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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III FEB 27 2002

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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:

GREEN STREET ADVISORS, INC.

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

567 SAN NICOLAS DR., SUITE 203

(No. and Street)

NEWPORT BEACH

CA

92660

(City)

(State)

(Zip Code)

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

WARNER GRISWOLD

949-640-8780

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

ROBERT A. OWENS, CPA, A PAC

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

1910 E. WARNER AVE., SUITE 2-F

SANTA ANA, CA

92705

(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 02 2002

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\*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)

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APF  
4/1/2002

OATH OR AFFIRMATION

I, Mike Kirby, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Green Street Advisors, Inc., as of Dec. 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:

State CALIFORNIA  
County of ORANGE

Subscribed and sworn (or affirmed) to before me this 26 day of February 2002.

(Signature of Notary)

(Seal of Notary)

Anne Mansour  
Notary Public

Mike Kirby

Signature

Treasurer

Title



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).

**GREEN STREET ADVISORS, INC.**

**Audited Financial Statements**

**For The Years Ended December 31, 2001 And 2000**

**Robert A. Owens, C.P.A.**

**A Professional Accountancy Corporation**

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT .....	3
BALANCE SHEET .....	4
STATEMENT OF INCOME .....	5
STATEMENT OF STOCKHOLDERS' EQUITY .....	6
STATEMENT OF CASH FLOWS .....	7-8
NOTES TO FINANCIAL STATEMENTS .....	9-13
SUPPLEMENTAL INFORMATION .....	14
COMPUTATION OF NET CAPITAL .....	15
RECONCILIATION OF NET CAPITAL .....	16
REPORT ON INTERNAL ACCOUNTING CONTROL .....	17-18
REPORT ON DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT .....	19
SCHEDULE OF "SIPC NET OPERATING REVENUES" .....	20

**ROBERT A. OWENS, C.P.A.**

A PROFESSIONAL ACCOUNTANCY CORPORATION

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MEMBER:  
AMERICAN INSTITUTE  
OF CERTIFIED  
PUBLIC ACCOUNTANTS

MEMBER:  
CALIFORNIA SOCIETY  
OF CERTIFIED PUBLIC  
ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
of Green Street Advisors, Inc.  
Newport Beach, California

We have audited the accompanying balance sheets of Green Street Advisors, Inc. as of December 31, 2001 and 2000, and the related statements of revenue and expenses and association funds, and cash flows for the years then ended. These financial statements are the responsibility of the Association's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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 Green Street Advisors, 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 generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information 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 examination 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.



Robert A. Owens, CPA A PAC

February 21, 2002

GREEN STREET ADVISORS, INC.  
BALANCE SHEET  
DECEMBER 31, 2001 AND 2000

	2001	2000
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 4,401,474	\$ 3,675,151
Accounts Receivable	1,221,134	822,646
Interest Receivable	25,086	27,791
Prepaid Expenses	9,281	9,281
<b>Total Current Assets</b>	<b>5,656,975</b>	<b>4,534,869</b>
<b>Fixed Assets</b>		
Furniture and Equipment (Net)	70,652	87,872
<b>Other Assets</b>		
Security Deposit	25,000	25,000
<b>Total Assets</b>	<b>\$ 5,752,627</b>	<b>\$ 4,647,741</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 105,522	\$ 90,904
Accrued Salaries and Bonuses	2,056,693	2,220,260
Deferred Revenue	425,604	489,917
Income Tax Payable	105,973	90,824
<b>Total Current Liabilities</b>	<b>2,693,792</b>	<b>2,891,905</b>
<b>Commitments</b>		
	-	-
<b>Stockholders' Equity</b>		
Common Stock	1,399	1,369
Additional Paid-in-Capital	4,952,835	4,655,760
Notes Receivable from Stockholders	(1,216,268)	(1,310,711)
Retained Earnings (Deficit)	(679,131)	(1,590,582)
<b>Total Stockholders' Equity</b>	<b>3,058,835</b>	<b>1,755,836</b>
<b>Total Liabilities And Stockholders Equity</b>	<b>\$ 5,752,627</b>	<b>\$ 4,647,741</b>

SEE INDEPENDENT AUDITORS' REPORT AND ACCOMPANYING NOTES

**GREEN STREET ADVISORS, INC.**  
**STATEMENT OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
<b>REVENUE</b>		
Commissions	\$ 9,718,997	\$ 9,444,670
Research Revenue	1,594,446	1,659,640
Special Projects	714,544	412,739
Debt Advisory Income	512,915	-
Interest Income	203,988	259,417
Total Revenue	<u>12,744,890</u>	<u>11,776,466</u>
<b>EXPENSES</b>		
Salaries	5,781,676	5,685,105
Payroll Taxes	196,645	188,447
Pension Contributions	380,271	305,735
Trading Expenses	1,542,589	1,439,034
Rent	185,607	155,527
Dues And Subscriptions	265,867	196,393
Travel	146,454	169,158
Office Supplies	132,588	116,768
Telephone	58,308	57,610
Insurance	168,241	163,721
Professional Fees	60,530	42,935
Postage	31,214	30,270
Miscellaneous	44,050	32,434
Entertainment	17,359	23,504
Depreciation	31,393	31,819
Total Expenses	<u>9,042,792</u>	<u>8,638,460</u>
Income From Operations	3,702,098	3,138,006
Loss On Disposal Of Assets	(717)	-
Income Taxes	<u>(139,938)</u>	<u>(118,787)</u>
Net Income	<u>\$ 3,561,443</u>	<u>\$ 3,019,219</u>

SEE INDEPENDENT AUDITORS' REPORT AND ACCOMPANYING NOTES

GREEN STREET ADVISORS, INC.  
STATEMENT OF STOCKHOLDER'S EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	Common Stock			
	Number of Shares	\$1.00 Par Value	Additional Paid- in Capital	(Deficit) Retained Earnings
<b>Balance at January 1, 2000</b>	1,369	\$ 1,369	\$ 4,655,760	\$ (34,799)
Net Income for 2000				3,019,219
Dividends	-	-	-	(4,575,002)
<b>Balance at December 31, 2000</b>	1,369	\$ 1,369	4,655,760	(1,590,582)
Exercise of Stock Options	30	\$ 30	297,075	-
Net Income for 2001				3,561,443
Dividends	-	-	-	(2,649,992)
<b>Balance at December 31, 2001</b>	1,399	\$ 1,399	\$ 4,952,835	\$ (679,131)

SEE INDEPENDENT AUDITORS' REPORT AND ACCOMPANYING NOTES



**GREEN STREET ADVISORS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	<b>2001</b>	<b>2000</b>
<b>Cash Flows From Operating Activities:</b>		
Revenue Received From Customers	\$ 11,453,730	\$ 10,660,839
Revenue Received From Joint Venture	111,456	1,001,999
Revenue Received Under Debt Advisory Agreement	512,915	-
Cash Paid To Suppliers Of Goods And Services	(4,566,793)	(2,721,853)
Cash Paid To Principals	(1,254,492)	(1,320,500)
Cash Paid To Employees	(3,339,063)	(3,262,615)
Interest Received	206,693	263,869
Income Taxes Paid	(124,789)	(150,463)
	<b>2,999,657</b>	<b>4,471,276</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of Fixed Assets	(14,890)	(22,115)
<b>Cash Flows From Financing Activities:</b>		
Proceeds From Sale of Common Stock	297,105	-
Payment On Notes Receivable	(156,000)	-
Principal Payments Received On Notes Receivable	250,443	210,440
Dividends Paid to Stockholders	(2,649,992)	(4,575,002)
	<b>(2,258,444)</b>	<b>(4,364,562)</b>
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>(2,258,444)</b>	<b>(4,364,562)</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>726,323</b>	<b>84,599</b>
<b>Cash And Cash Equivalents At Beginning of Year</b>	<b>3,675,151</b>	<b>3,590,552</b>
<b>Cash And Cash Equivalents At End of Year</b>	<b>\$ 4,401,474</b>	<b>\$ 3,675,151</b>

SEE INDEPENDENT AUDITORS' REPORT AND ACCOMPANYING NOTES

GREEN STREET ADVISORS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

RECONCILIATION OF EXCESS OF REVENUE OVER EXPENSES  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	<u>2001</u>	<u>2000</u>
<b>Net Income</b>	<b>\$ 3,561,443</b>	<b>\$ 3,019,219</b>
<b>Adjustments To Reconcile Net Income To Net Cash Provided By Operating Activities:</b>		
Depreciation	31,393	31,819
Change In Accounts Receivable	(398,488)	205,185
Change In Interest Receivable	2,705	4,452
Loss on disposal of assets	717	-
Change In Accounts Payable	14,618	(29,604)
Change In Deferred Revenue	(64,313)	(59,396)
Change In Accrued Salaries and Bonuses	(163,567)	1,331,277
Change In Income Tax Payable	15,149	(31,676)
<b>Net Cash Provided By Operating Activities</b>	<b><u>\$ 2,999,657</u></b>	<b><u>\$ 4,471,276</u></b>

SEE INDEPENDENT AUDITORS' REPORT AND ACCOMPANYING NOTES

GREEN STREET ADVISORS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 1 - ORGANIZATION

Green Street Advisors, Inc. (a California corporation) was formed on January 8, 1988 as an investment advisory firm and now conducts activities as a registered broker/dealer. The Company uses the services of an unaffiliated broker/dealer to clear its customers' securities transactions. The Company is registered with and regulated by the National Association of Securities Dealers and the Securities and Exchange Commission. The Company's primary business is to provide investment research and trading services to institutional money managers located throughout the U.S.. The Company's offices are located in Newport Beach, California and Dallas, Texas.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The books of Green Street Advisors, Inc. are maintained on the accrual basis of accounting for financial reporting and tax purposes.

Revenue Recognition

The Company's research revenue is derived from clients who are invoiced for a period ranging from three months to a year. A deferred revenue account has been set up to recognize this income as it is earned.

Property and Equipment

Furniture and equipment is recorded at cost. Depreciation is computed using the straight line method over the estimated useful lives which range from five to seven years.

Use of Estimates

The Company uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Compensated Absence

Employees of the Company are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when actually paid to employees.

Stock

The Company has 100,000 shares authorized; 1,399 shares issued and outstanding.

Bad Debts

The Company uses the allowance method of recording bad debts. This method requires an annual provision for bad debts based on past history. No allowance was deemed necessary for either 2000 or 2001.

SEE INDEPENDENT AUDITORS' REPORT

GREEN STREET ADVISORS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000  
(CONTINUED)

NOTE 3 - INCOME TAX

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be a subchapter-S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for Federal income taxes has been included in the financial statements.

The State of California recognizes subchapter-S corporations for state tax purposes. However, the state imposes a 1.5% tax on the net income or a minimum Franchise Tax of \$800, whichever is greater. The California tax for 2000 and 2001 was \$24,899 and \$28,887, respectively.

The State of Texas taxes the Company on its allocable portion of income for the State. The Texas state tax for 2000 and 2001 was \$93,888 and \$111,340, respectively.

NOTE 4 - LEASE COMMITMENTS

The Company leases its office facilities. The minimum rental commitments of the Company due under all non-cancelable leases through the terms of the lease are as follows:

<u>December 31,</u>	<u>Amount</u>
2002	177,640
2003	183,565
2004	188,170
2005	170,167
2006	175,609
Total	<u>\$ 895,151</u>

NOTE 5 - FINANCIAL INSTRUMENT RISK

The Company maintains an account with Fidelity Investments. The account contains cash and mutual fund shares. Balances are insured up to \$500,000 (with a limit of \$100,000 for cash) by the Securities Investor Protection Corporation. During the year the Company had balances in excess of the insurance limits.

The Company's account at Wells Fargo Bank is not FDIC insured. The account seeks to maintain a stable net asset value of \$ 1.00 per share; however, there can be no assurance that the underlying funds will meet this objective.

NOTE 6 - PENSION PLAN

The Company has a SEP pension plan covering substantially all of its eligible employees. At the Company's discretion, for all eligible employees, the employer contributes up to 15% (or \$22,500 maximum-2000 and 2001) of the employee's salary. The funds are then transferred to each employee's individual SEP. The total of all employer contributions was \$305,735 in 2000 and \$380,271 in 2001.

SEE INDEPENDENT AUDITORS' REPORT

GREEN STREET ADVISORS, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000  
 (CONTINUED)

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2001	2000
Furniture and equipment	\$ 215,846	\$ 204,028
Accumulated depreciation	(145,194)	(116,156)
	\$ 70,652	\$ 87,872

NOTE 8 ACCRUED SALARY AND BONUS

The Company pays a year end bonus to its employees based in part on the Company's performance. The total year end bonus for 2000 was \$ 2,019,921. This amount was accrued on the financial statements along with related payroll expense.

The total year end bonus for 2001 was \$ 1,822,082. This amount was accrued on the financial statements along with related payroll expense.

NOTE 10 STOCK OPTION PLAN AND NOTE RECEIVABLE

The Company has a nonqualified stock option plan for senior employees under which options to purchase shares of the Company's common stock are granted at 100% of the fair value of the stock at the date of grant. Options may be exercised generally from two to five years from the grant date. Upon exercise of nonqualified stock options, the Company recognizes the difference between the grant price and the fair value at the exercise date as employee compensation. The measurement date of the compensation is the exercise date and the fair value at that point is determined by the Company through commonly utilized valuation methodologies.

The Company also has a qualified incentive stock option plan for senior employees under which options to purchase shares of the Company's common stock are granted at 100% of the fair value of the stock at the date of exercise.

On January 1, 1997, an employee exercised nonqualified stock options to purchase 75 newly-issued shares of the Company at a price of \$5,200 per share for a total price of \$390,000. The Company recognized option related salary expense of \$165,000 due to the exercise. At the same time, the Company made a loan to the employee at an annual interest rate of 7.00% in the amount of \$225,000. During 1998, this employee paid off the loan in full.

On July 1, 1998, four additional employees exercised non-qualified stock options to acquire 113 newly-issued shares of the Company. At the same time, the employees exercised the right to purchase 81 additional newly-issued shares of the Company under the incentive stock option. The total value of stock given was \$ 2,153,049, with the Company recognizing option related salary expense of \$224,065 due to the exercise. At the same time, the Company made loans to the employees at an annual interest rate of 8.60% totaling \$1,928,984, principal and interest to be paid quarterly over 10 years.

SEE INDEPENDENT AUDITORS' REPORT

GREEN STREET ADVISORS, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000  
 (CONTINUED)

**NOTE 10 STOCK OPTION PLAN AND NOTE RECEIVABLE (Continued)**

On January 1, 1998, the same four employees exercised the right to purchase 31 additional newly-issued shares of the Company under the incentive stock option. The total value of stock given was \$ 273,080. At the same time, the Company made loans to the employees at annual interest rates of 7.72%-7.82% for the same amount, principal and interest to be paid quarterly over 10 years.

On January 1, 2001, three of these employees exercised non-qualified stock options to acquire 15 newly-issued shares of the Company. At the same time, the employees exercised the right to purchase 15 additional newly-issued shares of the Company under the incentive stock option. The total value of stock given was \$ 297,105, with the Company recognizing option related salary expense of \$141,105 due to the exercise. At the same time, the Company made loans to the employees at an annual interest rate of 6.80% totaling \$156,000, principal and interest to be paid quarterly over 10 years.

Notes receivable related to the stock options have been shown as a component of equity since their repayment is contingent upon the employees receiving dividends based on the Company's performance.

Following are principal payments planned on notes receivable for each of the next five years:

December 31,	Amount
2002	\$ 297,162
2003	264,352
2004	223,024
2005	205,983
2006	71,795
Total	\$ 1,062,316

Following is a schedule of outstanding stock options as of the report date:

	Non-Qualified Stock Option Plan		Incentive Stock Option Plan	
	# of shares	Strike Price	# of shares	Strike Price
Options exercisable at January 1, 2002	10	\$ 7,000	10	\$ 7,000
Options exercisable at January 1, 2004	35	\$ 9,125	36	\$ 9,125
Options exercisable at January 1, 2005	25	\$ 9,125	27	\$ 9,125

**NOTE 11 EASTDIL STOCK SALE**

On November 6, 1998, the Company sold 69 shares of common stock to a trustee for Eastdil Realty Company, a New York limited liability company for \$ 1,840,000. These shares represented a passive 5% interest in the Company. The purchaser has agreed to hold the shares as custodian for and on behalf of individual purchasers of Eastdil.

SEE INDEPENDENT AUDITORS' REPORT

GREEN STREET ADVISORS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000  
(CONTINUED)

NOTE 11 EASTDIL STOCK SALE (Continued)

In conjunction with the purchase of these shares, the Company entered into an exclusive joint venture agreement with Eastdil. In exchange for providing assistance in the valuation of Eastdil transactions that may involve the use of securities of public real estate companies as currency, the Company is entitled to a percentage of the net revenues from these transactions. The duration of this agreement is for a period of five years from the date of execution; except that either party may opt out after three years if the economics of the arrangement no longer make business sense to either party.

NOTE 12 SUB-ADVISORY AGREEMENT

In December 2000, a bank acting as Collateral Manager for a limited liability company (the "CBO") holding a portfolio of certain REIT debt obligations entered into an agreement with the Company. In exchange for consulting services in regards to the REIT debt obligations, the Company will receive a percentage of the total amount received by the Collateral Manager. Under the sub-advisory agreement, the Collateral Manager will remain primarily liable for its obligations.

As a good faith gesture to potential investors, certain key shareholders in the Company have personally invested in the CBO. All transactions involving the shareholders have been conducted on an "arms'-length" basis.

NOTE 13 SUBSEQUENT EVENTS

In January 2002, the Company declared a dividend in the amount of \$ 1,175,000. This amount was paid to shareholders based on their proportionate ownership of shares in the Company.

On January 1, 2002, two employees exercised non-qualified stock options to acquire 10 newly-issued shares of the Company. At the same time, the employees exercised the right to purchase 10 additional newly-issued shares of the Company under the incentive stock option. The total value of stock given was \$242,210, with the Company recognizing option related salary expense of \$102,210 due to the exercise.

SEE INDEPENDENT AUDITORS' REPORT

**SUPPLEMENTAL INFORMATION**



GREEN STREET ADVISORS, INC.  
COMPUTATION OF NET CAPITAL TO DETERMINE COMPLIANCE WITH NATIONAL  
ASSOCIATION OF SECURITIES DEALERS REQUIREMENTS  
DECEMBER 31, 2001

Total Shareholders' Equity	\$ 3,058,835
Non-allowable Assets	
Accounts receivable - over 30 days old	(164,350)
Property and equipment (net)	(70,652)
Prepaid rent	(9,281)
Haircuts on Securities	
Fidelity Daily Income Trust	(61,186)
Wells Fargo	(32,358)
Fidelity Investments - Spartan	(61,464)
Security deposit	<u>(1,750)</u>
Net Capital	2,657,794
Net Capital Requirement	<u>(50,000)</u>
Excess Net Capital	<u>\$ 2,607,794</u>

SEE INDEPENDENT AUDITORS' REPORT

GREEN STREET ADVISORS, INC.  
RECONCILIATION OF NET CAPITAL TO DETERMINE COMPLIANCE WITH NATIONAL  
ASSOCIATION OF SECURITIES DEALERS REQUIREMENTS  
DECEMBER 31, 2001

Net Capital per the Focus Report (as of December 31, 2001)	\$ 2,659,044
Audit Adjustments:	
Change in accounts receivable	(15,000)
Change in deferred revenue	<u>13,750</u>
Reconciled Net Capital	<u>\$ 2,657,794</u>

SEE INDEPENDENT AUDITORS' REPORT

**ROBERT A. OWENS, C.P.A.**

A PROFESSIONAL ACCOUNTANCY CORPORATION

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MEMBER:  
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PUBLIC ACCOUNTANTS

MEMBER:  
CALIFORNIA SOCIETY  
OF CERTIFIED PUBLIC  
ACCOUNTANTS

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

To the Board of Directors  
of Green Street Advisors, Inc.

We have examined the financial statements of Green Street Advisors, Inc. for the year ended December 31, 2001, and have issued our report thereon dated January 18, 2002. As part of our examination, we made a study and evaluation of the Company's system of internal accounting control (which did not include the procedures for safeguarding securities since the company does not handle securities) to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the financial statements.

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 practice and procedures) followed by Green Street Advisors, Inc. that we considered relevant to the objectives stated in rule 17a-5(g), (1) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e); (2) in making the quarterly securities examinations, counts, verifications and comparisons, and the recodation 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 a system of internal accounting 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 control 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. The objectives of a system 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 accounting control procedures or the practices and procedures referred to above, errors or irregularities may nevertheless 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 study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Green Street Advisors, Inc. taken as a whole. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

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 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 Commission's objectives.

This report is intended solely for the use of management and the Securities and Exchange Commission and should not be used for any other purpose.

A handwritten signature in black ink that reads "Robert A. Owens". The signature is written in a cursive style with a large, prominent "O" at the end.

Robert A. Owens, CPA, A PAC

Santa Ana, California  
February 21, 2002

**ROBERT A. OWENS, C.P.A.**

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**SUPPLEMENTAL REPORT ON DETERMINATION OF  
"SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT**

To the Board of Directors  
of Green Street Advisors, Inc.

We have audited the financial statements of Green Street Advisors, Inc. (the "Company") as of and for the year ended December 31, 2001 and have issued our report thereon dated January 18, 2002.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The attached schedule of the Determination of "SIPC Net Operating Revenues" and General Assessment 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 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.



Robert A. Owens, CPA, A PAC

February 21, 2002

**"SIPC NET OPERATING REVENUES"**

Total Revenue From FOCUS Reports	\$ 12,746,141
Less:	
Commissions Paid To Other SIPC Members	(1,542,589)
Consulting Revenue Not Related To Securities Business	<u>(2,934,612)</u>
Adjusted SIPC Net Operating Revenues	<u>\$ 8,268,940</u>
General Assessments (0.00095)	<u>\$ 7,855</u>

In 1996, the SIPC informed its members that the desired fund level had been reached. Therefore, a resolution was adopted to terminate the collection of assessments at the .00095 rate and, instead, collect a flat \$ 150 annual fee. However, since the SIPC has retained its right to reassess the appropriateness of future assessments, the Company has elected to continue to present the above calculation.