of operations, cash flows, and changes in stockholders' equity 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 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 Dulaney Securities, Inc. at December 31, 2001, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, III, and IV 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 of the Securities and Exchange Commission. Such information has been subject to the auditing procedures applied in our 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.

*Black, Reilly & Associates*  
Black, Reilly & Associates

January 15, 2002

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**DULANEY SECURITIES, INC.**

Statement of Financial Condition

December 31, 2001

ASSETS

Cash	\$	12,754
Accounts receivable		10,778
Common stock - at cost		3,300
Prepaid expenses		<u>1,070</u>
Total Assets	\$	<u><u>27,902</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Accrued expenses	\$	2,000
Income taxes payable		<u>189</u>
Total Liabilities		<u>2,189</u>

STOCKHOLDERS' EQUITY

Common stock, par value \$.01 per share, Authorized 100,000 shares; issued and outstanding 100,000 shares		1,000
Additional paid-in capital		24,000
Retained earnings		<u>713</u>
Total Stockholders' Equity		<u>25,713</u>
Total Stockholders' Equity and Liabilities	\$	<u><u>27,902</u></u>

See notes to financial statements

**DULANEY SECURITIES, INC.**

Statement of Operations and  
changes in Retained Earnings

For the year ended December 31, 2001

REVENUE

Commission income:	
Variable annuities	\$ 129,647
Variable annuities trails	21,671
Interest income	<u>1,093</u>
Total Revenue	152,411

EXPENSES

Administrative fees to affiliated company	141,000
Regulatory fees and licenses	3,765
Insurance costs	3,075
Professional fees	2,000
Amortization of start-up costs	1,600
Income taxes	<u>189</u>
Total Expenses	<u>151,629</u>
Net income	782
Retained earnings - beginning of year	<u>(69)</u>
Retained earnings - end of year	<u>\$ 713</u>

See notes to financial statements

**DULANEY SECURITIES, INC.**

Statement of Cash Flows

For the year ended December 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

Net income (loss)	\$ 782
Changes in:	
Accounts receivable	(10,778)
Start up expense	1,600
Prepaid expenses	(140)
Income taxes payable	<u>189</u>
Net cash provided (used) by operating activities	(8,347)
Net increase (decrease) in cash	(8,347)
Cash balance beginning of year	<u>21,101</u>
Cash balance end of year	<u>\$ 12,754</u>

See notes to financial statements

**DULANEY SECURITIES, INC.**

Statement of Changes in Stockholders' Equity

For the year ended December 31, 2001

	Common Stock	Paid-in Capital	Retained Earnings
Balance at December 31, 2000	\$ 1,000	\$ 24,000	\$ (69)
Net income for 2001			<u>782</u>
Balance at December 31, 2001	<u>\$ 1,000</u>	<u>\$ 24,000</u>	<u>\$ 713</u>

**DULANEY SECURITIES, INC.**

**Notes to Financial Statements**

**December 31, 2001**

**NOTE A. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements are prepared on an accrual basis of accounting.

Dulaney Securities, Inc. (the Company) is a registered securities broker dealer. The Company was incorporated on December 27, 1996, and completed its first year of operations in 1997. The Company was formed to offer a broad range of investment securities to individuals and business entities.

Income is recognized as revenue when all significant services have been rendered.

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

**NOTE B – INCOME TAXES**

The Company utilizes the asset and liability method of accounting for income taxes, as set forth in Statement of Financial Accounting Standards No. 109 (FAS 109), "Accounting for Income Taxes". This method requires the recognition of deferred tax assets and liabilities for the expected future consequences of events that have been recognized in the Company's financial statements or income tax returns.

**NOTE C – RELATED PARTY TRANSACTIONS**

The Company is affiliated with Investment Resource Group, Ltd. (IRG) through common ownership, and shares office facilities with IRG. The Company pays an administration fee for services such as rent, support staff, computer time and general office expenses which are provided by IRG. The expense for these services was \$141,000 for 2001.

SCHEDULE I

SCHEDULE OF CHANGES IN LIABILITIES  
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

**DULANEY SECURITIES, INC.**

December 31, 2001

The Company had no liabilities which were subordinated to claims of general creditors as of December 31, 2001, and for the year then ended.

SCHEDULE II

SCHEDULE OF NET CAPITAL

DULANEY SECURITIES, INC.

BROKER OR DEALER	As of 12/31/01
1. Total ownership equity from Statement of Financial Condition	<u>\$ 25,713</u>
2. Deduct ownership equity not allowable for Net Capital	<u>0</u>
3. Total ownership equity qualified for Net Capital	<u>\$ 25,713</u>
4. Add:	
A. Liabilities subordinated to claims of general creditors allowable in computation of Net Capital	0
B. Other (deductions) or Allowable credits (List)	<u>0</u>
5. Total capital and allowable subordinated liabilities	<u>\$ 25,713</u>
6. Deductions and/or charges:	
A. Total non-allowable assets from Statement of Financial Condition	4,370
B. Secured demand note deficiency	0
C. Commodity futures contracts and spot commodities proprietary capital charges	0
D. Other deductions and/or charges	<u>0</u> (4,370)
7. Other additions and/or allowable credits (List)	<u>0</u>
8. Net capital before haircuts on security positions	<u>\$ 21,343</u>
9. Haircuts on securities (computed, where applicable, pursuant to 15 © 3-1 (f)):	
A. Contractible securities commitments	0
B. Subordinated securities borrowings	0
C. Trading and investment securities:	
1. Exempted securities	0
2. Debt securities	0
3. Options	0
4. Other securities	0
D. Undue concentrations	0
E. Other (List)	<u>0</u> 0
10. Net Capital	<u><u>\$ 21,343</u></u>

There were no differences between the above Computation of Net Capital and the Company's computation included in Part IIA of the revised Form X-17a-5 as of December 31, 2001.

SCHEDULE III

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS

**DULANEY SECURITIES, INC.**

December 31, 2001

There are no amounts as of December 31, 2001, to be reported pursuant to the position or control requirements under Rule 15c3-3. The Company is in compliance with the exemptive provisions of Rule 15c3-3 under paragraph (k)(1), and thus is exempt from the provisions of Rule 15c3-3.

SCHEDULE IV

INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS

**DULANEY SECURITIES, INC.**

December 31, 2001

This schedule is not applicable as of December 31, 2001, since the Company did not hold funds or securities for the account of its customers.