

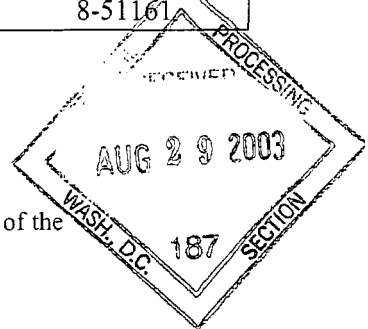
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

TC 9/3
SEC FILE NO.
8-51161

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 07/01/02 AND ENDING 06/30/03
mm/dd/yy mm/dd/yy

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

INVESTORS RESOURCES GROUP, INC.

OFFICIAL USE ONLY

FIRM ID. NO

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

600 EAST MAIN STREET, SUITE 100

(No and Street)

VACAVILLE

(city)

CALIFORNIA

(State)

95688

(Zip Code)

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

JOHN OVERHOLTZER

(707) 469-2147

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose option is contained in this Report*

Ernst Wintter & Associates, Certified Public Accountants

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

675 Ygnacio Valley Road, Suite B-213,

(Address)

Walnut Creek,

(City)

California

(State)

94596

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant nor resident in United State or any of its possession.

PROCESSED
SEP 08 2003
THOMSON FINANCIAL

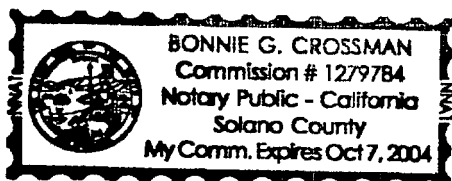
FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the option 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, **JOHN OVERHOLTZER**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of **INVESTORS RESOURCES GROUP, INC.**, as of **JUNE 30, 2003**, 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:

NONE



A handwritten signature in black ink, appearing to be "John Overholtzer", written over a horizontal line.

Signature

Chief Financial Officer

Title

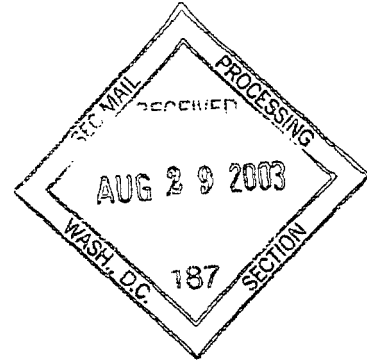
A handwritten signature in black ink, appearing to be "Bonnie G. Crossman", written over a horizontal line.

Notary Public

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

- (a) Facing page.
- (b) Statement of Financial Conditions.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (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 Requirement 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 Auditor's Report on Internal Accounting Control.

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



Investors Resources Group, Inc.

Annual Audit Report

June 30, 2003

ERNST WINTTER & ASSOCIATES
Certified Public Accountants

Investors Resources Group, Inc.

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Walnut Creek, California 94596

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Independent Auditor's Report

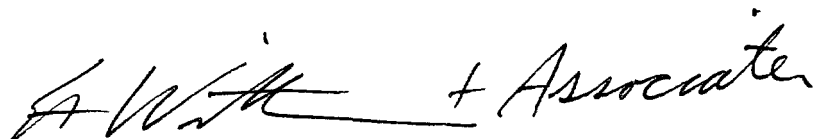
Board of Directors
Investors Resources Group, Inc.
Vacaville, California

We have audited the accompanying statement of financial condition of Investors Resources Group, Inc. as of June 30, 2003, and the related statements of income, changes in stockholder's equity, cash flows, and changes in liabilities subordinated to the claims of general creditors 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 our audit provides a reasonable basis in our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Investors Resources Group, Inc. at June 30, 2003, and the results of their operations and their 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 Schedules I & II 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 under 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.

 + Associates

August 5, 2003

Investors Resources Group, Inc.

Statement of Financial Condition

June 30, 2003

Assets

Cash	\$ 89,566
Deposit at clearing organization	100,001
Commissions receivable	98,844
Other receivables	44,583
Due from shareholder	239,732
Due from affiliate	45,329
Prepaid expenses and other assets	15,479
Furniture and equipment, net of \$102,223 accumulated depreciation	<u>40,714</u>
Total assets	<u>\$ 674,248</u>

Liabilities and Stockholder's Equity

Accounts payable and accrued expenses	\$ 1,134
Commissions payable	132,047
Accrued interest payable	2,500
Obligation under capital lease	11,596
Deferred tax liability	<u>3,300</u>
Total liabilities	150,577
Subordinated note payable	100,000
Stockholder's equity	
Common stock (1,000,000 shares of no par value authorized; 805,000 shares issued and outstanding)	\$ 334,577
Retained earnings	<u>89,094</u>
Total stockholder's equity	<u>423,671</u>
Total liabilities and stockholder's equity	<u>\$ 674,248</u>

See independent auditor's report and accompanying notes.

Investors Resources Group, Inc.

Statement of Income

For the Year Ended June 30, 2003

Revenue:	
Commission revenue	\$ 2,277,578
Interest, trading and investment income	156,609
Other income	<u>271,443</u>
Total revenue	2,705,630
Expenses:	
Commissions	1,574,067
Compensation	478,756
Clearing fees	241,028
Professional fees	56,486
Communications	40,495
Advertising	30,113
Rent	21,264
Depreciation	16,407
Equipment lease	14,543
Interest	14,228
Regulatory fees	12,554
Other operating expenses	<u>183,804</u>
Total expenses	2,683,745
Income (loss) before income taxes	<u>21,885</u>
Income taxes	<u>5,384</u>
Net income	<u>\$ 16,501</u>

See independent auditor's report and accompanying notes.

Investors Resources Group, Inc.

Statement of Changes in Stockholder's Equity

For the Year Ended June 30, 2003

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Stockholder's Equity</u>
June 30, 2002	\$ 59,577	\$ 72,593	\$ 132,170
Issuance of stock	275,000		275,000
Net income	<u> </u>	<u>16,501</u>	<u>16,501</u>
June 30, 2003	<u>\$ 334,577</u>	<u>\$ 89,094</u>	<u>\$ 423,671</u>

See independent auditor's report and accompanying notes.

Investors Resources Group, Inc.

Statement of Cash Flows

For the Year Ended June 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 16,501
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation	16,407
Deferred income taxes	3,300
(Increase) decrease in:	
Deposit at clearing organization	(100,001)
Commissions receivable	(82,154)
Other receivables	(44,583)
Due from shareholder	(23,578)
Due from affiliate	(45,329)
Prepaid expenses and other assets	448
Increase (decrease) in:	
Accounts payable and accrued expenses	(31,141)
Commissions payable	131,860
Income taxes payable	<u>(4,811)</u>
Net cash provided (used) by operating activities	(163,081)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	(22,882)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of capital lease obligation	(7,160)
Repayment of subordinated note	(100,000)
Issuance of common stock	<u>275,000</u>
Net cash provided (used) by financing activities	167,840
Net increase (decrease) in cash and cash equivalents	\$ (18,123)
Cash and cash equivalents, beginning of year	<u>107,689</u>
Cash and cash equivalents, end of year	<u>\$ 89,566</u>

See independent auditor's report and accompanying notes.

Investors Resources Group, Inc.

Statement of Cash Flows

For the Year Ended June 30, 2003

NON-CASH FINANCING ACTIVITIES

Addition of equipment under capital leases \$ 18,756

SUPPLEMENTAL DISCLOSURES

Interest paid \$ 14,228

Income taxes paid \$ 4,861

See independent auditor's report and accompanying notes.

Investors Resources Group, Inc.

**Statement of Changes in Liabilities Subordinated
to Claims of General Creditors**

For the Year Ended June 30, 2003

Subordinated liabilities at June 30, 2002	\$ 200,000
Increases:	0
Decreases:	100,000
Subordinated liabilities at June 30, 2003	<u><u>\$100,000</u></u>

See independent auditor's report and accompanying notes.

Investors Resources Group, Inc.

Notes to the Financial Statements

June 30, 2003

(1) Organization

Investors Resources Group, Inc. (the "Company") was incorporated in the State of California on June 11, 1997 and was approved for membership by the National Association of Securities Dealers, Inc. on January 15, 1999. The Company became a wholly owned subsidiary of Investors Resources Group Holdings, Inc. ("Holdings") during the year. The purpose of the Company is to act as a broker dealer engaging in general securities activities primarily in Northern California. The Company's primary sources of revenues are commissions and fees generated by customer security transactions. Security transactions are cleared through Bear Stearns Securities Corp. on a fully disclosed basis.

(2) Summary of Significant Accounting Policies

Security Transactions

Customer securities transactions and related commission income and expenses are recorded on a trade date basis.

Commissions Receivable

Commissions receivable are primarily from the Company's clearing broker. The Company considers this receivable to be fully collectible at June 30, 2003.

Furniture & Equipment

Furniture and equipment are stated at cost. Depreciation is calculated using the accelerated and straight-line methods over the estimated useful lives of the assets ranging from three to seven years.

Cash and Cash Equivalents

The Company considers all demand deposits held in banks and certain highly liquid investments with maturities of 90 days or less, other than the deposit at clearing organization, to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Company is included in a consolidated federal income tax return and combined state income tax return of Holdings. Pursuant to a tax sharing agreement with Holdings, the Company's share of combined federal and state income taxes is computed as if the Company filed separate returns.

Investors Resources Group, Inc.

Notes to the Financial Statements

June 30, 2003

(3) Related Party Transactions

At June 30, 2003, Timothy N. Taub, President of Investors Resources Group, Inc., had an outstanding debt of \$239,732 due to the Company. This receivable is reported as "Due from shareholder" on the statement of financial condition. Timothy and Martha Taub own 100% of the stock of Holdings.

The Company leases office space in Vacaville, California on a month-to-month basis from IRG Plaza, an entity under common control. During the year ended June 30, 2003, the Company paid rent of \$12,514 to IRG Plaza.

(4) Subordinated Note Payable

The subordinated note payable to Martha & Timothy Taub, the sole shareholders of Holdings, is covered under an agreement approved by the National Association of Securities Dealers, Inc. and available in computing net capital under the Securities and Exchange Commission's net capital rule. Simple interest of 10% is paid quarterly with the principal of \$100,000 due at maturity on July 1, 2005. To the extent that such borrowing is required for the Company's continued compliance with minimum net capital requirements, it may not be repaid

(5) Capital Leases

The Company's property under capital leases, which are included in furniture and equipment, is summarized as follows:

Equipment	\$22,837
Less: Accumulated depreciation	<u>(4,567)</u>
	\$18,270

(6) Risk Concentrations

The Company held deposits at a financial institution which were in excess of applicable federal insurance limits by \$27,034 at June 30, 2003.

(7) Deposit at Clearing Organization

Under the Company's clearing agreement, a deposit of \$100,000 is required to be held at the Company's clearing organization.

Investors Resources Group, Inc.

Notes to the Financial Statements

June 30, 2003

(8) Income Taxes

The Company's total deferred tax assets and liabilities as of June 30, 2003 are as follows:

Deferred tax liabilities	\$3,300
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Temporary differences are primarily the result of the use of using Internal Revenue Code section 179 which expenses the cost of fixed assets in the year of purchase for tax purposes versus expensing over the assets estimated useful lives for financial statement purposes. The Company's effective tax rate differs from the federal statutory rate due primarily to state taxes and nondeductible expenses.

The components of the income tax provision (benefit) for the year ended June 30, 2003 are as follows:

Current:		
Federal	\$ 45	
State	<u>2,039</u>	
		\$ 2,084
Deferred:		
Federal	3,300	
State	<u>0</u>	
		<u>3,300</u>
Total		<u>\$ 5,384</u>

(9) Net Capital Requirements

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1) which requires the Company to maintain a minimum net capital equal to or greater than \$5,000 and a ratio of aggregate indebtedness to net capital not exceeding 15 to 1, both as defined. At June 30, 2003, the Company's net capital was \$137,834, which exceeded the requirement by \$127,796.

Investors Resources Group, Inc.

Notes to the Financial Statements

June 30, 2003

(10) Financial Instruments with Off-Balance-Sheet Credit Risk

As a securities broker, the Company executes transactions with and on behalf of its customers. The Company introduces these transactions for clearance to a clearing firm on a fully disclosed basis.

In the normal course of business, the Company's customer activities involve the execution of securities transactions and settlement by its clearing broker. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to nonperformance by its customers. These activities may expose the Company to off-balance-sheet risk in the event the customer is unable to fulfill its contracted obligations. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at the prevailing market price in order to fulfill the customer's obligation.

The Company seeks to control off-balance-sheet credit risk by monitoring its customer transactions and reviewing information it receives from its clearing broker on a daily basis and reserving for doubtful accounts when necessary.

SUPPLEMENTAL INFORMATION

Investors Resources Group, Inc.
Schedule I
Computation of Net Capital Under Rule 15c3-1 of
the Securities and Exchange Commission
As of June 30, 2003

Net Capital:		
Total stockholder's equity qualified for net capital		\$ 423,671
Add: Allowable subordinated loan payable		100,000
Less: Non-allowable assets		
Due from shareholder	\$ 239,732	
Due from affiliate	45,329	
Other receivables	44,583	
Prepaid expenses and other assets	15,480	
Property and equipment	40,713	
Total non-allowable assets	<u>385,837</u>	
Net capital		<u>\$ 137,834</u>
Net minimum capital requirement of 6.67% of aggregate indebtedness of \$150,577 or \$5,000, whichever is greater		<u>10,038</u>
Excess Net Capital		<u><u>\$ 127,796</u></u>

Reconciliation with Company's Net Capital Computation
(included in Part II of Form X-17A-5 as of June 30, 2003):

Net capital, as reported in Company's Part II of Form X-17A-5 as of June 30, 2003		\$ 192,142
Increase in stockholder's equity		6,245
Increase in non-allowable assets		<u>(60,553)</u>
Net capital per above computation		<u><u>\$ 137,834</u></u>

Investors Resources Group, Inc.

Schedule II

**Computation for Determination of Reserve Requirements
Pursuant to Rule 15c3-3 of the
Securities and Exchange Commission**

June 30, 2003

An exception from Rule 15c3-3 is claimed, based upon section (k)(2)(ii). All customer transactions are cleared through Bear Stearns Securities Corp. or otherwise processed in accordance with Rule 15c3-1(a)(2).

**Information for Possession or Control
Requirements Under Rule 15c3-3**

For the Year Ended June 30, 2003

Not applicable

675 Ygnacio Valley Road, Suite B-213
Walnut Creek, California 94596

(925) 933-2626
Fax (925) 944-6333

Independent Auditor's Report on Internal
Accounting Control Required by SEC Rule 17a-5

Board of Directors
Investors Resources Group, Inc.
Vacaville, California

In planning and performing our audit of the financial statements and supplemental schedules of Investors Resources Group, Inc. (the Company) for the period ended June 30, 2003, 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 objective stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) 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 payments for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

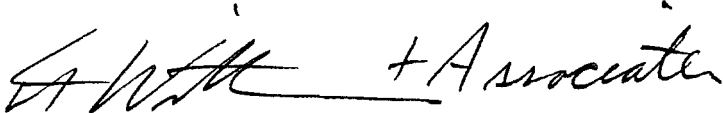
The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs 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 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 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.

Our consideration of internal control would not necessarily disclose all matters in the 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, we noted no matters involving the internal control, including control activities for safeguarding securities, 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 June 30, 2003, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulations of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

 + Associates

August 5, 2003