

SEC



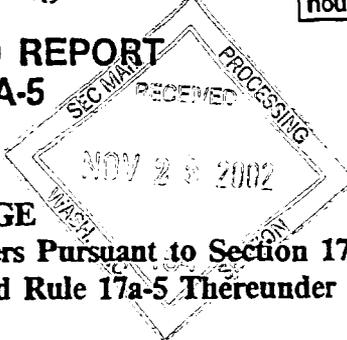
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COMMISSION 49

| OMB APPROVAL | |
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|-----------------|
| 8- 28868 |

**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 10/01/01 AND ENDING 09/30/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Creative Tax Planners, Inc.

| OFFICIAL USE ONLY |
|-------------------|
| _____ |
| FIRM ID. NO. |

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

1215 W. Baltimore Pike, Suite 8

| | | | |
|--------|------------------|------------|-------|
| Media | (No. and Street) | PA | 19063 |
| (City) | (State) | (Zip Code) | |

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

Niranjan L. Dhruva

610-565-6900

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Lorefice, Thomas

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

| | | | |
|----------------------------------|--------|---------|-----------|
| 1215 W. Baltimore Pike, Suite 7, | Media | PA | 19063 |
| (Address) | (City) | (State) | Zip Code) |

CHECK ONE:

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

PROCESSED

DEC 04 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).

SEC 1410 (3-91)

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, Niranjan L. Dhruva, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Creative Tax Planners, Inc., as of September 30, 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:

Niranjan L. Dhruva

 Signature
President

 Title

Patricia A. O'Brien

 Notary Public

| |
|---|
| Notarial Seal Patricia A. O'Brien, Notary Public Middletown Twp., Delaware County My Commission Expires Aug. 8, 2005 Member, Pennsylvania Association of Notaries |
|---|

- 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 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.

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

CREATIVE TAX PLANNERS, INC.

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THOMAS LOREFICE
CERTIFIED PUBLIC ACCOUNTANT

OFFICE COURT AT PENNELL PLACE
1215 WEST BALTIMORE PIKE, SUITE 7
MEDIA, PA 19063
(610) 565-1369 FAX: (610) 892-7514

Board of Directors
Creative Tax Planners, Inc.
Media, Pennsylvania

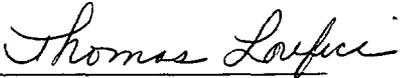
INDEPENDENT AUDITORS' REPORT

I have audited the accompanying statements of financial condition of Creative Tax Planners, Inc. as of September 30, 2002 and 2001, and the related statements of income, retained earnings, and cash flows 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 Corporation's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with United States generally accepted auditing standards. Those standards require that I 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 used by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly in all material respects the financial position of Creative Tax Planners, Inc. at September 30, 2002 and 2001, and the results of operations and the cash flows for the year then ended in conformity with United States generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information, as listed in the accompanying table of contents, 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


THOMAS LOREFICE
Certified Public Accountant

Media, Pennsylvania
November 19, 2002

CREATIVE TAX PLANNERS, INC.
STATEMENTS OF FINANCIAL CONDITION

| | SEPTEMBER 30, | |
|--|-----------------|-----------------|
| | 2002 | 2001 |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 4,434 | \$10,443 |
| Marketable securities - market value | 44,892 | 53,129 |
| Account receivable | - | - |
| Prepaid expenses | <u>2,131</u> | <u>1,238</u> |
| Total Current Assets | <u>51,457</u> | <u>64,810</u> |
| OTHER ASSETS | | |
| Office equipment | 15,898 | 15,898 |
| Less accumulated depreciation | <u>15,898</u> | <u>15,798</u> |
| Total Other Assets | <u>-</u> | <u>100</u> |
| Total Assets | <u>\$51,457</u> | <u>\$64,910</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 617 | \$ 1,583 |
| Payroll taxes payable | 595 | 1,075 |
| Corporate income taxes payable | 1,399 | 10,062 |
| Deferred income tax liability | <u>-</u> | <u>-</u> |
| Total Current Liabilities | <u>2,611</u> | <u>12,720</u> |
| Total Liabilities | <u>2,611</u> | <u>12,720</u> |
| SHAREHOLDERS' EQUITY | | |
| COMMON STOCK - \$1 par value, 100 shares authorized, issued and outstanding | 100 | 100 |
| ADDITIONAL PAID-IN CAPITAL | 56,400 | 56,400 |
| RETAINED EARNINGS | 41,219 | 35,692 |
| ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) | <u>(48,873)</u> | <u>(40,002)</u> |
| Total Shareholders' Equity | <u>48,846</u> | <u>52,190</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$51,457</u> | <u>\$64,910</u> |

The accompanying Notes are an integral part of these statements.

CREATIVE TAX PLANNERS, INC.
STATEMENTS OF INCOME

| | FOR THE YEARS ENDED | |
|--|----------------------|------------------|
| | <u>SEPTEMBER 30,</u> | |
| | <u>2002</u> | <u>2001</u> |
| REVENUES | | |
| Commissions | \$318,707 | \$738,524 |
| Other | 69,413 | 23,366 |
| Interest Income | <u>694</u> | <u>4,977</u> |
| Total Revenues | <u>388,814</u> | <u>766,867</u> |
| EXPENSES | | |
| Commissions | 250,577 | 595,936 |
| Rent | 36,000 | 36,000 |
| Salaries | 20,200 | 10,186 |
| Subcontractors | 23,965 | 32,066 |
| Office supplies and expense | 7,075 | 7,761 |
| Employee benefits | 7,361 | 5,634 |
| Telephone | 7,001 | 6,115 |
| Promotion | 5,624 | 961 |
| Utilities | 3,045 | 2,656 |
| Professional fees | 5,780 | 5,780 |
| License and fees | 5,696 | 7,230 |
| Advertising | 332 | 1,578 |
| Postage | 2,046 | 2,662 |
| Payroll taxes | 1,857 | 973 |
| Taxes, other | 2,746 | 980 |
| Seminars | - | 700 |
| Insurance | 1,175 | 1,126 |
| Interest expense (non loan) | 232 | - |
| Contributions | 601 | - |
| Depreciation | <u>100</u> | <u>300</u> |
| Total Expenses | <u>381,413</u> | <u>718,644</u> |
| INCOME BEFORE PROVISION FOR INCOME TAXES | 7,401 | 48,223 |
| PROVISION FOR INCOME TAXES | <u>1,874</u> | <u>10,881</u> |
| NET INCOME | <u>\$ 5,527</u> | <u>\$ 37,342</u> |

The accompanying Notes are an integral part of these statements.

CREATIVE TAX PLANNERS, INC.
STATEMENTS OF CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001

| | <u>Retained Earnings</u> | <u>Accumulated Other Comprehensive Income</u> | <u>Total</u> |
|--|------------------------------|---|------------------|
| BALANCE - SEPTEMBER 30, 2001 | <u>\$35,692</u> | <u>\$(40,002)</u> | <u>\$(4,310)</u> |
| NET INCOME | 5,527 | - | 5,527 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | |
| Net Unrealized Gain (Loss) On Marketable Mutual Funds | - | (8,871) | (8,871) |
| Net (Increase) In Deferred Income Taxes On Unrealized Gains | - | - | - |
| Total Comprehensive Income (Loss) | <u>5,527</u> | <u>(8,871)</u> | <u>(3,344)</u> |
| BALANCE - SEPTEMBER 30, 2002 | <u>\$41,219</u> | <u>\$(48,873)</u> | <u>\$(7,654)</u> |
| | | | |
| | <u>Retained Earnings</u> | <u>Accumulated Other Comprehensive Income</u> | <u>Total</u> |
| BALANCE - SEPTEMBER 30, 2000 | <u>\$(1,650)</u> | <u>\$ 5,119</u> | <u>\$ 3,469</u> |
| NET INCOME | 37,342 | - | 37,342 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | |
| Net Unrealized Gain (Loss) On Marketable Mutual Funds | - | (46,118) | (46,118) |
| Net Decrease In Deferred Income Taxes On Unrealized Loss | - | 997 | 997 |
| Total Comprehensive Income (Loss) | <u>37,342</u> | <u>(45,121)</u> | <u>(7,779)</u> |
| BALANCE -SEPTEMBER 30, 2001 | <u>\$35,692</u> | <u>\$(40,002)</u> | <u>\$(4,310)</u> |

The accompanying Notes are an integral part of these statements.

CREATIVE TAX PLANNERS, INC.
STATEMENTS OF CASH FLOWS

| | FOR THE YEARS ENDED | |
|---|----------------------|------------------|
| | <u>SEPTEMBER 30,</u> | |
| | <u>2002</u> | <u>2001</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 5,527 | \$37,342 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation | 100 | 300 |
| (Increase) Decrease in Assets | | |
| Accounts receivable | - | 1,400 |
| Prepaid expenses | (893) | (234) |
| Prepaid corporate income taxes | | 699 |
| Deferred income tax on unrealized (gains) losses | - | 997 |
| Increase (Decrease) in Liabilities | | |
| Accounts payable and accrued expenses | (966) | 1,233 |
| Payroll taxes payable | (480) | 559 |
| Corporate income taxes payable | (8,663) | 10,062 |
| Deferred income tax liability | - | (997) |
| Net Cash Provided (Used) by Operating Activities | <u>(5,375)</u> | <u>51,361</u> |
| CAPITAL INVESTMENT ACTIVITIES | | |
| Proceeds from sale of marketable mutual funds | - | - |
| Purchase of office equipment | - | - |
| Purchase of marketable securities | <u>(634)</u> | <u>(46,804)</u> |
| Cash (Used) in Capital Investment | <u>(634)</u> | <u>(46,804)</u> |
| FINANCING ACTIVITIES | | |
| Repayment of subordinated loan payable | <u>-</u> | <u>-</u> |
| Cash (Used) by Financing Activities | <u>-</u> | <u>-</u> |
| INCREASE (DECREASE) IN CASH | (6,009) | 4,557 |
| CASH - BEGINNING | <u>10,443</u> | <u>5,886</u> |
| CASH - ENDING | <u>\$ 4,434</u> | <u>\$ 10,443</u> |
| SUPPLEMENTAL CASH FLOW INFORMATION: | | |
| Interest paid | <u>\$ -</u> | <u>\$ -</u> |
| Income taxes paid (Refunded) | <u>\$10,537</u> | <u>\$ (120)</u> |

The accompanying Notes are an integral part of these statements.

CREATIVE TAX PLANNERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001

NOTE A - Summary of Significant Accounting Policies

Nature of Operations - Creative Tax Planners, Inc. (the "Company") incorporated in October 1981 in the Commonwealth of Pennsylvania.

The Company is a fully disclosed broker-dealer and is the sales representative for various investment companies. The Company has an office in Media, Pennsylvania, where the majority of business is derived. The Company also offers business consultation and accounting services.

Basis of Accounting - The Corporation maintains its records on the accrual basis for both financial statement and tax return purposes. Commission and related clearing expenses are recorded on a trade - date basis as securities transactions occur.

Cash Equivalents - The Corporation considers all highly liquid debt instruments (includes money market funds) purchased with an original maturity of three months or less to be cash equivalents for the presentation of the statements of cash flows.

Comprehensive Income (Loss) - Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Marketable Securities - These securities consists of investments in various mutual funds. The funds are carried at market value and have a cost basis of \$93,765 and \$93,131 at September 30, 2002 and 2001 respectively.

Office Equipment and Depreciation - Assets acquired are valued at cost. Maintenance, repairs and minor renewals are charged to operations as incurred. Depreciation is provided on a straight line basis using an estimated useful life of five years.

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. Actual results could differ from those estimates.

CREATIVE TAX PLANNERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001

NOTE A - Summary of Significant Accounting Policies (continued)

Financial Instruments - The carrying amounts of cash and cash equivalents, approximate their fair values at September 30, 2002 and 2001.

Advertising Costs - Advertising costs are expensed as incurred which amounted to \$332 and \$1,578 for the years ended September 30, 2002 and 2001 respectively.

Income taxes - Income taxes are provided for the tax effects of the transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of marketable mutual funds for financial statement presentation and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

NOTE B - Net Capital Requirement

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The rule of the applicable exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At September 30, 2002 and 2001, the Company had net capital of \$39,876 and \$42,779 which was \$14,876 and \$17,779 respectively in excess of its required minimum net capital of \$25,000.

NOTE C - Exemptive Provisions of Rule 15c3-3

The Company does not carry security accounts for customers or perform custodial functions relating to customer securities, and since it does not control, possess or put at a risk any customers' funds or securities, the Company qualifies for exemption from the provision of Rule 15c3-3 which otherwise requires disclosure of the "Computation for Determination of Reserve Requirements" and the schedule of "Information Relating to Possession or Control Requirements."

CREATIVE TAX PLANNERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001

NOTE D - Leasing Arrangements

The Company leases its office facilities from its shareholder under the terms of operating leases which expire monthly. Effective March 1, 1999 the rent is \$3,000 per month.

NOTE E - Related Party Transactions

In addition to rent, the Company pays commissions to its shareholder. Commissions incurred for the years ended September 30, 2002 and 2001 amounted to \$211,000 and \$544,458, respectively.

NOTE F - Marketable Securities/Investment Securities

Marketable Securities have been classified according to management's intent. The amortized cost of the securities and their approximate fair values are as follows:

| | September 30, 2002 | | | |
|--------------------------------------|--------------------|------------------------------|-------------------------------|-----------------|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| <u>Securities Available For Sale</u> | | | | |
| Marketable Mutual Funds | <u>\$93,765</u> | <u>\$ -</u> | <u>\$(48,873)</u> | <u>\$44,892</u> |

| | September 30, 2001 | | | |
|--------------------------------------|--------------------|------------------------------|-------------------------------|-----------------|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| <u>Securities Available For Sale</u> | | | | |
| Marketable Mutual Funds | <u>\$93,131</u> | <u>\$ -</u> | <u>\$(40,002)</u> | <u>\$53,129</u> |

NOTE G - Income Taxes

The Company incurred a federal net operating loss of \$404 for the year ended September 30, 2000. The Company had elected to carry this loss forward into future years and applied the loss against September 30, 2001 income.

CREATIVE TAX PLANNERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2002 AND 2001

NOTE G - Income Taxes (continued)

The Company incurred a capital loss of \$1,131 for the year ended September 30, 2000. This loss can only be used as a deduction against capital gains. The Company will carry this loss forward into future years, to deduct against capital gains, but will expire on September 30, 2005 if not used by that time.

The provision for income taxes consists of:

| | <u>2002</u> | <u>2001</u> |
|---|----------------|-----------------|
| Tax at applicable current rates | \$1,874 | \$11,284 |
| Federal contributions carryforward benefit | - | (342) |
| Federal operating loss carryforward benefit | <u>-</u> | <u>(61)</u> |
| Provision for income taxes | <u>\$1,874</u> | <u>\$10,881</u> |

Deferred tax liabilities have been provided for taxable temporary differences related to unrealized gains on marketable securities. Deferred tax assets have been provided for deductible temporary differences related to the realized loss (capital loss) on marketable securities carryforward. The net deferred tax asset (liability) is as follows:

| | <u>2002</u> | <u>2001</u> |
|------------------------------------|-------------|-------------|
| Deferred Tax Assets | | |
| Capital loss carryforward | \$ 226 | \$ 226 |
| Unrealized losses on securities | 9,775 | 8,000 |
| Valuation allowance | (10,001) | (8,226) |
| Deferred Tax Liabilities | | |
| Unrealized gains on securities | <u>-</u> | <u>-</u> |
| Net deferred tax asset (liability) | <u>\$ -</u> | <u>\$ -</u> |

Corporations are permitted to deduct charitable contributions up to 10% of its taxable income before the deduction for contributions. Any excess contributions can be carryforward and applied in future years, after deducting any current year contributions first, subject to the same limitations. The Corporation had contributions carryforwards available of \$2,278 which were deducted against September 30, 2001 income. No carryforwards remain after September 30, 2001.

SUPPLEMENTAL INFORMATION

CREATIVE TAX PLANNERS, INC.
COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS
UNDER RULE 15c3-1 OF THE SECURITIES EXCHANGE ACT OF 1934
AS OF SEPTEMBER 30, 2002

COMPUTATION OF NET CAPITAL

| | |
|--|-----------------|
| Total Shareholders' Equity | \$48,846 |
| Add: Liabilities Subordinated to Claims of General Creditors | - |
| Add: Deferred income taxes payable | <u>-</u> |
| Total Capital and Allowable Subordinated Liabilities | 48,846 |
| Deductions and/or Charges: | |
| Nonallowable assets, Other assets | <u>2,131</u> |
| Net Capital Before Haircuts on Securities Positions | 46,715 |
| Haircuts on Securities: | |
| Trading and investment securities, certificates of deposit and commercial paper | 6,839 |
| U.S. Government obligations | <u>-</u> |
| Net Capital | <u>\$39,876</u> |

COMPUTATION OF AGGREGATE INDEBTEDNESS

| | |
|--|-----------------|
| Total Aggregate Indebtedness Liabilities, Miscellaneous liabilities | \$ 2,611 |
| Other Items | <u>-</u> |
| Total Aggregate Indebtedness | <u>\$ 2,611</u> |

COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS

| | |
|--|-----------------|
| Regulatory Minimum | <u>\$25,000</u> |
| Calculated Minimum (Aggregate indebtedness at 6.67%) | <u>\$ 174</u> |
| Required Capital | <u>\$25,000</u> |
| Net Capital in Excess of Requirement | <u>\$14,876</u> |

CREATIVE TAX PLANNERS, INC.
 RECONCILIATION OF AUDITED COMPUTATION OF NET CAPITAL AND THE
 BROKER - DEALER'S NET CAPITAL REPORT IIA
 SEPTEMBER 30, 2002

| | | | |
|--|------------------|-------------------|-----------------|
| Net Capital - per broker - dealer report | | | \$39,108 |
| | <u>Per Audit</u> | <u>Per Broker</u> | |
| | <u>Report</u> | <u>Dealer</u> | |
| Increase in ownership equity | 48,846 | 46,061 | 2,785 |
| Increase in allowable credits | - | - | - |
| Increase in non allowable assets | 2,131 | 114 | (2,017) |
| Net Capital - per audit report | | | <u>\$39,876</u> |

These adjustments are not material differences in computing net capital by the broker-dealer and the audit report.

**FORM
X-17A-5**

FOCUS REPORT

OMB No. 3235-0123
(5-31-87)

(Financial and Operational Combined Uniform Single Report)

PART IIA 12

3/91

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) 16 2) Rule 17a-5(b) 17 3) Rule 17a-11 18
 4) Special request by designated examining authority 19 5) Other 26

NAME OF BROKER-DEALER

Creative Tax Planners, Inc.

SEC FILE NO.

8-28868 14

FIRM ID. NO.

13246 15

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

1215 W. Baltimore Pike, Suite #8

(No. and Street)

FOR PERIOD BEGINNING (MM/DD/YY);

10/01/01 24

AND ENDING (MM/DD/YY)

09/30/02 25

Media

21

PA

22

19063

23

(City)

(State)

(Zip Code)

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

Niranjan L. Dhruva

30

(Area Code)—Telephone No.

610-565-6900

31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

32

34

36

38

OFFICIAL USE

33

35

37

39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES 40 NO 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 21st day of November 19 2002

Manual signatures of:

1) Niranjan L. Dhruva
Principal Executive Officer or Managing Partner

2) _____
Principal Financial Officer or Partner

3) _____
Principal Operations Officer or Partner

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:(a))

TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:

| | | | | |
|--|--------------------------|-------------|--------------|-----------------|
| INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report | | | | |
| Name (If individual, state last, first, middle name) | | | | |
| Lorefice, Thomas | | | | |
| | | | | 70 |
| ADDRESS | Number and Street | City | State | Zip Code |
| 1215 W. Baltimore Pike, Suite 7, Media, PA 19063 | | | | |
| | | 71 | 72 | 73 |
| | | | | 74 |

Check One

- () Certified Public Accountant 75
- () Public Accountant 76
- () Accountant not resident in United States or any of its possessions 77

FOR SEC USE

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DO NOT WRITE UNDER THIS LINE . . . FOR SEC USE ONLY

| WORK LOCATION | REPORT DATE MM/DD/YY | DOC. SEQ. NO. | CARD |
|---------------|-------------------------|---------------|------|
| | | | |
| 50 | 51 | 52 | 53 |

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER

Creative Tax Planners, Inc.

N3

100

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND
CERTAIN OTHER BROKERS OR DEALERS**

as of (MM/DD/YY) 9/30/02 99
 SEC FILE NO. 8-28868 98
 Consolidated 198
 Unconsolidated 199

ASSETS

| | <u>Allowable</u> | | <u>Non-Allowable</u> | | <u>Total</u> | |
|--|------------------|-----|----------------------|-----|--------------|-----|
| 1. Cash | \$ 49,326 | 200 | | | \$ 49,326 | 750 |
| 2. Receivables from brokers or dealers: | | | | | | |
| A. Clearance account | | 295 | | | | |
| B. Other | | 300 | \$ 550 | | | 810 |
| 3. Receivables from non-customers | | 355 | 600 | | | 830 |
| 4. Securities and spot commodities owned, at market value: | | | | | | |
| A. Exempted securities | | 418 | | | | |
| B. Debt securities | | 419 | | | | |
| C. Options | | 420 | | | | |
| D. Other securities | | 424 | | | | |
| E. Spot commodities | | 430 | | | | 850 |
| 5. Securities and/or other investments not readily marketable: | | | | | | |
| A. At cost \$ | 130 | | | | | |
| B. At estimated fair value | | 440 | 610 | | | 860 |
| 6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value: | | | | | | |
| A. Exempted securities \$ | 150 | | | | | |
| B. Other securities \$ | 160 | | | | | |
| 7. Secured demand notes: market value of collateral: | | | | | | |
| A. Exempted securities \$ | 170 | | | | | |
| B. Other securities \$ | 180 | | | | | |
| 8. Memberships in exchanges: | | | | | | |
| A. Owned, at market \$ | 190 | | | | | |
| B. Owned, at cost | | | 650 | | | |
| C. Contributed for use of the company, at market value | | | 660 | | | 900 |
| 9. Investment in and receivables from affiliates, subsidiaries and associated partnerships | | 480 | 670 | | | 910 |
| 10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost net of accumulated depreciation and amortization | | 490 | 680 | | | 920 |
| 11. Other assets | | 535 | 2,131 | 735 | 2,131 | 930 |
| 12. TOTAL ASSETS | \$ 49,326 | 540 | \$ 2,131 | 740 | \$ 51,457 | 940 |

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER

Creative Tax Planners, Inc.

as of 9/30/02

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING
AND CERTAIN OTHER BROKERS OR DEALERS**

LIABILITIES AND OWNERSHIP EQUITY

| <u>Liabilities</u> | <u>A.I. Liabilities</u> | <u>Non-A.I. Liabilities</u> | <u>Total</u> |
|--|-----------------------------|---------------------------------|---------------|
| 13. Bank loans payable | \$ 1045 | \$ 1255 | \$ 1470 |
| 14. Payable to brokers or dealers: | | | |
| A. Clearance account | 1114 | 1315 | 1560 |
| B. Other | 1115 | 1305 | 1540 |
| 15. Payable to non-customers | 1155 | 1355 | 1610 |
| 16. Securities sold not yet purchased, at market value | | 1360 | 1620 |
| 17. Accounts payable, accrued liabilities, expenses and other | 2,611 1205 | 1385 | 2,611 1685 |
| 18. Notes and mortgages payable: | | | |
| A. Unsecured | 1210 | | 1690 |
| B. Secured | 1211 | 1390 | 1700 |
| 19. Liabilities subordinated to claims of general creditors: | | | |
| A. Cash borrowings: | | 1400 | 1710 |
| 1. from outsiders \$ | 970 | | |
| 2. Includes equity subordination (15c3-1 (d)) of \$ | 980 | | |
| B. Securities borrowings, at market value: from outsiders \$ | 990 | 1410 | 1720 |
| C. Pursuant to secured demand note collateral agreements: | | 1420 | 1730 |
| 1. from outsiders \$ | 1000 | | |
| 2. Includes equity subordination (15c3-1 (d)) of \$ | 1010 | | |
| D. Exchange memberships contributed for use of company, at market value | | 1430 | 1740 |
| E. Accounts and other borrowings not qualified for net capital purposes | 1220 | 1440 | 1750 |
| 20. TOTAL LIABILITIES | \$ 2,611 1230 | \$ 1450 | \$ 2,611 1760 |

Ownership Equity

| | | |
|---|---------|----------------|
| 21. Sole proprietorship | | \$ 1770 |
| 22. Partnership (limited partners) | \$ 1020 | \$ 1780 |
| 23. Corporation: | | |
| A. Preferred stock | | 1791 |
| B. Common stock | | 100 1792 |
| C. Additional paid-in capital | | 56,400 1793 |
| D. Retained earnings | | (7,654) 1794 |
| E. Total | | 48,846 1795 |
| F. Less capital stock in treasury | | 1796 |
| 24. TOTAL OWNERSHIP EQUITY | | \$ 48,846 1800 |
| 25. TOTAL LIABILITIES AND OWNERSHIP EQUITY | | \$ 51,457 1810 |

OMIT PENNIES

**FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER

Creative Tax Planners, Inc.

as of 9/30/02

COMPUTATION OF NET CAPITAL

| | | |
|--|-----------|------|
| 1. Total ownership equity from Statement of Financial Condition | \$ 48,846 | 3480 |
| 2. Deduct ownership equity not allowable for Net Capital | () | 3490 |
| 3. Total ownership equity qualified for Net Capital | 48,846 | 3500 |
| 4. Add: | | |
| A. Liabilities subordinated to claims of general creditors allowable in computation of net capital | | 3520 |
| B. Other (deductions) or allowable credits (List) (deferred income tax) | | 3525 |
| 5. Total capital and allowable subordinated liabilities | \$ 48,846 | 3530 |
| 6. Deductions and/or charges: | | |
| A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) \$ 2,131 | | 3540 |
| B. Secured demand note deficiency | | 3590 |
| C. Commodity futures contracts and spot commodities-proprietary capital charges | | 3600 |
| D. Other deductions and/or charges | (2,131) | 3610 |
| 7. Other additions and/or allowable credits (List) | | 3630 |
| 8. Net capital before haircuts on securities positions | \$ 46,715 | 3640 |
| 9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)): | | |
| A. Contractual securities commitments | \$ | 3660 |
| B. Subordinated securities borrowings | | 3670 |
| C. Trading and investment securities: | | |
| 1. Exempted securities | | 3735 |
| 2. Debt securities | | 3733 |
| 3. Options | | 3730 |
| 4. Other securities | | 3734 |
| D. Undue Concentration | 6,839 | 3650 |
| E. Other (List) | (6,839) | 3740 |
| 10. Net Capital | \$ 39,876 | 3750 |

OMIT PENNIES

Line 9 E - Haircuts

| | |
|--------------------------|----------------|
| Zurich M.M. | \$ 105 |
| Aim Asian Growth | 1,244 |
| Aim European | 1,191 |
| Alliance Tech | 454 |
| J.H. Financial Ind. | 1,148 |
| Putnam Voyager | 1,043 |
| Putnam Voyager II | 1,537 |
| Oppenheimer Emerg. Tech. | 117 |
| Total | <u>\$6,839</u> |

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER Creative Tax Planners, Inc. as of 9/30/02

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

| | | | |
|---|----|--------|-------------|
| 11. Minimum net capital required (6-2/3% of line 19) | \$ | 174 | 3756 |
| 12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) | \$ | 25,000 | 3758 |
| 13. Net capital requirement (greater of line 11 or 12) | \$ | 25,000 | 3760 |
| 14. Excess net capital (line 10 less 13) | \$ | 14,876 | 3770 |
| 15. Excess net capital at 1000% (line 10 less 10% of line 19) | \$ | 39,192 | 3780 |

COMPUTATION OF AGGREGATE INDEBTEDNESS

| | | | |
|--|----|-------|-------------|
| 16. Total A.I. liabilities from Statement of Financial Condition | \$ | 2,611 | 3790 |
| 17. Add: | | | |
| A. Drafts for immediate credit | \$ | 3800 | |
| B. Market value of securities borrowed for which no equivalent value is paid or credited | \$ | 3810 | |
| C. Other unrecorded amounts (List) | \$ | 3820 | 3830 |
| 19. Total aggregate indebtedness | \$ | 2,611 | 3840 |
| 20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10) | % | 6.5 | 3850 |
| 21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d) | % | 0 | 3860 |

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

| | | | |
|--|----|--|-------------|
| 22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits | \$ | | 3870 |
| 23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) | \$ | | 3880 |
| 24. Net capital requirement (greater of line 22 or 23) | \$ | | 3760 |
| 25. Excess net capital (line 10 less 24) | \$ | | 3910 |
| 26. Net capital in excess of: | | | |
| 5% of combined aggregate debit items or \$120,000 | \$ | | 3920 |

OMIT PENNIES

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
 1. Minimum dollar net capital requirement, or
 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER

Creative Tax Planners, Inc.

For the period (MMDDYY) from 10/01/01 3932 to 9/30/02 3933
Number of months included in this statement 12 3931

STATEMENT OF INCOME (LOSS)

REVENUE

| | | |
|---|------------|------|
| 1. Commissions: | | |
| a. Commissions on transactions in exchange listed equity securities executed on an exchange | \$ | 3935 |
| b. Commissions on listed option transactions | | 3936 |
| c. All other securities commissions | 318,707 | 3939 |
| d. Total securities commissions | | 3943 |
| 2. Gains or losses on firm securities trading accounts | | |
| a. From market making in options on a national securities exchange | | 5945 |
| b. From all other trading | | 3948 |
| c. Total gain (loss) | | 3950 |
| 3. Gains or losses on firm securities investment accounts | | 3957 |
| 4. Profit (loss) from underwriting and selling groups | | 3955 |
| 5. Revenue from sale of investment company shares | | 3970 |
| 6. Commodities revenue | | 3980 |
| 7. Fees for account supervision, investment advisory and administrative services | | 3975 |
| 8. Other revenue | 70,107 | 3985 |
| 9. Total revenue | \$ 388,814 | 4030 |

EXPENSES

| | | |
|--|------------|------|
| 10. Salaries and other employment costs for general partners and voting stockholder officers | \$ 211,000 | 4120 |
| 11. Other employee compensation and benefits | 61,634 | 4115 |
| 12. Commissions paid to other broker-dealers | | 4140 |
| 13. Interest expense | | 4075 |
| a. Includes interest on accounts subject to subordination agreements | 4070 | |
| 14. Regulatory fees and expenses | 5,696 | 4195 |
| 15. Other expenses | 103,083 | 4100 |
| 16. Total expenses | \$ 381,413 | 4200 |

NET INCOME

| | | |
|---|----------|------|
| 17. Net income (loss) before Federal income taxes and items below (Item 9 less Item 16) | \$ 7,401 | 4210 |
| 18. Provision for Federal income taxes (for parent only) | 1,874 | 4220 |
| 19. Equity in earnings (losses) of unconsolidated subsidiaries not included above | | 4222 |
| a. After Federal income taxes of | 4238 | |
| 20. Extraordinary gains (losses) | | 4224 |
| a. After Federal income taxes of | 4239 | |
| 21. Cumulative effect of changes in accounting principles | | 4225 |
| 22. Net income (loss) after Federal income taxes and extraordinary items | \$ 5,527 | 4230 |

MONTHLY INCOME

| | | |
|---|----|------|
| 23. Income (current month only) before provision for Federal income taxes and extraordinary items | \$ | 4211 |
|---|----|------|

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER Creative Tax Planners, Inc.

For the period (MMDDYY) from 10/01/01 to 09/30/02

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

| | | | | | |
|---|-----------------|----|--------|--|------|
| 1. Balance, beginning of period | | \$ | 52,190 | | 4240 |
| A. Net income (loss) | | | 5,527 | | 4250 |
| B. Additions (Includes non-conforming capital of | | | | | 4260 |
| C. Deductions (Includes non-conforming capital of | unrealized loss | \$ | 8,871 | | 4270 |
| | | | | | 4262 |
| | | | | | 4272 |
| 2. Balance, end of period (From item 1800) | | \$ | 48,846 | | 4290 |

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS**

| | | | | | |
|--|--|----|-------|--|------|
| 3. Balance, beginning of period | | \$ | - 0 - | | 4300 |
| A. Increases | | | | | 4310 |
| B. Decreases | | | | | 4320 |
| 4. Balance, end of period (From item 3520) | | \$ | - 0 - | | 4330 |

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

| | | |
|-------------------------|-----------------------------|----------------------|
| BROKER OR DEALER | Creative Tax Planners, Inc. | as of <u>9/30/02</u> |
|-------------------------|-----------------------------|----------------------|

Exemptive Provision Under Rule 15c3-3

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- | | |
|--|------|
| A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 | 4550 |
| B. (k) (2)(A)—“Special Account for the Exclusive Benefit of customers” maintained | 4560 |
| C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm <u>8-17574 Donaldson, Lufkin and Jenrette</u> 4335 | 4570 |
| D. (k) (3)—Exempted by order of the Commission | 4580 |

THOMAS LOREFICE
CERTIFIED PUBLIC ACCOUNTANT

OFFICE COURT AT PENNELL PLACE
1215 WEST BALTIMORE PIKE, SUITE 7
MEDIA, PA 19063
(610) 565-1369 FAX: (610) 892-7514

Board of Directors
Creative Tax Planners, Inc.
Media, Pennsylvania

**INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL AS REQUIRED BY
SEC RULE 17A-5 FOR A BROKER - DEALER CLAIMING AN EXEMPTION FROM
SEC RULE 15C3-3**

In planning and performing my audit of the financial statements and supplemental schedules of Creative Tax Planners, Inc. (the "Company") for the year ended September 30, 2002 and 2001, I considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), I have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that I considered relevant to the objectives stated in Rule 17a5(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 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 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 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 an 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-15(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, errors or fraud may nevertheless 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.

My consideration of the 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 errors 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, I noted no matters involving internal control, including procedures for safeguarding securities, that I consider to be material weaknesses as defined above.

I 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 my study, I believe that the Company's practices and procedures were adequate at September 30, 2002 and 2001, to meet the SEC's objectives.

This report is intended solely for the use of management, the SEC, the NASD and the New York Stock Exchange, and other agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulations of registered brokers and dealers, and should not be used for any other purpose, nor by anyone other than these specific parties.



THOMAS LOREFICE
Certified Public Accountant

Media, Pennsylvania
November 19, 2002