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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 10/01/01 AND ENDING 09/30/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Minnesota Valley Investments

OFFICIAL USE ONLY
FIRM ID. NO.

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

315 S. Washington St.

(No. and Street)

Redwood Falls

Minnesota

56283

(City)

(State)

(Zip Code)

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

James E. Nelson

507-637-3344

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Thomas W. Stotesbery, Ltd.

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

705 South Mill Street

Redwood Falls

Minnesota

56283

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

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

PROCESSED

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FOR OFFICIAL USE ONLY
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).

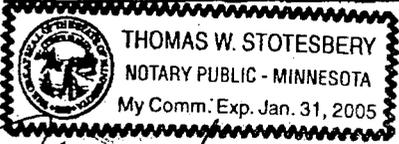
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OATH OR AFFIRMATION

I, James E. Nelson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Minnesota Valley Investments, as of September 30, 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:



James E. Nelson

Signature
President/C.E.O.

Title

Thomas W. Stotesbery 11/26/02

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 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).

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THOMAS W. STOTESBERY, LTD.
CERTIFIED PUBLIC ACCOUNTANT
705 S. MILL ST., P.O. BOX 247
REDWOOD FALLS, MN 56283

(507) 637-5682
FAX (507) 637-8067

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors and Stockholders
Minnesota Valley Investments, Inc.
Redwood Falls, MN

I have audited the accompanying statement of financial condition of Minnesota Valley Investments, Inc. as of September 30, 2002, and the related statement of changes in stockholder's equity, income, and cash flows 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 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Minnesota Valley Investments, Inc. as of September 30, 2002 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 8 through 14 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

November 26, 2002



Minnesota Valley Investments, Inc.
Statement of Financial Condition
September 30, 2002

Assets

Cash	\$	10,220
Commissions receivable		16,802
Furniture, vehicle and equipment, at cost, less accumulated depreciation of \$ 21,645		2,341
Firm securities, at cost		3,315
Receivable from stockholder		8,798
Deferred income taxes		<u>951</u>
	\$	<u><u>42,427</u></u>

Liabilities and Stockholder's Equity

Payable to clearing broker	\$	2,539
Commissions payable		1,491
Payroll taxes payable		2,216
Salaries payable		<u>4,836</u>
		11,082
Stockholder's equity		
Preferred stock, \$.01 par value, 100,000 shares authorized, 69,100 shares issued and outstanding		691
Common stock, \$.01 par value, 400,000 shares authorized, 100,000 shares issued and outstanding		1,000
Paid-in capital in excess of par value		28,083
Retained earnings		<u>1,571</u>
Total stockholder's equity		<u>31,345</u>
	\$	<u><u>42,427</u></u>

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

Minnesota Valley Investments, Inc.
Statement of Changes in Stockholder's Equity
Year Ended September 30, 2002

	<u>Preferred Stock</u>	<u>Common Stock</u>	<u>Paid-In Capital In Excess of Par Value</u>	<u>Retained Earnings (Deficit)</u>	<u>Total Stockholder's Equity</u>
Balance - beginning of year	\$ 691	\$ 1,000	\$ 28,083	\$ 859	\$ 30,633
Net income	<u>0</u>	<u>0</u>	<u>0</u>	<u>712</u>	<u>712</u>
Balance - end of year	<u>\$ 691</u>	<u>\$ 1,000</u>	<u>\$ 28,083</u>	<u>\$ 1,571</u>	<u>\$ 31,345</u>

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

Minnesota Valley Investments, Inc.
Statement of Income
Year Ended September 30, 2002

<u>Revenues</u>	
Commissions	\$ 218,661
Interest and dividends	<u>49</u>
	218,710
 <u>Expenses</u>	
Advertising and promotion	4,146
Clearing fees	28,142
Commissions	38,015
Depreciation	4,842
Director fees	2,450
Donations	342
Dues and subscriptions	247
Employee benefits	13,923
Insurance	1,606
Interest	1,146
Life insurance - officer	1,350
Miscellaneous	117
Office supplies and postage	2,553
Professional fees	6,855
Quote fees	10,925
Regulatory fees	3,096
Rent	4,800
Repairs and maintenance	998
Salaries - officers	59,000
Salaries - other	17,619
Taxes - payroll	6,187
Telephone	6,296
Training seminars	860
Vehicle expense	<u>2,768</u>
	<u>218,283</u>
 Income before income taxes	 427
 Income taxes:	
Current provision for income taxes	(851)
Deferred income taxes - benefit	<u>1,136</u>
 Net income tax benefit	 <u>285</u>
 Net income	 <u>\$ 712</u>

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

Minnesota Valley Investments, Inc.
Statement of Cash Flows
Year Ended September 30, 2002

<u>Cash flows from operating activities:</u>	
Net income	\$ 712
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	4,842
(Increase) decrease in assets:	
Commissions and 12b-1 fees receivable	(2,710)
Deferred income taxes	349
Receivable from stockholder	(7,461)
Increase (decrease) in liabilities:	
Payable to clearing broker	337
Commissions payable	(510)
Salaries payable	116
Payroll taxes payable	<u>156</u>
Net cash used by operating activities	(4,169)
<u>Cash flows from investing activities:</u>	
Disposition of vehicle	<u>22,943</u>
Net cash provided by investing activities	22,943
<u>Cash flows from financing activities</u>	
Payments on installment loan	<u>(19,916)</u>
Net cash used by financing activities	<u>(19,916)</u>
Net decrease in cash	(1,142)
Cash at beginning of year	<u>11,362</u>
Cash at end of year	<u>\$ 10,220</u>
<u>Supplemental disclosures</u>	
Cash paid during the year for:	
Interest	<u>\$ 1,146</u>
Income taxes - refund	<u>\$ (634)</u>

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

Minnesota Valley Investments, Inc.
Notes to Financial Statements
September 30, 2002

Note 1 - Nature of Business

The Company was incorporated on July 6, 1989 and became registered as a broker/dealer with the Securities and Exchange Commission on September 29, 1989. Restrictive approval was granted by the National Association of Securities Dealers (NASD) on September 8, 1989 to engage in the trading of NASD securities.

The Company is not a member of a stock exchange. Piper, Jaffray & Hopwood, Inc., a non-affiliated company which is a member of all principal stock exchanges, acts as a clearing agent for the Company's stock exchange transactions. Services provided by the clearing agent include cashiering, settlement, confirmation and summary monthly statement functions as required by SEC Rule 15c3-2 and New York Stock Exchange Rule 409. The Company also has a similar relationship with several other nonaffiliated securities dealers.

Note 2 - Summary of Significant Accounting Policies

Securities Transactions - Customers' securities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis.

Depreciation - Office furniture, vehicle and equipment are being depreciated using estimated useful lives of five to seven years using an accelerated method.

Income Taxes - The Company records its federal and state income tax liability in accordance with Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes". Deferred taxes are recorded to include temporary differences between the recognition of income and expense for tax and financial reporting purposes using estimated rates when these differences are expected to reverse in the future. Temporary differences result primarily from using different methods and lives for depreciation expense. The Company has recorded a current deferred tax asset of \$ 951 relating to this difference.

Use of Estimates - The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Advertising Costs - The Company expenses all advertising costs, including direct response advertising costs, as they are incurred. Total advertising costs for the year ending September 30, 2002 totaled \$ 1,157.

Minnesota Valley Investments, Inc.
Notes to Financial Statements
September 30, 2002

Note 3 - Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and restricts the payment of dividends. Since the Company does not hold funds or securities for, or owes money or securities to, customers and does not carry customer accounts, the minimum net capital requirement, as defined, is \$ 5,000. At September 30, 2002, the Company had net capital, as defined, of \$ 15,759.

Note 4 - Preferred Stock

Shares of preferred stock are entitled to an annual, non-cumulative preference dividend of \$.09 per share. No dividends were paid during the year ended September 30, 2002.

No dividend shall be paid on common stock prior to the redemption of all shares of preferred stock. The preferred stock may be redeemed at the option of the board of directors, in whole or in part, at any time, at a redemption price of \$ 1 per share plus unpaid dividends accrued to the date of redemption.

In the event of liquidation or dissolution of the company, the outstanding shares of preferred stock shall be entitled to a preference distribution of \$ 1 per share before any distribution may be made to the common stock.

Note 5 - Concentrations of Credit Risk

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event the counterparties do not fulfill their obligations, the Company may be at risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

Supplementary Information
Pursuant to Rule 17a-5 of the
Securities Exchange Act of 1934
As of September 30, 2002

Minnesota Valley Investments, Inc.
 Computation of Net Capital Under Rule 15c3-1 of the
 Securities and Exchange Commission
 As of September 30, 2002

Net Capital:	
Stockholder's equity	\$ 31,345
Deductions:	
Unallowable assets:	
Commissions receivable over 30 days and from non-customers	(9,930)
Furniture and equipment, net	(2,341)
Firm securities	(<u>3,315</u>)
Net capital	\$ <u><u>15,759</u></u>

Aggregate indebtedness:	
Items included in statement of financial condition:	
Commissions payable	\$ 1,491
Payroll taxes payable	2,216
Salaries payable	<u>4,836</u>
Total aggregate indebtedness	\$ <u><u>8,543</u></u>

Computation of basic net capital requirement:	
Minimum net capital required	\$ <u><u>570</u></u>
Minimum dollar net capital required	\$ <u><u>5,000</u></u>
Excess net capital	\$ <u><u>10,759</u></u>
Excess net capital at 1000%	\$ <u><u>14,905</u></u>
Ratio: aggregate indebtedness to net captial	.54 to 1

Minnesota Valley Investments, Inc.
Computation for Determination of Reserve Requirements
Pursuant to Rule 15c3-3 of the Securities and Exchange Commission
September 30, 2002

The Company is exempt from Rule 15c3-3 under paragraph K(2)(ii) and has signed a voluntary restrictive letter with the National Association of Securities Dealers, Inc. (NASD) to this effect.

The Company was in compliance with the conditions of the exemption for the year ended September 30, 2002.

Minnesota Valley Investments, Inc.
 Reconciliation of Computation of Net Capital and the
 Computation for Determination of the Reserve Requirements
 September 30, 2002

The Company operates on a fully disclosed basis under Rule 15c3-1 Subparagraph (a)(d) and does not hold client/customer funds or securities. Thus, no reconciliation of the computation for determination of reserve requirements is necessary.

The computation of net capital (Rule 15c3-1) as presented in this report differs from the computation of net capital as presented in the most recent unaudited report (Form X-17A-5) filed for the period ended September 30, 2002. The differences are due to adjustments in the books of account for amortization and depreciation and adjustments to asset and liability accounts.

Net capital as reported on Form X-17A-5 filed for the period ended September 30, 2002	\$	12,421
Increase (decrease) in stockholder's equity due to the following adjustments:		
Decrease in cash	(30)
Increase in commissions receivable		2,663
Increase in receivables non-customers		7,489
Increase in deferred income taxes		951
Decrease in furniture, vehicle and equipment, net of depreciation	(4,360)
Increase in payroll taxes payable	(<u>274)</u>
Net increase in stockholder's equity		6,439
(Increase) decrease in unallowable assets:		
Increase in receivables from non-customers	(7,461)
Decrease in furniture and equipment, net of depreciation		<u>4,360</u>
Net increase in unallowable assets	(<u>3,101)</u>
Net capital as presented in this report	\$	<u><u>15,759</u></u>

Minnesota Valley Investments, Inc.
Information Relating to Possession or Control Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission
September 30, 2002

The Company is exempt from Rule 15c3-3 under paragraph K(2)(ii) and does not possess, control or otherwise hold client/customer funds or securities.

THOMAS W. STOTESBERY, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

705 S. MILL ST., P.O. BOX 247

REDWOOD FALLS, MN 56283

(507) 637-5682

FAX (507) 637-8067

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5

Board of Directors
MINNESOTA VALLEY INVESTMENTS, INC.
315 South Washington Street
Redwood Falls, MN 56283

In planning and performing my audit of the financial statements of MINNESOTA VALLEY INVESTMENTS, INC. for the year ended September 30, 2002, I considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my 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, I have made a study of the practices and procedures followed by the Company including tests of compliance with such practices and procedures that I considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e)
2. Making the quarterly securities examinations, counts, verifications and comparison, and the 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
4. 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 an internal control and 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 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

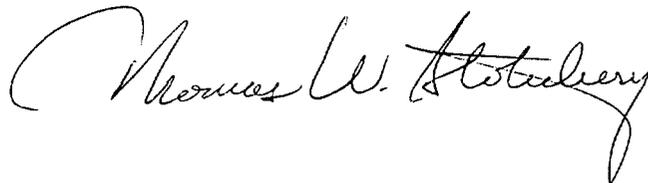
Achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity 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 them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. My 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 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, I noted no matters involving internal control including control activities for safeguarding securities, that I consider to be material weaknesses as defined above.

I 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 and 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 my study, I believe that the Company's practices and procedures were adequate at September 30, 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 New York Stock Exchange, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities and 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.

November 26, 2002

A handwritten signature in cursive script, appearing to read "Thomas W. Steuberg". The signature is written in dark ink and is positioned to the right of the date.