

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549-1004

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For Quarter Ended September 30, 2002

Commission File Number 0-21256

Cypress Equipment Fund II, Ltd.  
(Exact name of Registrant as specified in its charter)

Florida 59-3082723  
(State or other jurisdiction of (I.R.S. Employer No.  
incorporation or organization)

880 Carillon Parkway, St. Petersburg, Florida 33716  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (727) 567-1000

Indicate by check mark whether the Registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act  
of 1934 during the preceding 12 months (or for such shorter period that the  
Registrant was required to file such reports), and (2) has been subject to  
such filing requirements for the past 90 days.

YES ☒ NO ☐

Title of Each Class	Number of Units at September 30, 2002
Units of Limited Partnership	
Interest: \$1,000 per unit	36,469

DOCUMENTS INCORPORATED BY REFERENCE

Parts I and II, 2001 Form 10-K, filed with the  
Securities and Exchange Commission on July 9, 2002  
Parts III and IV - Form S-1 Registration Statement  
and all amendments and supplements thereto  
File No. 33-44119

PART I - Financial Information  
Item 1. Financial Statements

CYPRESS EQUIPMENT FUND II, LTD.  
(a Limited Partnership)  
BALANCE SHEETS

	September 30, <u>2002</u> (Unaudited)	December 31, <u>2001</u> (Audited)
ASSETS		
Rental Equipment, at Cost	\$ 427,838	\$ 680,825
Less: Accumulated Depreciation	(237,147)	(343,659)
	----- 190,691	----- 337,166
Deposit on Equipment	2,410,000	2,410,000
Investment In Partnerships	0	143,690
Rent and Sales Proceeds Receivable	5,500	11,182
Cash and Cash Equivalents	202,914	443,913
	-----	-----
Total Assets	\$ 2,809,105	\$ 3,345,951
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Liabilities:		
Notes Payable	\$ 1,813,282	\$ 1,722,341
Payable to: General Partners	978	2,022
Others	0	19,069
Unearned Revenue	508	508
	-----	-----
Total Liabilities	1,814,768	1,743,940
	-----	-----
Partners' Equity:		
Limited Partners (36,469 units outstanding at September 30, 2002 and December 31, 2001)	1,303,323	1,904,921
General Partners	(308,986)	(302,910)
	-----	-----
Total Partners' Equity	994,337	1,602,011
	-----	-----
Total Liabilities and Partners' Equity	\$ 2,809,105	\$ 3,345,951
	=====	=====

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

CYPRESS EQUIPMENT FUND II, LTD.  
STATEMENTS OF OPERATIONS  
(Unaudited)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30,

	2002	2001
	----	----
Revenues:		
Rental Income	\$ 60,000	\$ 84,007
Interest Income	1,778	16,093
Gain (Loss) on Sale of Equipment	(51,989)	0
Gain on Sale of Other	2,376	6,242
	-----	-----
Total Revenues	12,165	106,342
	-----	-----
Operating Expenses:		
Management Fees-General Partners	3,951	6,742
Incentive Fees-General Partners	0	381,266
General and Administrative:		
Affiliates	7,152	21,031
Other	502,062	86,623
Interest Expense	90,941	84,895
Depreciation and Amortization	26,756	38,904
	-----	-----
Total Operating Expenses	630,862	619,461
	-----	-----
Net(Loss)Before Equity in Income of Partnership	(618,697)	(513,119)
Equity in Partnership	11,022	124,557
	-----	-----
Net (Loss)	\$ (607,675)	\$ (388,562)
	=====	=====
Allocation of Net Income (Loss):		
Limited Partners	\$ (601,598)	\$ (384,676)
General Partners	(6,077)	(3,886)
	-----	-----
	\$ (607,675)	\$ (388,562)
	=====	=====
Net Income (Loss) per \$1,000 Limited Partnership Unit Outstanding	\$ (16.50)	\$ (10.55)
	=====	=====
Number of Limited Partnership Units Outstanding	36,469	36,469
	=====	=====

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

CYPRESS EQUIPMENT FUND II, LTD.  
STATEMENTS OF OPERATIONS  
(Unaudited)  
FOR THE THREE MONTHS ENDED SEPTEMBER 30,

	2002	2001
	----	---
Revenues:		
Rental Income	\$ 16,500	\$ 28,003
Interest Income	404	3,770
Gain(Loss) on Sale of Equipment	(399)	0
Gain on Sale of Other	2,376	0
	-----	-----
Total Revenues	18,881	31,773
	-----	-----
Operating Expenses:		
Management Fees-General Partners	979	2,114
General and Administrative:		
Affiliates	3,773	5,361
Other	157,637	41,508
Interest Expense	30,659	28,621
Depreciation and Amortization	7,062	12,968
	-----	-----
Total Operating Expenses	200,110	90,572
	-----	-----
Net(Loss) before Equity in Income of Partnership	(181,229)	(58,799)
Equity in Partnership	11,022	124,557
	-----	-----
Net Income (Loss)	\$ (170,207)	\$ 65,758
	=====	=====
Allocation of Net Income (Loss):		
Limited Partners	\$ (168,505)	\$ 65,100
General Partners	(1,702)	658
	-----	-----
	\$ (170,207)	\$ 65,758
	=====	=====
Net Income (Loss) per \$1,000 Limited Partnership Unit Outstanding	\$ (4.62)	\$ 1.79
	=====	=====
Number of Limited Partnership Units Outstanding	36,469	36,469
	=====	=====

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

CYPRESS EQUIPMENT FUND II, LTD.  
STATEMENTS OF CASH FLOWS  
(Unaudited)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30,

	2002 ----	2001 ----
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ (607,675)	\$ (388,562)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Loss on Sale of Equipment	51,989	0
Depreciation and Amortization	26,756	38,904
Deferred Interest on Notes Payable	90,941	84,895
Equity in Income of Investment in Partnership	(11,022)	(124,557)
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Rents Receivable	5,682	6,000
Increase (Decrease) in Payable to:		
General Partners	(1,044)	(44,767)
Other	(19,069)	(82,635)
	-----	-----
Net Cash Provided by Operating Activities	(463,442)	(510,722)
	-----	-----
Cash Flows from Investing Activities:		
Distributions Received	60,049	297,502
Proceeds from Sale of Equipment	67,732	0
Investment in Partnerships	0	(2,000)
Proceeds from Sale of Partnership	94,662	0
	-----	-----
Net Cash Provided By Investing Activities	222,443	295,502
	-----	-----
Cash Flows from Financing Activities:		
Distributions to Limited Partners	0	(1,263,651)
Distributions to General Partners	0	(12,765)
	-----	-----
Net Cash Provided by Financing Activities	0	(1,276,416)
	-----	-----
(Decrease)in Cash and Cash Equivalentents	(240,999)	(1,491,636)
Cash and Cash Equivalentents at Beginning of Period	443,913	1,982,548
	-----	-----
Cash and Cash Equivalentents at End of Period	\$ 202,914	\$ 490,912
	=====	=====
Supplemental Cash Flow Information		
Interest Paid	\$ 0	\$ 0
	=====	=====

Non-Cash Activities:

Notes Payable in 2002 were increased by \$90,941, the amount of Deferred Interest on Notes Payable.

Notes Payable in 2001 were increased by \$84,895, the amount of Deferred Interest on Notes Payable.

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

CYPRESS EQUIPMENT FUND II, LTD.  
(a Limited Partnership)

NOTES TO FINANCIAL STATEMENTS  
(Unaudited)  
September 30, 2002

NOTE 1 - ORGANIZATION

Cypress Equipment Fund II, Ltd., (the "Partnership"), a Florida limited partnership, was formed November 13, 1991, for the purpose of acquiring and leasing transportation, manufacturing, industrial and other capital equipment. The Partnership was funded with limited partner capital contributions and commenced operations on June 22, 1992. The Partnership will terminate on December 31, 2015, or sooner, in accordance with the terms of the Limited Partnership Agreement. The Partnership has received Limited and General Partner capital contributions of \$36,469,000 and \$2,000, respectively.

Cypress Equipment Management Corporation II, a California corporation and a wholly-owned subsidiary of Cypress Leasing Corporation, is the Managing General Partner; RJ Leasing - 2, Inc., a Florida corporation and a second tier subsidiary of Raymond James Financial, Inc., is the Administrative General Partner; and Raymond James Partners, Inc., a Florida corporation and a wholly-owned subsidiary of Raymond James Financial, Inc., is the other General Partner.

Cash distributions, subject to payment of the equipment management fees, and profits and losses of the Partnership shall be allocated 99% to the Limited Partners and 1% to the General Partners. Once each Limited Partner has received cumulative cash distributions equal to his capital contributions, an incentive management fee equaling 4% of cash available for distributions will be paid to the General Partners. When each Limited Partner has received cumulative cash distributions equal to his capital contributions plus an amount equal to 8% of adjusted capital contributions per annum, an incentive management fee equaling 23% of cash available for distributions will be paid to the General Partners.

NOTE 2 - NOTES PAYABLE

A significant amount of the rental equipment acquired by the Partnership is pledged at time of purchase as collateral for the notes payable.

During the nine months ended September 30, 2002, there was no additional borrowing or payments.

NOTE 3 - COMPENSATION AND REIMBURSEMENTS TO GENERAL PARTNERS AND AFFILIATES

The General Partners and their affiliates are entitled to the following types of compensation and reimbursements for costs and expenses incurred for the Partnership for the nine months ended September 30, 2002:

Equipment Management Fees	\$ 3,951
General and Administrative Costs	7,152

NOTE 4 - BASIS OF PREPARATION

The unaudited financial statements presented herein have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and note disclosures required by generally accepted accounting principles. These statements should be read in conjunction with the financial statements and notes thereto included with the Partnership's Form 10-K for the year ended December 31, 2001. In the opinion of management, these financial statements include all adjustments, consisting only of normal recurring adjustments, necessary to summarize fairly the Partnership's financial position and results of operations. The results of operations for the period may not be indicative of the results to be expected for the year.

## NOTE 5 - CASH AND CASH EQUIVALENTS

It is the Partnership's policy to include short-term investments with an original maturity of three months or less in Cash and Cash Equivalents. These short-term investments are comprised of money market mutual funds and a repurchase agreement. All of the Partnership's securities included in Cash and Cash Equivalents are considered held-to-maturity. The balance of \$202,914 at September 30, 2002, represents cash of \$15,413, and money market mutual funds of \$187,501.

### Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### Nine Months Ended September 30, 2002, Compared to Nine Months Ended September 30, 2001.

Rental income decreased to \$60,000 for the nine months ended September 30, 2002, from \$84,007 for the nine month period ended September 30, 2001. This decrease was primarily due to equipment coming off lease or being sold in the intervening period. Interest income decreased to \$1,778 for the nine months ended September 30, 2002, as compared to \$16,093 for the nine months ended September 30, 2001. This decrease was primarily due to a decreased average balance of cash for investment and lower interest rates. During the nine months ended September 30, 2002, rental equipment with a book value of \$119,719 was sold for \$69,000 less expenses of sale of \$1,270 resulting in a loss on sale of \$51,989. During the nine months ended September 30, 2001, the Partnership did not sell any equipment.

The 4% incentive management fee was earned with the August 10, 1999 distribution as each Limited Partner has received cumulative cash distributions equal to his capital contribution. The 19% incentive management fee was earned in total with the April 2001 distribution as all Limited Partners began receiving cumulative cash distributions equal to payout plus an amount equal to 8% of adjusted capital contributions per annum cumulative from each limited partner's closing date. Incentive management fees decreased from \$381,266 for the nine months ended September 30, 2001 to \$0 for the nine months ended September 30, 2002, since no further distributions, on which incentive management fees are based, have been made.

Interest expense was comparable the nine months ended September 30, 2002, as compared to the nine months ended September 30, 2001. Depreciation expense decreased for the nine months ended September 30, 2002 versus 2001, due to a lower average depreciable basis of equipment. General and Administrative Expenses increased from \$86,623 for the nine months ended September 30, 2001 to \$502,061 for the nine months ended September 30, 2002. This was primarily due to increased legal costs associated with the deposit for the right to obtain title for a specialty tug and barge on December 31, 2002.

The net effect of the above revenue and expense items resulted in a net loss of \$618,697 for the nine months ended September 30, 2002, compared to a net loss of \$513,119 for the nine months ended September 30, 2001, before Equity in Income of Partnership. For the nine months ended September 30, 2002 Equity in Income of Partnership was \$11,022 compared to \$124,557 for the nine months ended September 30, 2001. This resulted in a net loss of \$607,675 for the nine months ended September 30, 2002, as compared to a net loss of \$388,562 for the nine months ended September 30, 2001.

During the nine months ended September 30, 2002, the Partnership did not incur any additional borrowing and made \$0 of principal payments on notes.

Three Months Ended September 30, 2002, Compared to Three Months Ended September 30, 2001.

Rental income decreased to \$16,500 for the three months ended September 30, 2002 as compared to rental income of \$28,003 for the three months ended September 30, 2001. This decrease was primarily due to equipment coming off lease or being sold in the intervening period. Interest income decreased for the three months ended September 30, 2002, as compared to the three months ended September 30, 2001. This was due to a lower level of cash available for investment and lower interest rates.

Interest expense increased to \$30,569 for the three months ended September 30, 2002, as compared to \$28,621 for the three months ended September 30, 2001. This increase is due to an accrual for a balloon loan. Depreciation expense decreased for the three months ended September 30, 2002 versus 2001. This decrease was primarily due to equipment coming off lease or being sold in the intervening period.

During the quarters ended September 30, 2002 and 2001, the Partnership did not sell any equipment. During the three months ended September 30, 2002, the Partnership sold its remaining interest in a partnership for \$94,662.

The net effect of the above revenue and expense items resulted in a net loss of \$181,229 for the three months ended September 30, 2002, compared to a net loss of \$58,799 for the three months ended September 30, 2001, before Equity in Income of Partnership. For the three months ended September 30, 2002 Equity in Income of Partnership was \$11,022 compared to \$124,557 for the three months ended September 30, 2001. This resulted in a net loss of \$170,207 for the three months ended September 30, 2002, as compared to a net income of \$65,758 for the three months ended September 30, 2001.

Liquidity and Capital Resources

Short-term liquidity requirements consist of funds needed to make cash distributions to limited and general partners, administrative expenses and debt retirement. These short-term needs will be funded by Cash and Cash Equivalents at September 30, 2002, and sales proceeds.

For the nine months ended September 30, 2002, the Partnership had a net loss of \$170,207. After adjusting net income during this period for depreciation and amortization, and the changes in operating assets and liabilities, net cash used in operating activities was \$463,442. Cash provided by investing activities consisted of \$60,049 from distribution and sale proceeds of \$94,622 from Investment in Partnerships, and \$68,129 in proceeds from the Sale of Equipment. No cash was used in financing activities. In total, during the nine months ending September 30, 2002, Cash and Cash Equivalents decreased \$240,999 from operating activities, investing activities and financing activities, resulting in an ending Cash and Cash Equivalent balance as of September 30, 2002, of \$202,914.

In the opinion of the General Partners, the Partnership will have, through Cash and Cash Equivalents at September 30, 2002, and equipment sales proceeds, sufficient funds to remain liquid for the foreseeable future. The General Partners are not aware of any trends that could adversely affect the Partnership's liquidity or the ability to meet near-term obligations.



PART II - Other Information

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits - None.

b) Reports on Form 8-K -None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Cypress Equipment Fund II, Ltd.

Date: March 6, 2003

By: /s/Stephen R. Harwood  
Stephen R. Harwood  
President of the Managing Partner  
Cypress Equipment Management Corp. II

Date: March 6, 2003

By: /s/ Carol Georges  
Carol Georges  
Director of Accounting  
Partnership Administration  
Raymond James and Associates

**CERTIFICATIONS\***

I, Stephen R. Harwood, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cypress Equipment Fund II, Ltd.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information include in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 6, 2003

By: /s/Stephen R. Harwood  
Stephen R. Harwood  
President of the Managing Partner  
Cypress Equipment Management Corp. II

I, Carol Georges, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cypress Equipment Fund II, Ltd.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information include in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 6, 2003

By: /s/ Carol Georges  
Carol Georges  
Director of Accounting  
Partnership Administration  
Raymond James and Associates