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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 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Richard D. Schubert, Inc.

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

241 E. Saginaw St.

(No. and Street)

East Lansing, MI 48823

(City)

(State)

(Zip Code)

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

Richard D. Schubert

517-332-5000

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Lyle D. Hepfer & Co, PC

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

715 N Cedar St

Lansing, MI 48906

(Address)

(City)

(State)

Zip Code

PROCESSED

CHECK ONE:

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

FEB 21 2003

THOMSON
FINANCIAL

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*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, Richard D Schubert, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Richard D Schubert, Inc, as of December 31, 2002, 19____, 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:

Richard D. Schubert
Signature

President

Title

Linda Kelly
LINDA KELLY
Notary Public, Clinton County, MI
Acting in Ingham County, MI
My Comm. Expires May 12, 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).

REPORT OF AUDIT

RICHARD D. SCHUBERT INCORPORATED

EAST LANSING, MICHIGAN

DECEMBER 31, 2002

RICHARD D SCHUBERT INCORPORATED

EAST LANSING, MICHIGAN

DECEMBER 31, 2002

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
BALANCE SHEET	2
STATEMENT OF INCOME	3
STATEMENT OF RETAINED EARNINGS	4
STATEMENT OF CASH FLOWS	5
COMPUTATION OF NET CAPITAL AND COMPUTATION OF 17a-5(d)(1)	6
NOTES TO FINANCIAL STATEMENTS	7
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL	8

INDEPENDENT AUDITOR'S REPORT

January 22, 2003

Board of Directors
Richard D. Schubert Incorporated
East Lansing, Michigan

We have audited the accompanying balance sheet of RICHARD D. SCHUBERT INCORPORATED as of December 31, 2002, and the related statements of income, retained earnings, 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 present fairly, in all material respects, the financial position of Richard D. Schubert Incorporated as of December 31, 2002 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.



Certified Public Accountants

RICHARD D. SCHUBERT INCORPORATEDBALANCE SHEETDECEMBER 31, 2002ASSETSCURRENT ASSETS

Investments - Money Market Funds	\$	52,242.30
Prepaid Taxes		884.50

<u>TOTAL CURRENT ASSETS</u>		53,126.80
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FIXED ASSETS

Furniture and Fixtures		5,418.93
Vehicles		88,080.75
		<u>93,499.68</u>
LESS Accumulated Depreciation		13,378.93

<u>NET FIXED ASSETS</u>		<u>80,120.75</u>
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<u>TOTAL ASSETS</u>		<u>133,247.55</u>
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LIABILITIESCURRENT LIABILITIES

Accrued:		
Taxes		0.00

<u>TOTAL CURRENT LIABILITIES</u>		0.00
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STOCKHOLDERS' EQUITY

Common Stock - Par Value \$10.00		
Authorized - 5,000 Shares		
Issued - 500 Shares		5,000.00
Retained Earnings		<u>128,247.55</u>

<u>TOTAL STOCKHOLDERS' EQUITY</u>		<u>133,247.55</u>
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<u>TOTAL LIABILITIES AND EQUITY</u>		<u>133,247.55</u>
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RICHARD D. SCHUBERT INCORPORATEDSTATEMENT OF INCOMEJANUARY 1, 2002 TO DECEMBER 31, 2002INCOME

Commissions	\$	470,075.97	
Interest		2,096.53	
		<hr/>	
<u>TOTAL INCOME</u>		472,172.50	100.0 %

EXPENSES

Auto Expense		2,529.65	0.5
Depreciation		4,900.00	1.0
Dues & Subscriptions		733.26	0.2
Fees & Bonds		1,120.40	0.2
Legal & Accounting		2,940.00	0.6
Office Supplies		574.81	0.1
Postage		0.00	0.0
Rent		27,399.73	5.8
Salaries		50,000.00	10.6
Taxes - Payroll		3,834.00	0.8
Taxes - Single Business		3,470.42	0.7
Telephone		2,389.00	0.5
Travel, Entertainment & Seminars		19,824.36	4.2
		<hr/>	
<u>TOTAL OPERATING EXPENSES</u>		119,715.63	25.4
		<hr/>	
<u>NET INCOME FOR THE YEAR</u>		352,456.87	74.6
		<hr/>	

EARNINGS PER SHARE

704.91

RICHARD D. SCHUBERT INCORPORATED
STATEMENT OF RETAINED EARNINGS
JANUARY 1, 2002 TO DECEMBER 31, 2002

<u>BALANCE, JANUARY 1, 2002</u>	\$ 125,790.68
<u>ADD</u>	
Net Income for the Year	352,456.87
	<hr/>
	478,247.55
<u>DEDUCT</u>	
Dividends Paid	350,000.00
	<hr/>
<u>BALANCE, DECEMBER 31, 2002</u>	<u>128,247.55</u>

See Accompanying Notes to Financial Statements.

RICHARD D. SCHUBERT INCORPORATEDSTATEMENT OF CASH FLOWSJANUARY 1, 2002 TO DECEMBER 31, 2002

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Net Income for the Year	\$ 352,456.87
Add (Deduct) Items Not Affecting Cash:	
Depreciation	4,900.00
Decrease (Increase) in Prepaid Taxes	676.50
	<hr/>
<u>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</u>	358,033.37
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Dividends Paid	<hr/> (350,000.00)
<u>INCREASE IN CASH AND CASH EQUIVALENTS</u>	8,033.37
<u>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</u>	<hr/> 44,208.93
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<hr/> <hr/> 52,242.30
 <u>INTEREST PAID</u>	
	<hr/> <hr/> 0.00
<u>FEDERAL INCOME TAXES PAID</u>	<hr/> <hr/> 0.00

See Accompanying Notes to Financial Statements.

RICHARD D. SCHUBERT INCORPORATEDCOMPUTATION OF NET CAPITAL AND COMPUTATION OF 17a-5(d)(1)JANUARY 1, 2002 TO DECEMBER 31, 2002COMPUTATION OF NET CAPITAL

Total Ownership Equity	\$	133,247.55
Deduct Non-Allowable Assets		(81,005.25)
		<hr/>
		52,242.30
Deduct Haircuts on Securities - Other		(1,044.85)
		<hr/>
Net Capital		51,197.45

COMPUTATION OF 17a-5(d)(1) RESERVE REQUIREMENT

Minimum Net Capital Required	\$	<u>0.00</u>
Minimum Dollar Requirement		<u>5,000.00</u>
Net Capital Requirement (Greater of Above)		<u>5,000.00</u>
Excess Net Capital		<u>46,197.45</u>
Excess Net Capital @ 1000% (net cap - 10% of AI)		51,197.45
Total AI Liabilities from Balance Sheet		0.00
Total Aggregate Indebtedness		<u>0.00</u>
Ratio of AI/NC		<u>0</u>

There are no material differences between the Report of Audit and the Focus Report Part IIA as submitted.

Lyle D. Hepfer & Company, P.C.

RICHARD D. SCHUBERT INCORPORATEDNOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2002ORGANIZATION AND PURPOSE

Richard D. Schubert Incorporated is a Michigan Corporation which is engaged in the brokerage of securities and insurance products.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assets and liabilities and revenues and expenditures are recognized on the accrual basis of accounting.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reporting of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Property and equipment are stated at cost. Depreciation is computed using the MACRS using the useful lives ranging from 5 to 7 years.

EMPLOYEE RETIREMENT PLAN

The company made no contributions to the pension plan for year 2002.

FEDERAL INCOME TAXES

Richard D. Schubert, Inc. elected Subchapter S effective January 1, 1999. Therefore there are no federal income taxes recorded.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

January 22, 2003

Board of Directors
Richard D. Schubert Incorporated
East Lansing, Michigan

We have examined the effectiveness of Richard D. Schubert Incorporated's internal control over financial reporting as of December 31, 2002 based on SEC rule 17a-5. Richard D. Schubert Incorporated's management is responsible for maintaining effective control over financial reporting. Our responsibility is to express an opinion on the effectiveness of internal control based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the internal control over financial reporting, testing, and evaluating the design and operating effectiveness of the internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides reasonable basis for our opinion.

Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control over financial reporting to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion Richard D. Schubert Incorporated maintained, in all material respects, effective internal control over financial reporting as of December 31, 2002, based on SEC rule 17a-5.



Certified Public Accountants