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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

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8- 39603

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 04/01/01 AND ENDING 03/31/02  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Fifth Third Funds Distributor, Inc.

OFFICIAL USE ONLY

FIRM ID. NO.

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

3435 Stelzer Road

(No. and Street)

Columbus OH 43219  
(City) (State) (Zip Code)

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

Jeff Groh

215-542-2538

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

PricewaterhouseCoopers

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

100 East Broad Street Columbus OH 43215  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED  
JUN 05 2002  
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).

5/31/2002

## OATH OR AFFIRMATION

I, Jeff Groh, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Fifth Third Funds Distributor, Inc., as of March 31, 2002, 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:



DIANE R. WENDEL BAKER  
Notary Public, State of Ohio  
My Commission Expires 08-20-06

A handwritten signature in black ink, appearing to read "Jeff Groh".

Signature

Senior Vice President

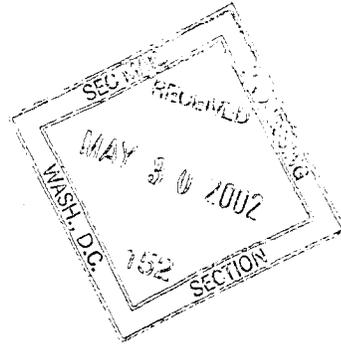
Title

A handwritten signature in black ink, appearing to read "Diane R. Wendel Baker".  
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 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 explanations, or 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 Audited and Unaudited Statement of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A Copy of the SIPC Supplemental Form.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Statement of Cash Flows.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



# **Fifth Third Funds Distributors, Inc.**

(Formerly known as Kent Funds Distributors, Inc.)  
(A wholly owned subsidiary of The BISYS Group, Inc.)  
**Financial Statements and Supplementary  
Information Pursuant To Rule 17a-5 Of The  
Securities Exchange Act of 1934 and Report  
of Independent Accountants on Internal  
Control Pursuant To SEC Rule 17a-5  
For the Year Ended March 31, 2002**

**Report of Independent Accountants**

To the Board of Directors and Stockholder of  
Fifth Third Funds Distributors, Inc.

In our opinion, the accompanying statement of financial condition and the related statements of operations, changes in stockholder's equity and cash flows that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, present fairly, in all material respects, the financial position of Fifth Third Funds Distributors, Inc. (formerly known as Kent Funds Distributors, Inc.) (a wholly owned subsidiary of The BISYS Group, Inc.) (the "Company") at March 31, 2002, and the results of its operations, changes in stockholder's equity and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Company is a member of a group of affiliated companies and, as disclosed in the financial statements, has extensive transactions and relationships with its affiliates. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among unrelated parties.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules on pages 8 and 9 are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by Rule 17a-5 under the Securities and Exchange Act 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.

*PricewaterhouseCoopers LLP*

May 16, 2002

**Fifth Third Funds Distributors, Inc.**  
(Formerly known as Kent Funds Distributors, Inc.)  
(A wholly owned subsidiary of The BISYS Group, Inc.)

**Statement of Financial Condition**  
**As of March 31, 2002**

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<b>Assets</b>	
Investments	\$ 632,965
Distribution fees receivable	435,000
Receivable from affiliate	<u>93,479</u>
Total assets	<u>\$ 1,161,444</u>
<b>Liabilities and Stockholder's Equity</b>	
Liabilities	
Accrued liabilities	<u>\$ 435,000</u>
Total liabilities	<u>435,000</u>
Stockholder's equity	
Common stock, \$1 par value per share (1,000 shares authorized, 10 shares issued and outstanding)	10
Additional paid in capital	500,000
Retained earnings	<u>226,434</u>
Total stockholder's equity	<u>726,444</u>
Total liabilities and stockholder's equity	<u>\$ 1,161,444</u>

The accompanying notes are an integral part of these financial statements.

**Fifth Third Funds Distributors, Inc.**  
(Formerly known as Kent Funds Distributors, Inc.)  
(A wholly owned subsidiary of The BISYS Group, Inc.)

**Statement of Operations**  
**For the Year Ended March 31, 2002**

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<b>Revenues</b>	
Distribution fees	\$2,261,796
Commissions fees	136,763
Interest income	<u>3,133</u>
Total revenues	<u>2,401,692</u>
<b>Expenses</b>	
Distribution fees	2,155,097
Administrative service fee to affiliate	147,065
Intangibles tax	1,290
Other expenses	<u>195</u>
Total expenses	<u>2,303,647</u>
Net income before taxes	98,045
Income taxes	<u>32,816</u>
Net income	<u>\$ 65,229</u>

The accompanying notes are an integral part of these financial statements.

**Fifth Third Funds Distributors, Inc.**  
 (Formerly known as Kent Funds Distributors, Inc.)  
 (A wholly owned subsidiary of The BISYS Group, Inc.)

**Statement of Changes in Stockholder's Equity**  
**For the Year Ended March 31, 2002**

	<u>Common Stock</u>	<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
Balance at March 31, 2001	\$ 10	\$ -	\$ 161,205	\$ 161,215
Capital contribution from parent	-	500,000	-	500,000
Net income	-	-	65,229	65,229
Balance at March 31, 2002	<u>\$ 10</u>	<u>\$ 500,000</u>	<u>\$ 226,434</u>	<u>\$ 726,444</u>

The accompanying notes are an integral part of these financial statements.

**Fifth Third Funds Distributors, Inc.**  
(Formerly known as Kent Funds Distributors, Inc.)  
(A wholly owned subsidiary of The BISYS Group, Inc.)

**Statement of Cash Flows**  
**For the Year Ended March 31, 2002**

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<b>Cash flows from operating activities</b>	
Net income	\$ 65,229
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in distribution fees receivable	(395,000)
Increase in receivable from affiliate	(62,096)
Increase in accrued liabilities	<u>395,000</u>
Net cash provided by operating activities	<u>3,133</u>
<b>Cash flows from investing activities</b>	
Increase in investments	<u>(503,133)</u>
Net cash used by investing activities	<u>(503,133)</u>
<b>Cash flows from financing activities</b>	
Capital contribution from parent	<u>500,000</u>
Net cash provided by financing activities	<u>500,000</u>
Net change in cash	-
Cash at March 31, 2001	<u>-</u>
Cash at March 31, 2002	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**Fifth Third Funds Distributors, Inc.**  
(Formerly known as Kent Funds Distributors, Inc.)  
(A wholly owned subsidiary of The BISYS Group, Inc.)

**Notes to Financial Statements**  
**As of March 31, 2002**

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**1. Organization**

Fifth Third Funds Distributors, Inc. (formerly known as Kent Funds Distributors, Inc.) (the "Company"), a wholly owned subsidiary of The BISYS Group, Inc. ("BISYS"), is incorporated under the laws of Florida. The Company is registered with the Securities and Exchange Commission ("SEC") as a broker-dealer and is a member of the National Association of Securities Dealers, Inc.

The Company served as distributor and underwriter for the Fifth Third Funds (the "Funds") during the year, and as a result, substantially all the Company's revenues were earned from the Funds. The Company receives distribution fees, which were determined based on the average daily net assets of the Funds and were accrued monthly.

As of November 2001, the Kent Funds and Fifth Third Funds merged, and the Company became known as Fifth Third Funds Distributors, Inc.

**2. Significant Accounting Policies**

The following is a summary of the significant accounting policies followed in the preparation of the financial statements.

**Investments**

Investments include commercial paper with original maturity of 270 days or less and 3,300 shares of NASD stock. The carrying values of the Company's investments approximate their fair values at March 31, 2002.

**Income Taxes**

BISYS and its affiliates file a consolidated federal income tax return that includes the Company. Based on a tax-sharing agreement, BISYS apportions income tax expense or benefit among all the affiliates based on their taxable income or loss and tax credits. No deferred tax provision is recognized as the Company does not have any temporary differences.

**Revenue Recognition**

The Company recognizes distribution fees, interest income, and commission income on an accrual basis, as earned.

**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.

**Reclassifications**

Certain 2001 amounts have been reclassified to conform to the 2002 presentation.

**Fifth Third Funds Distributors, Inc.**  
(Formerly known as Kent Funds Distributors, Inc.)  
(A wholly owned subsidiary of The BISYS Group, Inc.)

**Notes to Financial Statements**  
**As of March 31, 2002**

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**3. Net Capital Requirement**

As a registered broker-dealer engaged in the sale of redeemable shares of Registered Investment Companies and certain other share accounts, the Company is subject to the SEC's Uniform Net Capital Rule 15c3-1 (the "Rule"), which requires the maintenance of minimum net capital, as defined, and requires that the ratio of aggregate indebtedness to net capital, as defined, not exceed 15 to 1. At March 31, 2002 the Company had net capital under the Rule of \$192,304, which was \$163,304 in excess of its required net capital of \$29,000. The Company's ratio of aggregate indebtedness to net capital at March 31, 2002 was 2.26 to 1.

**4. Related-Party Transactions**

During the fiscal year ended March 31, 2002, BISYS provided various services to the Company such as use of office facilities, equipment, personnel and other administrative services. In addition, the administrator for the Funds, an affiliate, incurred distribution-related expenses on the Company's behalf. The affiliate charged the Company an administrative service fee for these services, which aggregated \$147,065 for fiscal 2002. The administrative service fee would not necessarily be the same if an unrelated party provided these services to the Company.

BISYS contributed \$500,000 in capital during the year.

**Fifth Third Funds Distributors, Inc.**  
(Formerly known as Kent Funds Distributors, Inc.)  
(A wholly owned subsidiary of The BISYS Group, Inc.)

**Supplementary Schedule—Computation of Net Capital Under SEC Rule 15c3-1  
As of March 31, 2002**

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Total stockholder's equity from statement of financial condition		\$ 726,444
Deductions		
Nonallowable assets		
Distribution fees receivable	\$ 435,000	
Receivable from affiliate	93,479	
Investments	<u>3,300</u>	531,779
Haircut on investments		<u>2,361</u>
Net capital		192,304
Net capital requirement (greater of 6-2/3% of aggregate indebtedness or \$5,000)		<u>29,000</u>
Excess net capital		<u>\$ 163,304</u>
Total aggregate indebtedness		<u>\$ 435,000</u>
Percentage of aggregate indebtedness to net capital		<u>226%</u>

**Statement Pursuant to Paragraph (d)(4) of Rule 17a-5**

There are no material differences between the above computation of net capital and the corresponding computation prepared by the Company for inclusion in its unaudited Part IIA FOCUS Report filing as of March 31, 2002.

**Fifth Third Funds Distributors, Inc.**  
(Formerly known as Kent Funds Distributors, Inc.)  
(A wholly owned subsidiary of The BISYS Group, Inc.)

**Supplementary Schedule—Determination of Reserve Requirements and  
Information Relating to Possession or Control Requirements Under  
SEC Rule 15c3-3  
As of March 31, 2002**

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The Company has complied with the exemptive provisions of Rule 15c3-3 under subparagraph (K)(1)—all customer transactions are limited to the sale and redemption of redeemable securities of registered investment companies.

**Report of Independent Accountants on Internal Control  
Pursuant to SEC Rule 17a-5**

To the Board of Directors and Stockholder of  
Fifth Third Funds Distributors, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Fifth Third Funds Distributors, Inc. (formerly know as Kent Funds Distributors, Inc.) (the "Company") for the year ended March 31, 2002, we considered its internal control 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) under the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. 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 the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13;
2. 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; and
3. 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 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 control 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 SEC's above-mentioned objectives. Two of the objectives of 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 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 internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in 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 one or more 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 internal control 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 March 31, 2002, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc., 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.

*PricewaterhouseCoopers LLP*

May 16, 2002