INSIGNIA FINANCIAL GROUP INC /DE/
Form 11-K
July 01, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________ to ______________

Commission File Number: 1-14373

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

INSIGNIA FINANCIAL GROUP, INC.
401(k) RETIREMENT SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

INSIGNIA FINANCIAL GROUP, INC.
200 PARK AVENUE
NEW YORK, NEW YORK 10166

INSIGNIA FINANCIAL GROUP, INC.
401(k) RETIREMENT SAVINGS PLAN

Financial Statements and Supplemental Schedule

December 31, 2001 and 2000

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INDEPENDENT AUDITORS' REPORT

Advisory Committee
Insignia Financial Group, Inc.
401(k) Retirement Savings Plan:

We have audited the accompanying statement of net assets available for benefits of Insignia Financial Group, Inc. 401(k) Retirement Savings Plan as of December 31, 2001, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan'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 net assets available for benefits as of December 31, 2001 and the changes in net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule H, line 4i - schedule of assets (held at end of year) at December 31, 2001, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule 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.

/s/ KPMG LLP

New York, New York
June 27, 2002

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REPORT OF INDEPENDENT AUDITORS

Advisory Committee
Insignia Financial Group, Inc.
401(k) Retirement Savings Plan

We have audited the accompanying statement of net assets available for benefits of Insignia Financial Group, Inc. 401(k) Retirement Savings Plan as of December 31, 2000. The statement of net assets available for benefits is the responsibility of the Plan's management. Our responsibility is to express an opinion on this statement of net assets available for benefits 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 statement of net assets available for benefits is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of net assets available for benefits. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of net assets available for benefits presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of net assets available for benefits referred to above presents fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2000, in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Greenville, South Carolina
June 18, 2001

INSIGNIA FINANCIAL GROUP, INC.
401(k) RETIREMENT SAVINGS PLAN

Statements of Net Assets Available for Benefits

December 31, 2001 and 2000

	2001	
ASSETS		
Cash and cash equivalents	$ 43,202	$
Investments, at fair value:		
Mutual funds	46,124,737	42,7
Collective trust funds	5,727,156	3,8
Common stock	1,840,761	1,8
Loans to participants	1,719,344	1,5
Total investments at fair value	55,411,998	50,0
Net assets available for benefits	$ 55,455,200	$ 50,1

See accompanying notes to financial statements.

INSIGNIA FINANCIAL GROUP, INC.
401(k) RETIREMENT SAVINGS PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2001

Additions to net assets attributed to:	
Investment income (loss):	
Net depreciation in fair value of investments	$ (4,4
Interest and dividends	1,5
Total investment loss	(2,8
Contributions:	
Employer	2,2
Participants	8,2
Rollover	1,6
Total contributions	12,1
Total additions	9,2
Deductions from net assets attributed to:	
Participants' distribution and withdrawals	3,7
Administrative expenses	1
Total deductions	3,9
Net increase	5,3
Net assets available for benefits at beginning of year	50,1
Net assets available for benefits at end of year	$ 55,4

See accompanying notes to financial statements.

INSIGNIA FINANCIAL GROUP, INC.
401(k) RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2001

(1) DESCRIPTION OF THE PLAN

The following description of the Insignia Financial Group, Inc. 401(k) Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions.

(a) GENERAL

Effective September 15, 1998, Insignia/ESG Holdings, Inc. established the Insignia/ESG Holdings, Inc. 401(k) Retirement Savings Plan for the benefit of its eligible employees. Effective November 2, 1998, Insignia/ESG Holdings, Inc. became Insignia Financial Group, Inc. (the Company) and the Plan's name was changed to Insignia Financial Group, Inc. 401(k) Retirement Savings Plan. The Plan is a defined contribution plan covering all employees who have attained age 21. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

(b) CONTRIBUTIONS

Each year, participants may contribute up to 15% of their pretax annual compensation, as defined in the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The Company, at the beginning of each Plan year, will determine the amount of any discretionary matching contributions to be made to the Plan during that year. The Company elected to make a contribution equal to 50% of a participant's contribution, up to a maximum of 6% of compensation that a participant contributes to the Plan, for the period from September 15, 1998 (inception of the Plan) to December 31, 2001. Additional amounts may be contributed at the option of the Company's board of directors.

(c) PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contributions and allocations of (a) the Company's contributions and (b) plan earnings. Forfeited balances of terminated participants' nonvested accounts are used to reduce the Plan's ordinary and necessary administrative expenses or employer contributions. Total forfeitures for the year ended December 31, 2001 were $131,685. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(d) VESTING

Participants are immediately vested in their contributions plus actual earnings thereon. A participant who is an employee on or after the effective date of the Plan shall become vested in the Company's matching contributions in 25% increments with 100%

vesting occurring after the completion of four years of service.

(e) PARTICIPANT LOANS

Participants may borrow from their fund accounts a minimum of $700 up to a maximum equal to the lesser of $50,000 or 50% of their vested account. Loan terms range from 1-5 years or up to 10 years for the purchase of a primary residence. The loans are secured by the

balance in the participant's account and bear interest based on the prime interest rate plus 1% as reported in The Wall Street Journal for the day on which the loan application is approved. Principal and interest is paid ratably through employee payroll deductions.

(f) PAYMENT OF BENEFITS

Upon termination, death, disability, or retirement, a participant may receive a lump-sum amount or in monthly, quarterly, or annual installments over a fixed, reasonable period of time, not exceeding the life expectancy of the participant or the joint life and last survivor expectancy of the participant and the named beneficiary. In either case, the participant may only receive the amount equal to the vested value of his or her account.

(g) PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

(h) ADMINISTRATIVE EXPENSES

Administrative expenses are paid by the Plan.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting.

(b) INVESTMENT VALUATION AND INCOME RECOGNITION

The Plan's investments are stated at fair value. The shares of registered investment companies are valued at quoted market prices which represent the net asset values of shares held by the Plan at year-end. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year. The participant loans are valued at their outstanding balances which approximate fair value.

Included in the investments of the Plan are shares of a unitized stock fund consisting of cash and shares of Apartment Investment and Management Company (AIMCO) common stock (Insignia Wasting Fund). The AIMCO common stock originated when the predecessor Plan Sponsor merged with AIMCO and the Plan Sponsor's stock was converted to AIMCO shares. No contributions are allowed into the Insignia Wasting Fund and the fund will eventually be dissolved.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

(c) 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 changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(d) PAYMENT OF BENEFITS

Benefits are recorded when paid.

(e) RISKS AND UNCERTAINTIES

The Plan offers a number of investment options which include underlying investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonable to expect that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant account balances.

The Plan's exposure to a concentration of credit risk is limited by the diversification of investments across all participant-directed fund elections. Additionally, the investments within each participant-directed fund election are further diversified into varied financial instruments, with the exception of the Insignia Financial Group, Inc. Fund and Insignia Wasting Fund.

(f) RECLASSIFICATIONS

Certain items in 2000 have been reclassified to conform with current year presentation.

(3) INVESTMENTS

During 2001, the Plan's investments (including investments purchased, sold as well as held during the year) depreciated in fair value as determined by quoted market prices as follows:

Common stock	$ (218,191)
Mutual funds	(4,242,255)
Collective trust funds	--
	$ (4,460,446)

Investments that represent 5% or more of the fair value of the Plan's net assets are as follows:

	DECEMBER 31	
	2001	2000
Fidelity Puritan Fund	$ 6,455,539	5,989,385
Fidelity Magellan Fund	7,889,786	7,301,288
Fidelity Contrafund	11,153,779	12,257,709
Fidelity Equity Income Fund	8,449,213	8,255,874
Fidelity Growth and Income Fund	5,017,880	4,478,064
Fidelity Managed Income Portfolio	5,727,156	3,890,188

(4) INCOME TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated September 18, 1998, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code), and therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan has been amended since receiving the determination letter. The Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

(5) TRANSACTIONS WITH PARTIES-IN-INTEREST

Certain fees incurred during the year for legal, accounting, and other services were paid by the Company on behalf of the Plan.

INSIGNIA FINANCIAL GROUP, INC.
401(k) RETIREMENT SAVINGS PLAN

Schedule H, Line 4i -

Schedule of Assets (Held at End of Year)

December 31, 2001

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT, INCLUDING MATURITY DATE, RATE OF INTEREST, PAR OR MATURITY VALUE	(
	Mutual Funds:		
*	Fidelity Puritan Fund	365,339 shares	$
*	Fidelity Magellan Fund	75,703 shares	
*	Fidelity Contrafund	260,785 shares	
*	Fidelity Equity Income Fund	173,246 shares	
*	Fidelity Growth and Income Fund	134,240 shares	
*	Fidelity Low Priced Stock Fund	97,494 shares	
*	Fidelity Diversified International Fund	93,851 shares	
*	Fidelity U.S. Bond Index Fund	249,497 shares	

	Collective Trust Funds:		
*	Fidelity Managed Income Portfolio	5,727,156 shares	

	Common Stock:		
*	Insignia Wasting Fund	93,227 shares	
*	Insignia Financial Group, Inc. Fund	296,474 shares	

			---
*	Loans to participants	Interest ranging from 6.5% and 9.7% and maturity dates from 2002 to 2009	

			$
			===

* Indicates party-in-interest to the Plan.

See accompanying independent auditors' report.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

INSIGNIA FINANCIAL GROUP, INC.
401(k) RETIREMENT SAVINGS PLAN

By: /s/ Adam B. Gilbert

Name: Adam B. Gilbert
Title: Member of Benefits Committee and Executive Vice President

Date: June 28, 2002