



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III  
RECEIVED  
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SEC FILE NUMBER  
8- 41576

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: Peter L. Pointer Investment Company

OFFICIAL USE ONLY  
FIRM ID. NO.

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

1550 Old Henderson Road, Suite N-152  
(No. and Street)

Columbus Ohio 43220  
(City) (State) (Zip Code)

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

Peter L. Pointer (614) 459-1616  
(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

Cotterman-Wilson CPAs, Inc.  
(Name — if individual, state last, first, middle name)

951 High Street Worthington Ohio 43085  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED  
MAR 12 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(e)(2).

OATH OR AFFIRMATION

I, Peter L. Pointer, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Peter L. Pointer Investment Company, as of December 31, ~~19~~ 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:

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

Peter L. Pointer  
Signature  
Pres  
Title

Wesley T. Miller  
Notary Public 2-6-2002



WESLEY T. MILLER  
Notary Public, State of Ohio  
My Commission Expires May 6, 2006

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).

**PETER L. POINTER INVESTMENT COMPANY**  
**(SEC I.D. NO. 8-41576)**

**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**

December 31, 2001

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# COTTERMAN-WILSON

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Shareholders  
Peter L. Pointer Investment Company

We have audited the balance sheet of Peter L. Pointer Investment Company (an Ohio S corporation) as of December 31, 2001, and the related statements of earnings, changes in stockholders' equity and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with United States 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 Peter L. Pointer Investment Company as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with United States generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule on page 13 is presented for the purpose 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 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.

*Cotterman - Wilson CPAs, Inc.*

Worthington, Ohio  
January 25, 2002

PETER L. POINTER INVESTMENT COMPANY

BALANCE SHEET

December 31, 2001

ASSETS	
CURRENT ASSETS	
Cash (note B3)	\$ 47,866
Accounts receivable—clearing broker	12,274
Marketable securities (note B4)	208,400
Prepaid expenses	<u>1,822</u>
Total current assets	270,362
FURNITURE AND EQUIPMENT, net of accumulated depreciation of \$10,431 (note B5)	1,054
OTHER ASSETS	
Deposit—clearing broker	<u>10,544</u>
	<u>\$ 281,960</u>
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accrued expenses	\$ 8,942
COMMITMENT (note C)	-
STOCKHOLDERS' EQUITY	
Common stock, no par value, 750 shares authorized, 200 shares issued and outstanding	200
Additional paid-in-capital	32,910
Retained earnings	<u>239,908</u>
	<u>273,018</u>
	<u>\$ 281,960</u>

See accompanying notes and independent auditors' report.

PETER L. POINTER INVESTMENT COMPANY

STATEMENT OF EARNINGS

For the year ended December 31, 2001

REVENUES

Commissions and portfolio management fees	\$ 110,834
Net investment loss (note B4)	<u>(17,563)</u>
	93,271

EXPENSES

Salaries and related expenses	56,218
General and administrative	16,786
Clearing expenses	10,697
Retirement plan (note D)	7,800
Office rental	4,914
Depreciation	705
Regulatory fees	<u>1,721</u>
	<u>98,841</u>

NET LOSS \$ (5,570)

See accompanying notes and independent auditors' report.

PETER L. POINTER INVESTMENT COMPANY  
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For the year ended December 31, 2001

	<u>Common Stock</u>		Additional	Retained	Total
	<u>Shares</u>	<u>Amount</u>	<u>Paid In</u>	<u>Earnings</u>	
			<u>Capital</u>		
Balance at December 31, 2000	200	\$ 200	\$ 32,910	\$ 255,478	\$ 288,588
Net Loss	-	-	-	(5,570)	(5,570)
Less: Distribution to shareholders	-	-	-	(10,000)	(10,000)
Balance at December 31, 2001	<u>200</u>	<u>\$ 200</u>	<u>\$ 32,910</u>	<u>\$ 239,908</u>	<u>\$ 273,018</u>

See accompanying notes and independent auditors' report.

PETER L. POINTER INVESTMENT COMPANY

STATEMENT OF CASH FLOWS

For the year ended December 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from:

Professional services

\$ 107,755

Investments

2,671

110,426

Cash paid for:

Salaries and fringe benefits

64,018

Other operating costs

35,262

99,280

11,146

CASH FLOWS FROM INVESTING ACTIVITIES

-

CASH FLOWS FROM FINANCING ACTIVITIES

Distribution to shareholders

(10,000)

NET INCREASE IN CASH

1,146

CASH BALANCE

Beginning of year

46,720

End of year

\$ 47,866

See accompanying notes and independent auditors' report.

PETER L. POINTER INVESTMENT COMPANY

STATEMENT OF CASH FLOWS—CONTINUED

For the year ended December 31, 2001

RECONCILIATION OF NET LOSS TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

Net loss	\$ (5,570)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	705
Unrealized losses on trading securities	20,234
(Increase) decrease in operating assets:	
Accounts receivable	(3,079)
Prepaid expenses and deposits	(286)
Increase (decrease) in operating liabilities:	
Accrued expenses	<u>(858)</u>
	<u>\$ 11,146</u>

See accompanying notes and independent auditors' report.

PETER L. POINTER INVESTMENT COMPANY

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2001

**NOTE A—NATURE AND SCOPE OF BUSINESS**

Peter L. Pointer Investment Company (the Company) is a National Association of Securities Dealers' registered broker/dealer in securities in Columbus, Ohio. The Company introduces its customers to another broker/dealer who maintains the customer accounts, executes trades and provides customer services on a fully disclosed basis.

The Company promptly forwards all funds and securities received in connection with its activities as a broker/dealer and does not otherwise hold funds or securities for, owe money or securities to, or carry proprietary accounts for its customers. Accordingly, the Company is exempt from Securities and Exchange Commission Rule 15c3-3.

**NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. *Income Taxes*

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under Subchapter S provisions, the Company does not pay federal or state corporate income taxes on its taxable income. Instead, the stockholders are liable for individual income taxes on their respective shares of the Company's taxable income.

3. *Cash*

For purposes of the statements of cash flows, cash includes all of the Company's checking and money market accounts. The Company's accounts at banks and brokerage houses are insured by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation up to \$100,000. Cash balances periodically exceed the insured limit.

PETER L. POINTER INVESTMENT COMPANY

NOTES TO FINANCIAL STATEMENTS—CONTINUED

For the year ended December 31, 2001

**NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

4. *Marketable Securities*

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Customers securities and commodities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the balance sheet.

Marketable securities consist of an investment in an equity mutual fund which is classified as a trading security. The mutual fund is carried at the quoted market price. Results of operations for the year includes net unrealized holding losses of \$20,234.

5. *Depreciation*

The cost of furniture and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on an accelerated method for financial reporting and tax purposes.

**NOTE C—COMMITMENT**

The Company leases its office under a month-to-month operating lease.

**NOTE D—RETIREMENT PLAN**

The Company sponsors a qualified profit sharing plan for employees who have attained age 21 and have completed three years of service. Contributions to the plan are discretionary.

**NOTE E—NET CAPITAL REQUIREMENTS**

The Company is required to maintain \$50,000 in minimum net capital under the uniform net capital provisions of Rule 15c3-1 of the Securities and Exchange Commission. The rule also requires that the ratio of aggregate indebtedness to net capital, as defined, not exceed 15:1.

At December 31, 2001, the Company had net capital computed under the rule of \$237,525 and aggregate indebtedness of \$8,942. The Company's ratio of aggregate indebtedness to net capital was 0.038 to 1.

SUPPLEMENTAL INFORMATION

PETER L. POINTER INVESTMENT COMPANY

SCHEDULE OF COMPUTATION OF NET CAPITAL UNDER  
RULE 15c3-1 OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the year ended December 31, 2001

NET CAPITAL	
Stockholders' equity	\$ 273,018
Non-allowable assets:	
Furniture and equipment	(1,054)
Prepaid expenses	(1,822)
Other assets	<u>(543)</u>
Net capital before haircuts on securities position	269,599
Haircuts on securities	<u>(32,074)</u>
Net capital	<u>\$ 237,525</u>
AGGREGATE INDEBTEDNESS—Accrued expenses	<u>\$ 8,942</u>
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>.038:1</u>
MINIMUM CAPITAL REQUIRED	<u>\$ 50,000</u>
EXCESS NET CAPITAL	<u>\$ 187,525</u>

NOTE: There are no differences between the total net capital above and that which was reported by the Company in Part IIA of Form X-17A-5.

# COTTERMAN-WILSON

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL STRUCTURE

To the Stockholders  
Peter L. Pointer Investment Company

In planning and performing our audit of the financial statements and supplemental schedule of Peter L. Pointer Investment Company for the year ended December 31, 2001, we considered its internal control, including control activities 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 and 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 computation of aggregate indebtedness (or aggregate debits) 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 controls of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control 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 the 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 accounting control structure or the practices and procedures referred to above, errors or fraud 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 degree of compliance with them may deteriorate.

Our consideration of the internal control would not necessarily disclose all matters in the 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 components does not reduce to a relatively low level the risk that error or fraud 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, including control activities 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 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 information and use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, 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.

*Cotterman-Wilson CPAs, Inc.*

Worthington, Ohio  
January 25, 2002