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U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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ANNUAL AUDITED REPORT

FORM X-17 A-5
PART III

FACING PAGE
Information Required of Broker and Dealers
Pursuant to Section 17 of the Securities
Exchange Act of 1934 and Rule 17a-5 Thereunder

SEC FILE NO.

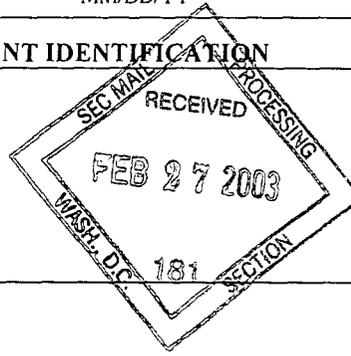
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REPORT FOR THE PERIOD BEGINNING - 1/1/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Hantz Financial Services, Inc.
(a wholly-owned subsidiary of
Hantz Group, Inc.)



Official Use Only

Firm ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS:

(Do not use P.O. Box No.)

24901 Northwestern Hwy, Suite 710

(No. and Street)

Southfield

Michigan

48075

(City)

(State)

(Zip)

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

Renee Yaroch

248-304-2855

(Area Code - Telephone No)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

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

Rehmann Robson

5750 New King Street, Suite 100

Troy

MI

48098

(Number and Street)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 11 2003

THOMSON
FINANCIAL

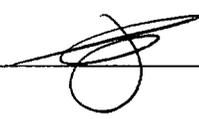
FOR OFFICIAL USE ONLY

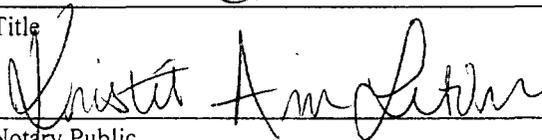
❖ Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2).

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OATH OR AFFIRMATION

I, Renee Yaroch, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Hantz Financial Services, Inc., as of December 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:

Signature 

Title CFO

Notary Public

Kristie Ann Letobar
Notary Public, Wayne County, MI
Acting in OAKLAND County
My Commission Expires August 3, 2006

This report** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Shareholders' 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.
- (o) Independent Auditors' Report on Internal Accounting Control.

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

HANTZ FINANCIAL SERVICES, INC.
(a wholly-owned subsidiary of Hantz Group, Inc.)

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**IN ACCORDANCE WITH RULE 17a-5
FOR THE YEAR ENDED DECEMBER 31, 2002**

HANTZ FINANCIAL SERVICES, INC.
(a wholly-owned subsidiary of Hantz Group, Inc.)

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REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

January 29, 2003

To the Shareholder and Board of Directors
Hantz Financial Services, Inc.
Southfield, Michigan

We have audited the accompanying statement of financial condition of Hantz Financial Services, Inc. (a wholly-owned subsidiary of Hantz Group, Inc.) as of December 31, 2002, and the related statements of income, changes in shareholder equity and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. 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 of America. 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 Hantz Financial Services, Inc. as of December 31, 2002, 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 of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplementary schedule on Page 10 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 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.

Rehmann Robson

HANTZ FINANCIAL SERVICES, INC.
(a wholly-owned subsidiary of Hantz Group, Inc.)

STATEMENT OF FINANCIAL CONDITION

	<u>December 31</u> <u>2002</u>
ASSETS	
Cash and cash equivalents	\$ 2,307,824
Cash reserved for other clearing organizations	170,835
Notes receivable, net of allowance for doubtful accounts of \$200,000	210,000
Receivables from affiliates, net of allowance for doubtful accounts of \$338,500	118,693
Furniture, equipment and leasehold improvements net of accumulated depreciation of \$221,654	31,167
Deposits	95,500
Other assets	5,013
Deferred income taxes	222,000
Total assets	<u>\$ 3,161,032</u>
LIABILITIES AND SHAREHOLDER EQUITY	
Liabilities	
Amounts due to other clearing organizations	\$ 106,595
Accrued compensation	733,836
Accounts payable and accrued expenses	57,900
Due to Parent	382,520
Total liabilities	<u>1,280,851</u>
Shareholder equity	
Common stock, no par value; 10,020,000 shares authorized, 1,000 shares issued and outstanding	533,121
Retained earnings	1,347,060
Total shareholder equity	<u>1,880,181</u>
Total liabilities and shareholder equity	<u>\$ 3,161,032</u>

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

HANTZ FINANCIAL SERVICES, INC.
(a wholly-owned subsidiary of Hantz Group, Inc.)

STATEMENT OF INCOME

	Year Ended December 31 2002
Revenues	
Commissions	\$ 17,263,564
Investment and advisory fees	820,586
Other	262,294
Total revenues	18,346,444
Expenses	
Compensation, commissions and benefits	12,643,542
Management fees	1,371,570
Communications and data processing	733,491
Occupancy	652,860
Other	1,419,143
Total expenses	16,820,606
Operating income	1,525,838
Interest income	55,536
Income before allocation in lieu of income taxes	1,581,374
Allocation in lieu of income taxes	555,000
Net income	\$ 1,026,374

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

HANTZ FINANCIAL SERVICES, INC.
(a wholly-owned subsidiary of Hantz Group, Inc.)

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Common Stock</u>		<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Earnings</u>	
Balances, January 1, 2002	1,000	\$ 533,121	\$ 1,200,686	\$ 1,733,807
Dividends paid to Parent	-	-	(880,000)	(880,000)
Net income	-	-	1,026,374	1,026,374
Balances, December 31, 2002	<u>1,000</u>	<u>\$ 533,121</u>	<u>\$ 1,347,060</u>	<u>\$ 1,880,181</u>

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

HANTZ FINANCIAL SERVICES, INC.
(a wholly-owned subsidiary of Hantz Group, Inc.)

STATEMENT OF CASH FLOWS

	<u>Year Ended December 31 2002</u>
Cash flows from operating activities	
Net income	\$ 1,026,374
Adjustment to reconcile net income to net cash provided by operating activities:	
Depreciation	27,156
Bad debts expense	563,515
Loss on disposal of furniture and equipment	46,452
Deferred income tax benefit allocation	(195,000)
Net changes in operating assets and liabilities which provided (used) cash:	
Cash reserved for other clearing organizations	(137,420)
Receivable from affiliates	(442,805)
Other assets	11,994
Amounts due to other clearing organizations	73,180
Accrued compensation	219,680
Accounts payable and accrued expenses	428,212
Net cash provided by operating activities	<u>1,621,338</u>
Cash flows used in investing activities	
Issuance of notes receivable	1,615
Collections of notes receivable	84,000
Net cash provided by investing activities	<u>85,615</u>
Cash flows used in financing activities	
Dividends paid to parent	<u>(880,000)</u>
Net increase in cash and cash equivalents	826,953
Cash and cash equivalents, beginning of year	<u>1,480,871</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,307,824</u></u>

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

HANTZ FINANCIAL SERVICES, INC.
(a wholly-owned subsidiary of Hantz Group, Inc.)

NOTES TO FINANCIAL STATEMENTS

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Hantz Financial Services, Inc. (the "Company") is a securities broker-dealer that introduces transactions and accounts on a fully disclosed basis and does not carry customer accounts. The Company is registered with the Securities and Exchange Commission and the National Association of Securities Dealers ("NASD"). The Company is a Michigan Corporation that is a wholly-owned subsidiary of Hantz Group, Inc. (the "Parent"). The Company's revenues are primarily generated through the sale of financial products and investment advisory services to individuals and small businesses. Customers of the Company are located predominantly in the States of Michigan and Ohio.

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 income and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consists of demand deposits in banks and cash on hand. The Company had deposits in major financial institutions in excess of federally insured limits; management believes interest rate or other financial risks associated with these deposits is not significant.

Cash Reserved for Other Clearing Organizations

Cash of \$170,835 has been segregated in a special reserve bank account for the benefit of customers under rule 15c3-3 of the Securities and Exchange Commission.

Securities Transactions

Commission income and related expenses on security transactions are reported on a settlement date basis. The accompanying financial statements would not be materially different if these transactions were recorded on a trade date basis.

HANTZ FINANCIAL SERVICES, INC.
(a wholly-owned subsidiary of Hantz Group, Inc.)

NOTES TO FINANCIAL STATEMENTS

Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements are stated at cost. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired.

Depreciation is computed using principally accelerated methods over the estimated useful lives of the related assets.

Allocation in Lieu of Income Taxes

The Company is included in the consolidated federal income tax return filed by the Parent. The Company currently has no formal income tax sharing agreement with the Parent, and as such, income taxes have been determined as if the Company filed on a separate return basis.

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and federal income tax basis of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Deferred income taxes arise from temporary basis differences related primarily to the deferred payment of certain compensation. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the current year tax or benefit plus or minus the change during the year in deferred tax assets and liabilities.

2. RELATED PARTY TRANSACTIONS

The Parent provides accounting, administrative and managerial services to the Company. Amounts charged by the Parent are based on an allocation of actual costs based on estimated time dedicated to services provided to the Company in relation to the Parent's services provided to other subsidiaries. The cost of these services approximated \$1,372,000 during 2002. In addition, software utilized for processing securities transactions was developed for the Company by Hantz Technology, LLC, which the Parent is the sole member. The Company leases this software, on a month-to-month basis, from Hantz Technology, LLC. Total rental expense incurred in connection with the lease of this software was approximately \$716,000 during 2002. While the Parent believes the allocation method is practical and reasonable under the circumstances, and Hantz Technology considers the rental payments for use of its software to be reasonable, it is not necessarily contemplated that costs ultimately charged to the Company are representative of the costs the Company would incur in conducting its business if it operated on a stand-alone basis.

The Company leases office space under various operating leases with its Parent. Net rental expense on operating leases was \$652,860 in 2002.

HANTZ FINANCIAL SERVICES, INC.
(a wholly-owned subsidiary of Hantz Group, Inc.)

NOTES TO FINANCIAL STATEMENTS

The following is a schedule of annual future minimum lease payments required under operating leases with initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2002:

Year <u>Ending</u>	Non- Cancelable Operating Leases
2003	\$ 912,076
2004	605,212
2005	635,074
2006	635,074
2007	600,212
Thereafter	<u>654,255</u>
Total minimum payments due	<u>\$ 4,041,903</u>

3. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital in an amount the greater of \$60,000 or 6.66% of aggregate indebtedness (\$78,276) at December 31, 2002 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2002, the Company had net capital of \$1,246,615, which was \$1,168,339 in excess of the required amount of net capital. The Company's net capital ratio was 0.94 to 1.

4. FEDERAL INCOME TAXES

The allocation in lieu of income taxes consists of the following components for the year ended December 31, 2002:

Current	\$ 750,000
Deferred benefit	<u>(195,000)</u>
Total allocation	<u>\$ 555,000</u>

HANTZ FINANCIAL SERVICES, INC.
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NOTES TO FINANCIAL STATEMENTS

5. EMPLOYEE BENEFIT PLAN

The Company maintains a deferred compensation plan qualified under Section 401(k) of the Internal Revenue Code. Under this plan, eligible employees are permitted to contribute a portion of gross compensation into the retirement plan up to the maximum determined by the Internal Revenue Code. Matching contributions to the Plan are determined annually by the Board of Directors. The Company did not make any form of matching contribution in 2002.

* * * * *

SUPPLEMENTARY SCHEDULE

HANTZ FINANCIAL SERVICES, INC.
(a wholly-owned subsidiary of Hantz Group, Inc.)

**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION**

	<u>December 31</u> <u>2002</u>
Net capital	
Total shareholder equity	<u>\$ 1,880,181</u>
Deductions	
Non-allowable assets	
Furniture, equipment and leasehold improvements	31,167
Receivables from affiliates	118,693
Notes receivable	210,000
Deposits	500
Other assets	5,013
Deferred tax asset	<u>222,000</u>
Total deductions	<u>587,373</u>
Net capital, before haircuts on security positions	<u>1,292,808</u>
Haircuts on unsecured money markets	<u>46,193</u>
Net capital	<u>\$ 1,246,615</u>
Aggregate indebtedness	
Items included in statement of financial condition	
Accounts payable and accrued expenses	\$ 440,420
Accrued compensation	733,836
Total aggregate indebtedness	<u>\$ 1,174,256</u>
Computation of basic net capital requirement	
Minimum dollar net capital requirement	<u>\$ 78,276</u>
Excess net capital at 1500%	<u>\$ 1,168,331</u>
Excess net capital at 1000%	<u>\$ 1,129,189</u>
Excess net capital	<u>\$ 1,168,339</u>
Ratio of aggregate indebtedness to net capital	<u>.94 to 1</u>
Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31, 2002)	
Net capital, as reported in Company's Part II (unaudited)	
FOCUS report	\$ 1,734,696
Misclassification of non-allowable employee loans and other assets	(467,531)
Audit adjustment to record deferred tax asset	(80,000)
Audit adjustment to adjust federal and state income taxes	<u>59,450</u>
Net capital, per above	<u>\$ 1,246,615</u>