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

06 2-27-02

OMB APPROVAL
OMB Number: 3235-0123
Expires: January 31, 1993
Estimated average burden
hours per response . . . 12.00

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

FEB 25 2002

SEC FILE NUMBER
8-44416

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Orca Capital Corporation

OFFICIAL USE ONLY
FIRM ID. NO.

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

745 NW Aibemarle Terrace

Portland Oregon 97210
(City) (State) (Zip Code)

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

Norman B. Duffett

(503) 227-3055

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Geffen, Mesher & Company, P.C.

3/11/02

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

888 SW Fifth Avenue, Suite 800 Portland, Oregon 97204
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
MAR 19 2002
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).

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

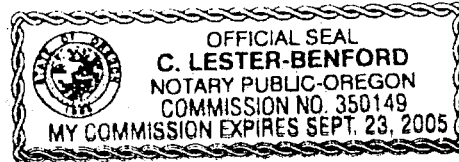
I, Norman B. Duffett, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Orca Capital Corporation, as of December 31, 2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

N B Duffett
Signature

President

Title

C. Lester Benford
Notary Public



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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of operations.
- (d) Statement of Changes in 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 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).

ORCA CAPITAL CORPORATION

FORM X-17A-5 PART IIA

**OF THE FOCUS REPORT OF THE
SECURITIES AND EXCHANGE COMMISSION**

YEAR ENDED DECEMBER 31, 2001

ORCA CAPITAL CORPORATION

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Board of Directors
Orca Capital Corporation
Portland, Oregon

We have audited the accompanying statement of financial condition of Orca Capital Corporation as of December 31, 2001, and the related statements of operations, changes in shareholder's equity 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 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 Orca Capital Corporation as of December 31, 2001, 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 performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 8 and 9 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 and Exchange Commission. This 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 when considered in relation to the basic financial statements taken as a whole.

Geffen, Mesher & Company, P.C.

January 22, 2002



ORCA CAPITAL CORPORATION
STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2001

Assets

Cash and cash equivalents	\$ 32,989
Accounts receivable	2,940
Prepaid expenses	7,513
Equipment, net of accumulated depreciation \$91,530	23,876
Other assets	2,571
	<hr/>
	\$ 69,889

Liabilities

Accounts payable and accrued expenses	\$ 24,945
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Commitments and contingencies

Shareholder's equity

Common stock, no par value, stated value \$4 per share; 15,000 shares authorized, 11,685 shares issued and outstanding	46,740
Additional paid-in capital	120,146
Deficit	(121,942)

Total shareholder's equity 44,944

\$ 69,889

ORCA CAPITAL CORPORATION

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2001

Revenues

Success fees	\$ 925,203
Advisory fees	119,483
Interest income	2,666
Other income	232

1,047,584

Expenses

Wages	530,144
Payroll taxes	29,704
Employee benefits	13,742
Advertising	2,050
Contributions	2,288
Depreciation	9,679
Disposals of fixed assets	174
Dues and subscriptions	13,600
Insurance	54,850
Marketing and promotion	63,695
Miscellaneous	7,716
Postage	2,006
Professional fees	212,473
Regulatory fees	9,496
Rent	65,738
Repairs and maintenance	1,814
Supplies and printing	13,202
Taxes and licenses	9,819
Technology	16,859
Telephone	12,994
Training and seminars	7,539
Travel and entertainment	19,108

1,098,690

Net loss

(\$ 51,106)

ORCA CAPITAL CORPORATION
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

YEAR ENDED DECEMBER 31, 2001

	<u>Common stock</u>		Additional paid-in capital	Deficit	Total
	Shares	Amount			
Balances at beginning of year	11,685	\$ 46,740	\$ 120,146	(\$ 70,836)	\$ 96,050
Net loss				(51,106)	(51,106)
Shareholder contributions			111,500		111,500
Shareholder distributions			(111,500)		(111,500)
Balances at end of year	11,685	\$ 46,740	\$ 120,146	(\$ 121,942)	\$ 44,944

ORCA CAPITAL CORPORATION
STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2001

Cash flows from operating activities

Net loss (\$ 51,106)

Adjustments to reconcile net loss to net cash used in operating activities

Depreciation 9,679

Loss on disposal of fixed assets 174

Change in operating assets and liabilities

Accounts receivable and prepaid expenses 22,939

Accounts payable and accrued expenses (2,081)

Total adjustments 30,711

Net cash used in operating activities (20,395)

Cash flows from investing activities

Purchase of equipment (3,934)

Net cash used in investing activities (3,934)

Net decrease in cash and cash equivalents (24,329)

Cash and cash equivalents at beginning of year 57,318

Cash and cash equivalents at end of year \$ 32,989

ORCA CAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2001

1. Line of business and significant accounting policies

Line of business

The Company principally provides private investment banking activities to clients in the Pacific Northwest. These activities include mergers and acquisitions, equity capital and financial advisory services. The Company also operates as a securities broker, specializing in brokering private placement offerings, and these activities are subject to certain regulatory requirements (see Note 2).

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

Revenue from success fees and advisory services are recorded as fees when earned under the terms of the related agreements. Certain success fee arrangements include contingency provisions and it is the Company's policy to recognize these fees as income when received.

Cash equivalents

Cash equivalents are funds in a money market account and are recorded at cost, which approximates fair value. The Company considers short-term, highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Equipment

Equipment is stated at cost. Depreciation is being provided on an accelerated method over the estimated useful lives of the related assets.

Advertising

The Company expenses non-direct response advertising costs when incurred.

Income taxes

The Company, with the consent of its shareholders, has elected to be treated as an "S" Corporation under the Internal Revenue Code. Instead of paying corporate income taxes, the shareholders of an "S" Corporation are taxed individually on the Company's taxable income. Therefore, no provision or liability for corporate income taxes has been included in these financial statements.

2. Net capital

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. As a result, the minimum net capital required is the greater of \$5,000 or 1/15th of aggregate indebtedness, as defined. On December 31, 2001, the Company had net capital and required net capital of \$8,044 and \$5,000, respectively, and a ratio of aggregate indebtedness to net capital of 3.10 to 1. Net capital and required net capital may fluctuate on a daily basis.

ORCA CAPITAL CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2001

3. Commitments

Leases

The Company leases certain equipment under leases which expire October 2003 and are accounted for as operating leases. Future minimum lease payments under the leases for the initial lease terms for the two years ending after December 31, 2001 are \$10,740 and \$8,950.

4. Employee benefit programs

The Company maintains a 401(k) plan and a money purchase pension plan for the benefit of all employees meeting certain eligibility requirements. Under terms of the 401(k) plan, the Company has the option to match all or a portion of an employee's voluntary contribution. The Company did not make a contribution to the 401(k) plan during the year ended December 31, 2001. Under the terms of the money purchase pension plan, the Company shall contribute 3% of each eligible participants salary to the plan. During 2001, the Company contributed \$24,300 to the money purchase pension plan.

During 2001, prior year contributions were found to be in excess of safeharbor limits. As a result, the excess was reclassified in the current year to prepaid pension asset. Future contributions will be offset with this prepaid until used.

5. Contingencies

The Company is involved in potential claims arising in the normal course of business activities. While the ultimate results of these claims against the Company cannot be predicted with certainty, management does not expect that these matters will have a materially adverse affect on the financial statements of the Company.

ORCA CAPITAL CORPORATION
COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1

YEAR ENDED DECEMBER 31, 2001

Net capital	
Total shareholder's equity	\$ 44,944
Less	
Nonallowable assets	
Accounts receivable	2,940
Prepaid expense	7,513
Equipment	23,876
Other assets	2,571
	<hr/>
	36,900
Net capital	<hr/> <hr/>
	\$ 8,044
Aggregate indebtedness	
Accounts payable and accrued expenses	\$ 24,945
	<hr/> <hr/>
Computation of basic net capital requirements	
Minimum net capital required	\$ 5,000
	<hr/> <hr/>
Excess net capital	\$ 3,044
	<hr/> <hr/>
Excess of net capital at 1,000%	\$ 5,550
	<hr/> <hr/>
Ratio of aggregate indebtedness to net capital	3.10 to 1
	<hr/> <hr/>

Reconciliation with Company's computation

There was no material difference between these computations and the computation included in the Company's Part IIA of Form X-17a-5 unaudited report as of December 31, 2001.

ORCA CAPITAL CORPORATION

EXEMPTION FROM RESERVE REQUIREMENTS UNDER RULE 15C3-3

YEAR ENDED DECEMBER 31, 2001

Exemptive provisions

The Company is exempt from Rule 15c3-3 because the Company does not receive or hold any customer securities or cash.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL
REQUIRED BY SEC RULE 17A-5**

Board of Directors
Orca Capital Corporation
Portland, Oregon

In planning and performing our audit of the financial statements of Orca Capital Corporation for the year ended December 31, 2001, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not to provide assurance on the internal control structure.

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 objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness 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 security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in (i) making the quarterly securities examinations, counts, verifications and comparisons, (ii) recordation of differences required by Rule 17a-13 or (iii) complying with the requirements for prompt payment 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 an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures 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 Commission's above-mentioned objectives. Two of the objectives of an internal control structure 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 preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



ORCA CAPITAL CORPORATION

INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17A-5 (CONTINUED)

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities might occur and not be detected. Also, projection of any evaluation of the structure, practices and procedures to future periods is subject to the risks that they might become inadequate because of changes in conditions and that the effectiveness of their design and operation might deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure 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 Commission 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 those 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 as of December 31, 2001, to meet the SEC's objectives.

This report recognizes that it is not practicable in an organization the size of Orca Capital Corporation to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control, and that, alternatively, greater reliance must be placed on surveillance by management.

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

Geffea, Mesker & Company, P.C.

January 22, 2002