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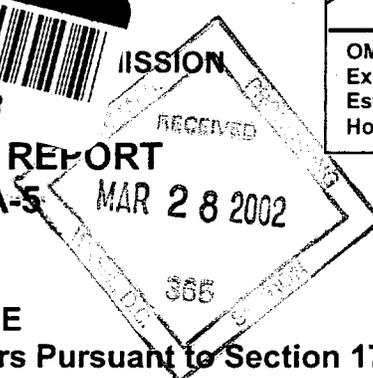
SECURITIES

Washington 02021263

MISSION

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2001
Estimated average burden	
Hours per response.....	12.00

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



SEC FILE NUMBER
8-051836

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:

OFFICIAL USE ONLY
FIRM ID NO.

Near North National Financial Services, Inc.

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

875 N. Michigan Avenue, 18<sup>th</sup> Floor

(No. and Street)

Chicago IL 60611  
(City) (State) (Zip Code)

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

Anthony Senese (312) 915-4654  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Altschuler, Melvoin and Glasser LLP

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

One South Wacker Drive Chicago Illinois 60606-3392  
(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 23 2002

THOMSON FINANCIAL

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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).

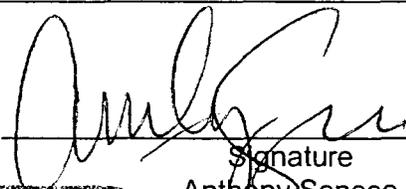
Handwritten signature/initials

## OATH OR AFFIRMATION

I, Anthony Senese, affirm that, to the best of my knowledge and belief the accompanying statement of financial condition pertaining to the firm of Near North National Financial Services, Inc., as of December 31, 2001, is true and correct. I further 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.

Sworn and subscribed to me on the

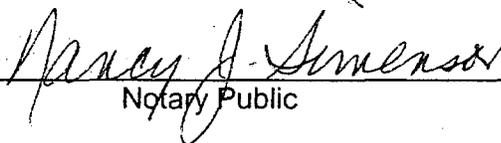
27th day of March 2002

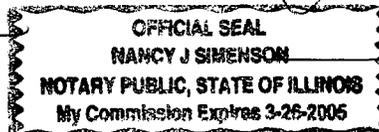


Signature

Anthony Senese  
Chief Financial Officer

Title

  
Notary Public



This report\*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (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).

**Near North National Financial Services, Inc.**  
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**Altschuler, Melvoin and Glasser LLP**  
Certified Public Accountants and Consultants

## **Independent Auditors' Report**

Board of Directors of  
Near North National Financial Services, Inc.

We have audited the accompanying statement of financial condition of Near North National Financial Services, Inc. as of December 31, 2001 that you are filing pursuant to Rule 17a-5 of the Securities and Exchange Commission. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of Near North National Financial Services, Inc. as of December 31, 2001 in conformity with U.S. generally accepted accounting principles.

*Altschuler, Melvoin and Glasser LLP*

Chicago, Illinois  
March 20, 2002

**Near North National Financial Services, Inc.**  
**Statement of Financial Condition**  
**December 31, 2001**

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**Assets**

Cash	\$ 151,763
Commissions receivable	88,000
Other assets	<u>3,300</u>

<b>Total assets</b>	<b>\$ <u>243,063</u></b>
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<b>Stockholder's Equity</b>	<b>\$ <u>243,063</u></b>
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**Near North National Financial Services, Inc.**  
**Notes to the Statement of Financial Condition**  
**December 31, 2001**

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**Note 1 Nature of Operations and Significant Accounting Policies**

**Nature of Operations**—Near North National Financial Services, Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission, and a member of the National Association of Securities Dealers. The Company is a wholly owned subsidiary of Near North National Group (the "Parent"). The Company earns commissions primarily by offering mutual funds and variable annuities.

**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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Income Taxes**—The taxable income of the Company is included in the consolidated U.S. income tax return filed by the Parent. Under an informal arrangement, the Parent pays all of the Company's income taxes at no cost to the Company.

**Note 2 Related Parties**

The Company is provided office space and administrative services by an entity affiliated through common ownership at no cost.

**Note 3 Concentrations**

The Company maintains its cash balance in one financial institution in Chicago, Illinois. This balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000.

Four insurance companies accounted for 93 percent of the Company's revenue for the year ended December 31, 2001.

**Note 4 Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). Under this rule, the Company is required to maintain "net capital" equal to \$5,000 or 6-2/3 percent of "aggregate indebtedness," whichever is greater, as these terms are defined.

Net capital changes from day to day, but at December 31, 2001, the Company had net capital and net capital requirements of approximately \$225,000 and \$5,000, respectively. The net capital rule may effectively restrict the payment of cash dividends.

**Note 5 Subsequent Events**

On January 26, 2002, certain financial records and correspondence of the Company were seized by the Federal Bureau of Investigation ("FBI") in connection with an investigation of one of the Company's affiliates, Near North Insurance Brokerage, Inc.

In March 2002, the Company distributed \$175,000 to the Parent.