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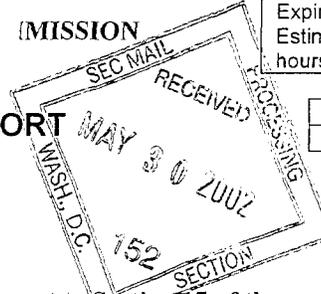


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OMB APPROVAL	
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Expires:	September 30, 1998
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hours per response	12.00

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



SEC FILE NUMBER
8- 47184

**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 04/01/01 AND ENDING 03/31/02  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
CFD Fund Distributors, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

3435 Stelzer Road  
(No. and Street)

Columbus OH 43219  
(City) (State) (Zip Code)

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

Jeff Groh 215-542-2538  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

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

100 East Broad Street Columbus OH 43215  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

**PROCESSED**

**JUN 05 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).

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## OATH OR AFFIRMATION

I, Jeff Groh, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CFD Fund Distributors, Inc., as of March 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:



DIANE R. WENDEL BAKER  
Notary Public, State of Ohio  
My Commission Expires 08-20-06

A handwritten signature in black ink, appearing to read "Jeff Groh".

Signature

Senior Vice President

Title

A handwritten signature in black ink, appearing to read "Diane R. Wendel Baker".  
Notary Public

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (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 explanations, or 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 Audited and Unaudited Statement of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A Copy of the SIPC Supplemental Form.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Statement of Cash Flows.

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

**Report of Independent Accountants**

To the Board of Directors and Stockholder of  
CFD Fund Distributors, Inc.

In our opinion, the accompanying statement of financial condition and the related statements of operations, changes in stockholder's equity and cash flows that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, present fairly, in all material respects, the financial position of CFD Fund Distributors, Inc. (a wholly owned subsidiary of The BISYS Group, Inc.) (the "Company") at March 31, 2002, and the results of its operations, changes in stockholder's equity and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Company is a member of a group of affiliated companies and, as disclosed in the financial statements, has extensive transactions and relationships with its affiliates. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among unrelated parties.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules on pages 8 and 9 are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by Rule 17a-5 under the Securities and 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.

*PricewaterhouseCoopers LLP*  
May 16, 2002

**CFD Fund Distributors, Inc.**  
(A wholly owned subsidiary of The BISYS Group, Inc.)

**Statement of Financial Condition**  
**As of March 31, 2002**

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<b>Assets</b>	
Investments	\$ 118,914
Receivable from affiliate	<u>61,605</u>
Total assets	<u>\$ 180,519</u>
 <b>Stockholder's Equity</b>	
Stockholder's equity	
Common stock, \$1 par value per share (1,000 shares authorized, 1,000 shares issued and outstanding)	\$ 1,000
Additional paid-in capital	179,379
Retained earnings	<u>140</u>
Total stockholder's equity	<u>180,519</u>
Total liabilities and stockholder's equity	<u>\$ 180,519</u>

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

**CFD Fund Distributors, Inc.**  
(A wholly owned subsidiary of The BISYS Group, Inc.)

**Statement of Operations**  
**For the Year Ended March 31, 2002**

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<b>Revenues</b>	
Interest income	\$ 1,979
	<hr/>
Total revenues	1,979
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<b>Expenses</b>	
Administrative service fee to affiliate	316
Intangibles tax	1,443
Other expenses	11
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Total expenses	1,770
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Net income before taxes	209
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Income taxes	69
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Net income	\$ 140
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The accompanying notes are an integral part of these financial statements.

**CFD Fund Distributors, Inc.**  
(A wholly owned subsidiary of The BISYS Group, Inc.)

**Statement of Changes in Stockholder's Equity**  
**For the Year Ended March 31, 2002**

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
Balance at March 31, 2001	\$ 1,000	\$ 179,379	\$ -	\$ 180,379
Net income	<u>-</u>	<u>-</u>	<u>140</u>	<u>140</u>
Balance at March 31, 2002	<u>\$ 1,000</u>	<u>\$ 179,379</u>	<u>\$ 140</u>	<u>\$ 180,519</u>

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

**CFD Fund Distributors, Inc.**  
(A wholly owned subsidiary of The BISYS Group, Inc.)

**Statement of Cash Flows**  
**For the Year Ended March 31, 2002**

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<b>Cash flows from operating activities</b>	
Net income	\$ 140
Adjustments to reconcile net income to net cash used by operating activities:	
Changes in assets and liabilities:	
Decrease in subadministration fees receivable	3,000
Increase in receivable from affiliate	(3,152)
Decrease in subadministration fees payable	<u>(3,000)</u>
Net cash used by operating activities	<u>(3,012)</u>
<b>Cash flows from investing activities</b>	
Decrease in investments	<u>3,012</u>
Net cash provided by investing activities	<u>3,012</u>
Net change in cash	-
Cash at March 31, 2001	<u>-</u>
Cash at March 31, 2002	<u>\$ -</u>

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

**CFD Fund Distributors, Inc.**  
(A wholly owned subsidiary of The BISYS Group, Inc.)

**Notes to Financial Statements**  
**As of March 31, 2002**

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**1. Organization**

CFD Fund Distributors, Inc. (the "Company"), a Delaware corporation, is a wholly owned subsidiary of The BISYS Group, Inc. ("BISYS"). The Company is registered with the Securities and Exchange Commission ("SEC") as a broker-dealer and is a member of the National Association of Securities Dealers, Inc.

On March 31, 2001, the Chase Funds (the "Funds") merged into the J.P. Morgan Funds. As a result, the Company had no distribution or underwriting activity during the year.

**2. Significant Accounting Policies**

The following is a summary of the significant accounting policies followed in the preparation of the financial statements.

**Investments**

Investments include commercial paper with original maturity of 270 days or less and 3,300 shares of NASD stock. The carrying values of the Company's investments approximate their fair values at March 31, 2002.

**Income Taxes**

BISYS and its affiliates file a consolidated federal income tax return that includes the Company. Based on a tax-sharing agreement, BISYS apportions income tax expense or benefit among all the affiliates based on their taxable income or loss and tax credits. No deferred tax provision is recognized as the Company does not have any temporary differences.

**Revenue Recognition**

The Company recognizes interest income on an accrual basis, as earned.

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

**Reclassifications**

Certain 2001 amounts have been reclassified to conform to the 2002 presentation.

**CFD Fund Distributors, Inc.**  
(A wholly owned subsidiary of The BISYS Group, Inc.)

**Notes to Financial Statements**  
**As of March 31, 2002**

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**3. Net Capital Requirement**

As a registered broker-dealer engaged in the sale of redeemable shares of Registered Investment Companies and certain other share accounts, the Company is subject to the SEC's Uniform Net Capital Rule 15c3-1 (the "Rule"), which requires the maintenance of minimum net capital, as defined, and requires that the ratio of aggregate indebtedness to net capital, as defined, not exceed 15 to 1. At March 31, 2002, the Company had net capital under the Rule of \$115,180 which was \$110,180 in excess of its minimum required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital at March 31, 2002 was 0 to 1.

**4. Related-Party Transactions**

During the fiscal year ended March 31, 2002, BISYS provided various services to the Company such as use of office facilities, equipment, personnel and other administrative services. In addition, the administrator for the Funds, an affiliate, incurred expenses on the Company's behalf. The affiliate charged the Company an administrative service fee for these services, which aggregated \$316 for fiscal 2002. The administrative service fee would not necessarily be the same if an unrelated party provided these services to the Company.

**CFD Fund Distributors, Inc.**  
(A wholly owned subsidiary of The BISYS Group, Inc.)

**Supplementary Schedule — Computation of Net Capital Under SEC Rule 15c3-1  
As of March 31, 2002**

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Total stockholder's equity from statement of financial condition		\$ 180,519
Deductions		
Nonallowable assets		
Receivable from affiliate	\$ 61,605	
Investments	<u>3,300</u>	64,905
Haircut on investments		<u>434</u>
Net capital		115,180
Net capital requirement (greater of 6-2/3% of aggregate indebtedness or \$5,000)		<u>5,000</u>
Excess net capital		<u>\$ 110,180</u>
Total aggregate indebtedness		<u>\$ -</u>
Percentage of aggregate indebtedness to net capital		<u>0%</u>

**Statement Pursuant to Paragraph (d)(4) of Rule 17a-5**

There are no material differences between the above computation of net capital and the corresponding computation prepared by the Company for inclusion in its unaudited Part IIA FOCUS Report filing as of March 31, 2002.

**CFD Fund Distributors, Inc.**

(A wholly owned subsidiary of The BISYS Group, Inc.)

**Supplementary Schedule—Determination of Reserve Requirements and  
information Relating to Possession or Control Requirements Under SEC Rule  
15c3-3**

**As of March 31, 2002**

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The Company has complied with the exemptive provisions of Rule 15c3-3 under subparagraph (K)(1)—all customer transactions are limited to the sale and redemption of redeemable securities of registered investment companies.

**Report of Independent Accountants on Internal Control  
Pursuant to SEC Rule 17a-5**

To the Board of Directors and Stockholder of  
CFD Fund Distributors, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of CFD Fund Distributors, Inc. (the "Company") for the year ended March 31, 2002, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) under the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. 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 the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13;
2. 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; and
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3;

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 judgments by management are required to assess the expected benefits and related costs of control 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 internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

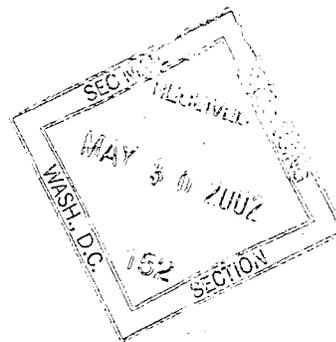
Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more 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 internal control 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 March 31, 2002, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc., 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.

*PricewaterhouseCoopers LLP*

May 16, 2002



# **CFD Fund Distributors, Inc.**

(A wholly owned subsidiary of The BISYS Group, Inc.)

**Financial Statements and Supplementary  
Information Pursuant to Rule 17a-5 of the  
Securities Exchange Act of 1934 and Report of  
Independent Accountants on Internal Control  
Pursuant to SEC Rule 17a-5  
For the Year Ended March 31, 2002**