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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

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 JANUARY 1, 2001 AND ENDING DECEMBER 31, 2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

FORT WASHINGTON BROKERAGE SERVICES Inc.

OFFICIAL USE ONLY
31-08465676
FIRM ID. NO.

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

221 EAST FOURTH STREET SUITE 300
(No. and Street)

CINCINNATI, OHIO 45202
(City) (State) (Zip Code)

BRCD S.E.C.
JUL 18 2002
Zip Code 5

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

TERRIE A. WIEDENHEFT (513)362-8242
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

ERNST & YOUNG LLP
(Name - If individual, state last, first, middle name)

1300 CHIQUITA CENTER CINCINNATI, OHIO 45202
(Address) (City) (State)

PROCESSED

CHECK ONE:

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

AUG 07 2002
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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).

OATH OR AFFIRMATION

I, TERRIE A. WIEDENHEFT, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FORT WASHINGTON BROKERAGE SERVICES, 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:

Terrie A. Wiedenheft
Signature
CFO
Title

Brenda L Feige
Notary Public



BRENDA L. FEIGE
Notary Public, State of Ohio
My Commission Expires Feb. 25, 2003

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).

Fort Washington Brokerage Services
Financial Statements and Supplemental Schedule

Year ended December 31, 2001

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Report of Independent Auditors

Board of Directors
Fort Washington Brokerage Services

We have audited the accompanying statement of financial condition of Fort Washington Brokerage Services, an indirect wholly owned subsidiary of Western and Southern Life Insurance Company, as of December 31, 2001, and the related statements of operations, changes in stockholder's equity 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 auditing standards generally accepted in the United States. 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 present fairly, in all material respects, the financial position of Fort Washington Brokerage Services at December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst + Young LLP

January 25, 2002

Fort Washington Brokerage Services

Statement of Financial Condition

December 31, 2001

Assets

Cash and cash equivalents (including investments in affiliated mutual funds of \$1,047,018)	\$ 2,115,003
Affiliated accounts receivable	72,619
Unaffiliated accounts receivable	82,907
Deposit with clearing broker	50,000
Software licensing fees (net of accumulated amortization of \$48,919)	33,256
Prepaid expenses	70,230
Total assets	<u>\$ 2,424,015</u>

Liabilities and stockholder's equity

Accounts payable and accrued expenses	\$ 138,015
Payable to related parties	138,963
Deferred revenue	279,881
Total liabilities	<u>556,859</u>

Stockholder's equity:

Common stock, no par value; 500 shares authorized, 150 shares issued and outstanding	10,000
Paid in capital	2,132,353
Accumulated deficit	(275,197)
Total stockholder's equity	<u>1,867,156</u>

Total liabilities and stockholder's equity	<u>\$ 2,424,015</u>
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See accompanying notes.

Fort Washington Brokerage Services

Statement of Operations

Year ended December 31, 2001

Revenue

Commissions	\$ 1,292,748
Management service fees from affiliates	1,118,411
Distribution fees	92,733
Interest	14,495
Dividends	49,548
Other income	93
Total revenue	<u>2,568,029</u>

Expenses

Employee compensation and benefits	770,308
Management services fees to parent	154,800
Management services fees to affiliates	551,093
Selling, general and administrative	399,369
Commission, execution and clearance fees	544,726
Regulatory and professional fees	59,140
Occupancy	72,808
Depreciation expense	16,395
Total expenses	<u>2,568,639</u>

Loss before income tax benefit	(610)
Income tax benefit	<u>(611)</u>

Net income \$ -

See accompanying notes.

Fort Washington Brokerage Services

Statement of Changes in Stockholder's Equity

December 31, 2001

	Common Stock	Paid in Capital	Accumulated Deficit	Total Stockholder's Equity
Balance - December 31, 2000	\$ 10,000	\$ 2,125,808	\$ (309,325)	\$ 1,826,483
Correction of prior year taxes	-	-	34,128	34,128
Balance- December 31, 2000 as restated	10,000	2,125,808	(275,197)	1,860,611
Capital contribution	-	6,545	-	6,545
Balance - December 31, 2001	\$ 10,000	\$ 2,132,353	\$ (275,197)	\$ 1,867,156

See accompanying notes.

Fort Washington Brokerage Services

Statement of Cash Flows

Year ended December 31, 2001

Cash flows from operating activities	
Net income	\$ -
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation	16,395
Changes in operating assets and liabilities:	
Affiliated accounts receivable	(72,619)
Unaffiliated accounts receivable	116,388
Prepaid expenses	10,378
Accounts payable and accrued expenses	(43,235)
Payable to related parties	(742,569)
Deferred revenue	106,589
Net cash used in operating activities	<u>(608,673)</u>
Cash flows from financing activities	
Capital contribution	<u>6,545</u>
Net cash provided by financing activities	<u>6,545</u>
Net decrease in cash and cash equivalents	(602,128)
Cash and cash equivalents at beginning of year	<u>2,717,131</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,115,003</u></u>

See accompanying notes.

Fort Washington Brokerage Services

Notes to Financial Statements

December 31, 2001

1. Organization and Nature of Business

Fort Washington Brokerage Services, Inc., (the "Company") is an Ohio corporation and a registered securities broker-dealer under the examining authority of the National Association of Securities Dealers, Inc.

The Company is a wholly owned subsidiary of Western-Southern Life Assurance Company (WSLAC), which is a wholly owned subsidiary of Western and Southern Life Insurance Company (WSLIC). 100% of the Company's revenues are generated through affiliated transactions.

2. Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank accounts and investments in money market funds. At December 31, 2001, the Company had deposited funds of \$50,000 with an unrelated clearing firm.

Commission Income

Commission income is recognized for distribution related services when investment contracts are executed and recognized on securities transactions based on the trade date.

Software Licensing Fees

Software licensing fees are recorded at cost and are amortized on a straight-line basis, using an estimated useful life of five years.

Income Taxes

The Company is included in the consolidated federal income tax return with WSLIC. Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*, requires a systematic and rational allocation of tax expense to members of the consolidated group. Accordingly, the Company records a provision for income tax expense under the separate return method as permitted under SFAS No. 109. The benefit from losses of the Company, which are utilized in the consolidated return, will be retained in the parent company under the tax sharing agreement. Any difference between the amount of tax expense or benefit under the separate return method and the amount of cash paid or received under the tax sharing agreement is treated as either a dividend or a capital contribution. The company paid \$39,017 for income taxes in the current year.

Fort Washington Brokerage Services

Notes to Financial Statements

December 31, 2001

2. Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions in determining 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.

3. Related Party Transactions

Investments held in affiliated mutual funds totaled \$1,047,018 as of December 31, 2001. Dividend income generated on these investments totaled \$49,548 for the year ended December 31, 2001.

The Company entered into a management service arrangement with affiliates whereby it receives revenue for services provided and pays expenses for services received from affiliates. During 2001, the Company recognized \$1,118,411 in revenue for services provided and incurred \$551,093 in expenses under this arrangement. Additionally the Company has recorded \$279,881 of deferred revenue relating to cash received that has not been earned as of December 31, 2001 under this arrangement.

The Company shares common facilities, equipment, personnel and administrative services with affiliated entities. The Company reimburses such entities for the use of facilities, equipment, personnel and services based generally on office space utilized, direct payroll costs incurred and out-of-pocket expenses. The Company incurred expenses of \$154,800 for services provided by affiliates for the year ended December 31, 2001.

The Company receives commissions processing services from an affiliated broker dealer. Expenses incurred related to these services in 2001 were \$51,787.

4. Pension Plans

The Company is covered under the Western-Southern Affiliated Company Employee Retirement 401(k) Savings Plan (the Savings Plan) which is a contributory plan covering all eligible full-time employees. The Savings Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Contributions by the Company amounted to \$5,586 for the year ended December 31, 2001.

Fort Washington Brokerage Services

Notes to Financial Statements

December 31, 2001

4. Pension Plans (continued)

Additionally, the Company is covered under the Western-Southern Affiliated Companies Retirement Plan (the Retirement Plan), which is a defined contribution plan, established on January 1, 1992, to provide eligible participants with additional income after retirement. Eligible participants include employees of the Company who are over twenty-one years of age and have more than 1,000 hours of service during a twelve-month period. Under the Retirement Plan, each participant is provided with an allocation of the Company's contribution that is determined by resolution of the Board of Directors. The Retirement Plan is subject to provisions of ERISA. Contributions by the Company amounted to \$18,081 for the year ended December 31, 2001.

5. Regulatory Requirements

The Company is subject to the Uniform Net Capital Rule, Rule 15c3-1 (the "Rule"), promulgated by the Securities and Exchange Commission, which requires that the Company maintain a minimum net capital of \$250,000 and a ratio of aggregate indebtedness to net capital not to exceed 15 to 1, as those terms are defined by the Rule.

At December 31, 2001, the Company's net capital, as defined, was \$1,621,824, which was \$1,371,824 in excess of the minimum net capital requirement, and its ratio of aggregate indebtedness to net capital was .34 to 1.

6. Exemption from Rule 15c3-3

The Company carries no customer accounts and promptly transmits all customer funds and securities to its clearing brokers. Accordingly, the Company is exempt from the provisions of Rule 15c3-3 of the Securities and Exchange Commission.

Supplementary Information

Fort Washington Brokerage Services
 Schedule I - Computation of Net Capital
 Pursuant to Rule 15c3-1 of the Securities Exchange Act of 1934

December 31, 2001

Computation of net capital

1	Stockholder's equity	\$ 1,867,156
	Less non-allowable assets:	
2	Other receivable	120,904
3	Prepaid expenses	70,230
4	Software licensing fees, net	33,256
5	Haircuts on securities held	20,942
6	Net capital	<u><u>\$ 1,621,824</u></u>

Computation of aggregate indebtedness

7	Total aggregate indebtedness liabilities from balance sheet	\$ 556,859
8	Add drafts for immediate credit	-
9	Deduct adjustment based on Special Reserve Accounts (15c3-1) (c) (1) (VII)	-
10	Total aggregate indebtedness	<u><u>\$ 556,859</u></u>

Computation of basic net capital requirement

11	Minimum net capital required (6 2/3% of line 10)	37,124
12	Minimum net capital required of reporting broker	250,000
13	Net capital requirement (greater of line 11 or 12)	250,000
14	Excess net capital (line 6 less line 13)	1,371,824
15	Excess net capital at 1000% (line 6 less 10% of line 10)	1,566,138

Computation of aggregate indebtedness to net capital

16	Percentage of aggregate indebtedness to net capital (line 10/line 6)	34%
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There were no material differences between the audited Computation of Net Capital included in this report and the corresponding schedule included in the Company's unaudited December 31, 2001 FOCUS filing.

Exhibit

Exhibit A**Fort Washington Brokerage Services****Report on Internal Controls Required by the Securities Exchange Act Rule 17a-5 for a Broker-Dealer Claiming an Exemption from the Securities Exchange Act Rule 15c3-3****Report of Independent Auditors**

Board of Directors
Fort Washington Brokerage Services

In planning and performing our audit of the financial statements and supplemental schedule of Fort Washington Brokerage Services (the "Company"), for the year ended December 31, 2001, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for 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 quarterly securities examinations, counts, verifications and comparisons
2. Recordation of differences required by rule 17a-13
3. 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

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 internal controls 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 criteria. Two of the criteria 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 accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional criteria of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, misstatements due to errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that internal control may become inadequate because of changes in conditions, or that the effectiveness of its 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 errors 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, including control activities for safeguarding securities, and its operation 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 meet such criteria 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 SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC 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.

Ernst & Young LLP

January 25, 2002

Financial Statements and Supplemental Schedule

Fort Washington Brokerage Services

*Year ended December 31, 2001
with Report of Independent Auditors*