



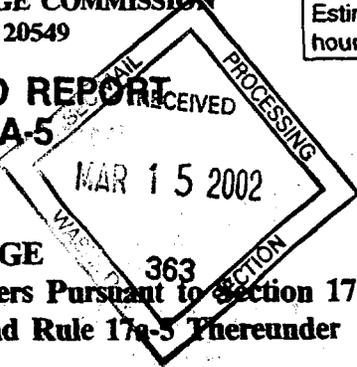
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8-46138



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

1/1/01
MM/DD/YY

AND ENDING

12/31/01
MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

LONG ISLAND FINANCIAL GROUP INC

OFFICIAL USE ONLY
FIRM ID. NO.

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

2 WOODCREST DRIVE

(No. and Street)

ROSLYN

(City)

NY

(State)

11576

(Zip Code)

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

STUART REIS

516-741-1966

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

LAWRENCE HOFFMAN CPA PC

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

30 URSULA DR.

(Address)

ROSLYN

(City)

NY

(State)

11576

(Zip Code)

PROCESSED

CHECK ONE:

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

MAR 21 2002

P THOMSON
FINANCIAL

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).

Handwritten initials/signature

OATH OR AFFIRMATION

I, STUART REIS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of LONG ISLAND FINANCIAL GROUP 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:

none

Stuart Reis

Signature

PRESIDENT

Title

Lisa M. Valsecchi

Notary Public

LISA M. VALSECCHI
No. 01VA5050323
Notary Public, State of New York
Qualified in Nassau County
My Commission Expires Oct 10, 2005

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).

LONG ISLAND FINANCIAL GROUP, INC.

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITORS REPORT

DECEMBER 31, 2001

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LAWRENCE HOFFMAN, CPA, PC

Certified Public Accountants and Consultants

30 Ursula Drive
Roslyn, NY 11576-3021
Tel: (516) 625-9051
Fax: (516) 625-0997

Independent Auditor's Report

To the Board of Directors
of Long Island Financial Group, Inc.

We have audited the accompanying balance sheet of Long Island Financial Group, Inc. as of December 31, 2001, and the related statements of income and retained earnings (deficit), comprehensive income and cash flows 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 financial 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 presents fairly, in all materials respects, the financial position of Long Island Financial Group, Inc. as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Lawrence Hoffman, CPA, PC

Lawrence Hoffman, Certified Public Accountant, P.C.

March 13, 2002

LONG ISLAND FINANCIAL GROUP, INC.
BALANCE SHEET
DECEMBER 31, 2001

ASSETS

CURRENT ASSETS		
CASH AND EQUIVALENTS (NOTE 2)	\$ 111,297	
ACCOUNTS RECEIVABLE - US CLEARING, CORP. (NOTE 2)	<u>6,058</u>	
TOTAL CURRENT ASSETS		\$ 117,355
FIXED ASSETS (NOTE 2)		
FURNITURE & EQUIPMENT	16,817	
COMPUTER EQUIPMENT	<u>11,950</u>	
TOTAL FIXED ASSETS	28,767	
LESS ACCUMULATED DEPRECIATION	<u>(25,243)</u>	
FIXED ASSETS NET		3,524
INTANGIBLE ASSETS		
INTANGIBLE PENSION ASSET		63,023
OTHER ASSETS (NOTE 2)		
ORGANIZATION COSTS	195	
LESS ACCUMULATED AMORTIZATION	(195)	
PREPAID PENSION COSTS (NOTE 4)	<u>88,220</u>	
TOTAL OTHER ASSETS		<u>88,220</u>
TOTAL ASSETS		<u>\$ 272,122</u>

(THE INDEPENDENT AUDITORS' REPORT AND THE ACCOMPANYING NOTES
ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.)

LONG ISLAND FINANCIAL GROUP, INC.
BALANCE SHEET
DECEMBER 31, 2001

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$	5,078
PAYROLL TAXES PAYABLE		4,049
ACCRUED CORPORATION INCOME TAXES PAYABLE (NOTE 2)		100
ACCRUED PENSION PLAN CONTRIBUTIONS PAYABLE (NOTE 4)		<u>170,584</u>

TOTAL CURRENT LIABILITIES \$ 179,811

STOCKHOLDERS' EQUITY

COMMON STOCK - NO PAR VALUE, 100 SHARES AUTHORIZED, 4 SHARES ISSUED		123,127
PAID-IN CAPITAL		23,429
RETAINED EARNINGS		11,598
ACCUMULATED OTHER COMPREHENSIVE (LOSS)	(<u>65,843)</u>
TOTAL STOCKHOLDERS' EQUITY		<u>92,311</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 272,122

(THE INDEPENDENT AUDITORS' REPORT AND THE ACCOMPANYING NOTES
ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.)

LONG ISLAND FINANCIAL GROUP, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2001

COMMISSION & FEE INCOME		\$ 330,468
REALIZED (LOSS) ON SALE OF SECURITIES		(17,139)
DIVIDEND & INTEREST INCOME		<u>4,740</u>
TOTAL INCOME		318,069
COST OF SALES		<u>36,554</u>
GROSS PROFIT		281,515
EXPENSES		
SELLING EXPENSES	\$ 300	
GENERAL AND ADMINISTRATIVE EXPENSES	<u>253,445</u>	
TOTAL EXPENSES		<u>253,745</u>
NET OPERATING BEFORE TAXES		27,770
LESS PROVISION FOR TAXES		<u>100</u>
NET INCOME		27,670
RETAINED EARNINGS (DEFICIT) - JANUARY 1, 2001		<u>(16,072)</u>
RETAINED EARNINGS - DECEMBER 31, 2001		<u>\$ 11,598</u>

(SEE INDEPENDENT AUDITORS' REPORT AND THE ACCOMPANYING NOTES
ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.)

LONG ISLAND FINANCIAL GROUP, INC.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2001

NET INCOME	\$ <u>27,670</u>
OTHER COMPREHENSIVE INCOME NET OF TAX: LESS: RECLASSIFICATION ADJUSTMENT FOR LOSSES ON SECURITIES INCLUDED IN NET INCOME	11,543
MINIMUM PENSION LIABILITY ADJUSTMENT	<u>(65,843)</u>
OTHER COMPREHENSIVE INCOME (LOSS)	<u>(54,300)</u>
COMPREHENSIVE INCOME/(LOSS)	<u>\$ (26,630)</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS) - JANUARY 1, 2001	\$ (11,543)
CURRENT YEAR OTHER COMPREHENSIVE INCOME/(LOSS)	<u>(54,300)</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME - DECEMBER 31, 2001	<u>\$ (65,843)</u>

(SEE INDEPENDENT AUDITORS' REPORT AND THE ACCOMPANYING NOTES
ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.)

LONG ISLAND FINANCIAL GROUP, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2000

CASH FLOWS FROM OPERATING ACTIVITIES:	
NET INCOME	\$ 27,670
OTHER COMPREHENSIVE INCOME (LOSS)	(54,300)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATIONS:	
DEPRECIATION	\$ 3,475
(INCREASE) IN ACCOUNTS RECEIVABLE	(3,327)
(INCREASE) IN PREPAID PENSION COSTS	(7,112)
(INCREASE) IN INTANGIBLE PENSION ASSET	(63,023)
DECREASE IN EXCHANGES RECEIVABLE	6,314
(DECREASE) IN ACCOUNTS PAYABLE AND PAYROLL TAXES PAYABLE	(13,690)
INCREASE IN PENSION PLAN CONTRIBUTION PAYABLE	<u>108,694</u>
TOTAL ADJUSTMENTS	<u>31,331</u>
NET CASH PROVIDED BY OPERATIONS	4,701
CASH FLOWS FROM INVESTING ACTIVITIES:	
SALE OF SECURITIES	<u>4,608</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,608</u>
INCREASE IN CASH	9,309
CASH AT BEGINNING OF YEAR	<u>101,988</u>
CASH AT END OF YEAR	<u>\$ 111,297</u>
SUPPLEMENTAL CASH FLOW INFORMATION:	
CASH PAID DURING THE YEAR FOR	
INTEREST	\$ 233
INCOME TAXES	100

(THE INDEPENDENT AUDITORS' REPORT AND THE ACCOMPANYING NOTES
ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.)

Long Island Financial Group, Inc.
Notes To Financial Statements
December 31, 2001

1. Organization:

The Company is engaged principally in the resale of securities and mutual funds as a broker/dealer. The company is registered with the Securities and Exchange Commission to be a broker/dealer pursuant to the National Association of Securities Dealers, Inc. (NASD). Client accounts are held and maintained by an outside broker/clearing house.

2. Summary of Significant Accounting Policies:

Accounting Method:

The Company's financial statements are prepared using the accrual basis of accounting under generally accepted accounting principles.

Adoption of SFAS No. 130:

The Company adopted SFAS No. 130, Reporting Comprehensive Income.

Cash and Cash Equivalents:

Cash equivalents represent highly liquid investments with maturities of three months or less at date of purchase.

Accounts Receivable:

The Company is on the direct charge off method for bad debts. No provision for bad debts is provided for based on prior experience, they are de minimis.

Fixed Assets:

Fixed assets are recorded at cost. Depreciation is provided on the straight line method over the estimated useful lives of the respective assets.

Intangible Assets:

Intangible assets are amortized by using the straight line method over an estimated useful life of five years.

Long Island Financial Group, Inc.
Notes To Financial Statements
December 31, 2001

2. Summary of Significant Accounting Policies: - Continued

Income Taxes:

The Corporation, with the consent of its shareholders, has elected to be taxed as an S Corporation under Section 1372 of the Internal Revenue Code, which provides that, in lieu of federal corporate taxes, the stockholders are taxed on their proportionate share of the Corporation's taxable income. The Corporation, with consent of its shareholders, has elected for State tax purposes to be taxed as an S Corporation, which provides that, in lieu of state corporate taxes, the stockholders are taxed on their proportionate share of the Corporation's taxable income. A provision for state S corporation franchise fee has been provided as applicable.

Fair Value of Financial Instruments:

The carrying value of cash and cash equivalents, accounts receivable, marketable securities, accounts payable, payroll taxes payable, accrued corporation taxes payable, accrued pension plan contributions payable, loan payable, and exchanges payable approximates fair value because of the short-term maturity of these financial instruments.

Use of Estimates:

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

3. Reserve Requirements:

The Company is not obligated to report under SEC Rule 15c-3 since it does not maintain customer accounts or hold securities. Therefore, the company does not have a reserve requirement nor does it have any information relating to the possession or control requirement under Rule 15c3-3. The Company fully disclosed under SEC Rule 15c3-3 (K) (2) (ii) that it clears its transactions through US Clearing Corp.

Long Island Financial Group, Inc.
Notes To Financial Statements
December 31, 2001

4. Retirement Plans:

The Company has a defined benefit plan with which is accounted for under SFAS Number 87, "Employers' Accounting for Pensions" and SFAS Number 132, "Employers' Disclosures about Pension and Other Postretirement Benefits". The plan covers substantially all employees. The plan was adopted as of January 1, 1999.

A reconciliation of the plan's funded status and amounts recognized in the Company's balance sheet date of December 31, 2001 is as follows.

Actuarial present value of benefit obligations:

Accumulated benefit Obligation	\$ <u>181,158</u>
Projected benefit obligation for service rendered to date	\$ 181,158
Plan assets at fair value	<u>140,512</u>
Plan assets less than projected benefit obligations	(40,646)
Intangible Asset	63,023
Minimum Pension Liability Adjustment	<u>65,843</u>
Prepaid cost	\$ <u>88,220</u>

The periodic pension cost for 2001 included the following components:

Service cost-benefits earned during the period	\$ 38,311
Interest cost on projected benefit obligation	7,130
Expected return on plan assets	(9,733)
All other components	<u>4,848</u>
Net periodic pension cost	\$ <u>40,556</u>

Long Island Financial Group, Inc.
Notes To Financial Statements
December 31, 2001

5. Commitments and Contingencies - Leases:

The Company leases offices from its major shareholder (see note 6) and is responsible for utilities, repairs and other expenses. The lease term is for two years and expires December 31, 2003. Rent charged to operations was \$ 4,800 during 2001.

Minimum required future rental payments under this operating lease as of December 31, 2001 are:

2002	\$ 16,000
2003	\$ 16,000

7. Related Party Transactions:

The table below summarizes the transactions between the Company and other affiliated parties and the payable balances outstanding.

	<u>2001</u>
Stuart Reis CPA, P.C. (a) Accounting Fees	\$ 20,645
Stuart Reis (b) Rent Expense	4,800

7. Related Party Transactions: - Continued

(a) Stuart Reis CPA, P.C. is a corporation owned by Stuart Reis the President and major stockholder of Long Island Financial Group, Inc.

(b) Stuart Reis is the President and major stockholder of Long Island Financial Group, Inc.

8. Minimum Capital:

Under SEC Rule 15c3-1(vi), the company is required to maintain net capital of not less than \$ 5,000 or 6.667% of aggregate indebtedness (AI), whichever is greater, in 2000. At December 31, 2000, the Company's net capital as defined by SEC Rule 15c3-1 (vi) was \$ 61,410 in excess of minimum net capital required.



LAWRENCE HOFFMAN, CPA, PC
Certified Public Accountants and Consultants

30 Ursula Drive
Roslyn, NY 11576-3021
Tel: (516) 625-9051
Fax: (516) 625-0997

SUPPLEMENTAL INFORMATION DISCLAIMER OF OPINION

To the Board of Directors
Long Island Financial Group, Inc.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information in the following pages is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the examination of the basic financial statements, and, accordingly, we express no opinion on them.

Lawrence Hoffman, CPA, PC
Lawrence Hoffman, Certified Public Accountant, P.C.

March 13, 2002

LONG ISLAND FINANCIAL GROUP, INC.
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF NET CAPITAL COMPUTATION
 DECEMBER 31, 2001

ASSETS	<u>ALLOWABLE</u>	NON <u>ALLOWABLE</u>	<u>ADJUSTMENTS</u>	<u>NET TOTAL</u>
CASH AND CASH EQUIVALENTS	\$ 111,297	\$ 0	\$ 0	\$ 111,297
ACCOUNTS RECEIVABLE	6,058	0	0	6,058
FIXED ASSETS-NET	0	3,524	(3,524)	0
PREPAID PENSION COSTS	0	88,220	(88,220)	0
ORGANIZATION COSTS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 TOTAL ASSETS	 <u>\$ 117,355</u>	 <u>\$ 91,744</u>	 <u>\$ (91,744)</u>	 <u>\$ 117,355</u>
 LIABILITIES				
ACCOUNTS PAYABLE	\$ 5,078	\$ 0	\$ 0	\$ 5,078
PAYROLL TAXES PAYABLE	4,049	0	0	4,049
ACCRUED CORP. TAXES	100	0	0	100
ACCRUED PENSION PLAN PAYABLE-NET OF INTANGIBLE PENSION ASSET OF \$ 63,023 AND ACCUMULATED OTHER COMPREHENSIVE (LOSS) OF \$ 65,843	<u>41,718</u>	<u>0</u>	<u>0</u>	<u>41,718</u>
 TOTAL LIABILITIES	 <u>\$ 50,945</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 50,945</u>
 TOTAL ASSETS - NET				 \$ 117,355
TOTAL LIABILITIES - NET				 <u>50,945</u>
 DIFFERENCE				 66,410
NET CAPITAL REQUIREMENT - 6 2/3% OF AGGREGATE INDEBTEDNESS (AI) OR \$ 5,000 WHICHEVER IS GREATER)				 <u>5,000</u>
 CAPITAL IN EXCESS OF NET CAPITAL REQUIREMENT				 <u>\$ 61,410</u>

(THE INDEPENDENT AUDITORS' REPORT AND THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.)