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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
8-38453

**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:
Flexvest Securities Group, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
5580 LBJ Freeway, Suite 560

(No. and Street)

Dallas

Texas

75240

(City)

(State)

(Zip Code)

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

Mike Travis

972-404-0221

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

G. Daniel Bobst, CPA

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

1485 Richardson Dr. Ste 180 Richardson, TX 75080-4660

(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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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).

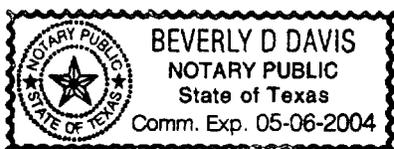
SEC 1410 (3-91)

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OATH OR AFFIRMATION

I, Mike Travis, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Flexvest Securities Group, Inc., as of December 31, ~~11~~ 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:



Beverly D. Davis
Notary Public

Mike Travis
Signature
President
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).

Flexvest Securities Group, Inc.
Statements in support of X-17A-5

- h) Pursuant to Rule 15c3-3, a Reconciliation of the Audited Computation of Reserve Requirements and corresponding Unaudited Part I and Part IIA has not been prepared since no material differences exist.

- n) No material inadequacies were found to exist nor were any found to have existed since the date of the previous audit.

FLEXVEST SECURITIES GROUP, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2001

G. DANIEL BOBST
Certified Public Accountant

FLEXVEST SECURITIES GROUP, INC.
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December 31, 2001

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G. DANIEL BOBST
CERTIFIED PUBLIC ACCOUNTANT
1485 RICHARDSON DRIVE
SUITE 180
RICHARDSON, TEXAS 75080
(972) 907-1040

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Flexvest Securities Group, Inc.
Dallas, Texas

I have audited the accompanying balance sheet of Flexvest Securities Group, Inc. as of December 31, 2001 and the related statements of income, retained earnings, cash flows and changes in stockholders' equity for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Flexvest Securities Group, Inc. as of December 31, 2001 and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.



February 15, 2002
Richardson, Texas

FLEXVEST SECURITIES GROUP, INC.

Balance Sheet
December 31, 2001

ASSETS

CURRENT ASSETS

Cash	\$ 12,490
Clearing House Deposit	6,006

Total Current Assets	18,496
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FIXED ASSETS

Office Equipment	50,044
Telephone Equipment	5,413
Electronic Equipment	27,095
Leasehold Improvements	100,184
Accumulated Depreciatic (Note E)	(182,736)
Total Fixed Assets	0

Total Assets	\$ 18,496
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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 7,269
Due to Shareholder	8
Payroll taxes payable	91
Total Current Liabilities	7,368

STOCKHOLDERS' EQUITY

Preferred Stock (Note B)	15,000
Common Stock (Note B)	107,460
Retained Earnings (Deficit)	(111,332)
Total Stockholders' Equity	11,128
Total Liabilities and Stockholders' Equity	\$ 18,496

The accompanying notes and auditor's opinion are integral parts of these financial statements.

FLEXVEST SECURITIES GROUP, INC.
Statement of Income and Retained Earnings
For the year ended December 31, 2001

Commissions	\$	183,412
Other Income		449
Advisory Fees		<u>219,044</u>
Total Revenue		402,905
Commissions paid		<u>91,770</u>
Gross profit		311,135
Operating expenses		<u>388,299</u>
Net Operating Income (Loss)		(77,164)
Other Income (Expense)		
Gains and (losses) on investments		<u>(9,124)</u>
Net Income (Loss) Before Taxes		(86,288)
Federal income tax		
Net Income (Loss)		<u>(86,288)</u>
Retained Earnings (Deficit), Beginning of year		(23,919)
Less: Dividends		<u>(1,125)</u>
Retained Earnings (Deficit), End of year	\$	<u><u>(111,332)</u></u>

The accompanying notes and auditor's opinion are integral parts of these financial statements.

FLEXVEST SECURITIES GROUP, INC.
Statement of Changes in Stockholders' Equity
For the year ended December 31, 2001

Beginning Balance, January 1, 2001	\$ 224,248
Capital Contributions, net of Redemptions (Note B)	(125,707)
Dividends Paid & Payable	<u>(1,125)</u>
Net Income (Loss)	<u>(86,288)</u>
Ending Balance, December 31, 2001	<u>\$ 11,128</u>

The accompanying notes and auditor's opinion are integral parts of these financial statements.

FLEXVEST SECURITIES GROUP, INC.
Statement of Cash Flows
For the year ended December 31, 2001

Operating activities:	\$ (168,694)
Investing activities:	
Decrease in Clearing House Deposit	215
Decrease in Net Fixed Assets	116,556
Decrease in Marketable Securities	124,968
Decrease in Prepaid Expenses	3,516
Financing activities:	
Capital contributed by shareholders	(65,707)
Redemption of Preferred Stock	(60,000)
Dividends paid	<u>(1,125)</u>
Net increase in cash	(50,271)
Cash at beginning of year	<u>62,761</u>
Cash at end of year	<u><u>\$ 12,490</u></u>

The accompanying notes and auditor's opinion are integral parts of these financial statements.

FLEXVEST SECURITIES GROUP, INC.
Operating Cash Flows (Indirect Method)
For the year ended December 31, 2001

Net income (loss)	\$ (86,288)
Change in operating assets and liabilities:	
Receivables	10
Payables	<u>(82,416)</u>
Net cash provided (consumed) by operating activities	\$ <u>(168,694)</u>

The accompanying notes and auditor's opinion are integral parts of these financial statements.

FLEXVEST SECURITIES GROUP, INC.
Schedule of Operating Expenses
For the year ended December 31, 2001

Advertising	\$	
Annual Fees		10,480
Automotive		2,026
Consulting Fees(Note C)		12,000
Contract Services		16,910
Contributions		100
Employee Benefits (Note C)		6,681
Depreciation (Note E)		116,556
Duren Special		45,383
Insurance		6,997
Interest		822
Legal & Audit		4,300
Office and Admin. Expense		8,787
Office & Equipment Rent		36,211
Office & equipment maintenance		7,878
Office Salaries		59,895
State, Local & Payroll Taxes		8,308
Promotion		632
Subscriptions		26,818
Telephone		16,721
Travel		794
Total Operating Expense	\$	<u>388,299</u>

The accompanying notes and auditor's opinion are integral parts of these financial statements.

FLEXVEST SECURITIES GROUP, INC.
Computation of Net Capital
For the year ended December 31, 2001

Net ownership equity from Balance Sheet	\$ 11,128
Less: Ownership equity not allowed	<u> </u>
Total qualified ownership equity	11,128
Less: Nonallowable assets from Balance Sheet (Note D)	<u> 6</u>
Net Capital	<u><u>\$ 11,122</u></u>

The accompanying notes and auditor's opinion are integral parts of these financial statements.

FLEXVEST SECURITIES GROUP, INC.
Notes to the Financial Statements
December 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Flexvest Securities Group, Inc. (the Company) is presented to assist in the understanding of the Company's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Method of accounting - These financial statements are presented on the full accrual basis.

Fixed Assets - Fixed assets contributed at the date of incorporation are stated at cost. In prior years, additions were expensed in the year acquired and no depreciation was provided. However, in the current year, asset additions were significant enough to result in a change in this policy. Current year additions were expensed to the extent allowed by the Internal Revenue Code, and the balance were capitalized. Depreciation is included in the statements for the period these assets were in service.

NOTE B - PREFERRED AND COMMON STOCK AND PAID IN CAPITAL

The Company redeemed \$60,000 of its 12% Cumulative Preferred at its par value of \$1 per share during the year ended December 31, 2001 bringing the total outstanding preferred to \$15,000. The Company also distributed investment securities and the related margin balances to its common shareholders as a non-taxable, return-of-capital distribution to reduce its market position as prescribed by rules and regulations.

NOTE C - RELATED PARTY TRANSACTIONS

The Company paid the managing shareholder \$7,200 for the lease of office space and equipment, \$12,000 for consulting services, and approximately \$6,681 under a medical reimbursement plan.

NOTE D - CHANGE IN NET CAPITAL

Non-allowable assets include the following:
Accumulated interest on clearing deposit

6.00

FLEXVEST SECURITIES GROUP, INC.
Notes to the Financial Statements
December 31, 2001

NOTE E - DEPRECIATION

During the year 2001, the Company agreed with certain employees to divest itself of certain operations and to transfer those operations and related assets to the employees. In a major restructuring, the Company abandoned significant leasehold improvements to those employees as a condition connected to the sublease of its commercial office space. This resulted in a one-time charge against income of \$116,556 which is reflected on the Statement of Operating Expenses as depreciation expense.

NOTE F - INFORMATION REQUIRED BY RULE 17a-5

There exist no material differences between audited Computation of Net Capital and the corresponding unaudited Part IIA of the Company's report to the National Association of Securities Dealers.

Flexvest Securities Group, Inc., as an introducing broker, clears all transactions with and for customers on a fully disclosed basis and is exempt from the reserve requirement computation of Rule 15c3-3 under the exemption provisions set forth in sub-paragraph (k)(2)(ii). Nothing was discovered during the audit of the company's records for the year ended December 31, 2001 that would preclude the company claiming exemption under the aforementioned sub-paragraph.

No material inadequacies were found to exist at Flexvest Securities Group, Inc.

Flexvest Securities Group, Inc. has no subordinated liabilities, and there were no changes from prior years in this area.

The Company's gross income for the year ended December 31, 2001 was less than \$500,000. Therefore, no separate report is deemed necessary under Rule 17a-5(e)(4).