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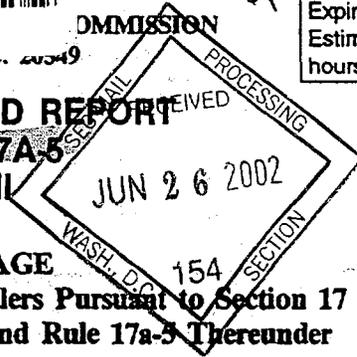
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**ANNUAL AUDITED REPORT
 FORM X-17A-5
 PART III**



FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
 Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

FW 6/28/02

REPORT FOR THE PERIOD BEGINNING May 1, 2001 AND ENDING April 30, 2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
 E.J. De La Rosa & Co., Inc.

OFFICIAL USE ONLY
 FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
 11900 W. Olympic Blvd. Suite 500
(No. and Street)

Los Angeles California 90064
(State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
 Benjamin E. Stern (310) 207-1975
(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
 Kevin G. Breard, CPA An Accountancy Corporation

9010 Corbin Avenue, Suite 7 Northridge California 91324
(Address) (City) (State) Zip Code

CHECK ONE:

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

PROCESSED

JUL 02 2002

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 THOMSON FINANCIAL

SEC 1410 (3-91)

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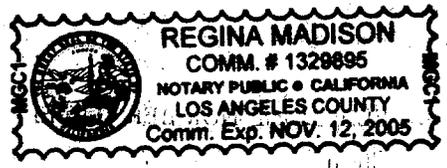
OATH OR AFFIRMATION

I, Benjamin E. Stern, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of E.J. De La Rosa & Co., Inc.

as of April 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:

State of California
County of Los Angeles
Subscribed and sworn (or affirmed) to before me this 30th day of May, 2002
[Signature]
Notary Public

[Signature]
Signature
Principal
Title



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~~ 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.

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

KEVIN G. BREARD, C.P.A.
AN ACCOUNTANCY CORPORATION

Independent Auditor's Report

Board of Directors
E.J. De La Rosa & Co., Inc.

I have audited the accompanying statements of financial condition of E.J. De La Rosa & Co., Inc. (a California Corporation) as of April 30, 2002 and 2001, and the related statements of income, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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 made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides 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 E.J. De La Rosa & Co., Inc. as of April 30, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

My examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Schedules I-III are presented for purposes of additional analysis and is not required as part of the basic financial statements, but as supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subject to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respect in relating to the basic financial statements taken as a whole and in conformity with the rules of the Securities and Exchange Commission.


Kevin G. Breard
Certified Public Accountant

Northridge, California
May 30, 2002

NORTHRIDGE OFFICE PLAZA
9010 CORBIN AVENUE, SUITE 7
NORTHRIDGE, CALIFORNIA 91324
(818) 886-0940 • FAX (818) 886-1924
B r e a r d C P A @ a o l . c o m

E.J. De La Rosa & Co., Inc.
Statements of Financial Condition

Assets

	<u>April 30</u>	
	<u>2002</u>	<u>2001</u>
Cash and cash equivalents	\$ 1,435,867	\$ 459,780
Accounts receivable	321,431	561,294
Municipal bonds owned, at market value	-	22,500,000
Property and equipment, net of \$220,312 and \$224,132 accumulated depreciation	123,368	84,421
Prepaid taxes	-	4,663
Prepaid expenses	42,205	42,294
Deferred tax asset	2,835	2,835
Securities, not readily marketable	3,300	3,300
Other receivables	1,736	150
Secured demand notes	<u>1,053,350</u>	<u>940,000</u>
Total assets	<u>\$ 2,984,092</u>	<u>\$ 24,598,737</u>

Liabilities and Stockholders' Equity

Liabilities

Accounts payable	\$ 83,057	\$ 155,232
Accrued wages	1,010,829	843,626
Due to clearing firm	-	21,961,811
Profit sharing plan payable	175,245	140,640
Payroll taxes payable	32,987	27,728
Income taxes payable	573	-
Subordinated liabilities	<u>1,053,350</u>	<u>940,000</u>
Total liabilities	2,356,041	24,069,037

Stockholders' equity

Common stock, no par value; authorized 75,000 shares, 30,981 and 27,647 issued and outstanding on April 30, 2002 and 2001, respectively	154,983	91,117
Contributed capital	50,000	50,000
Retained earnings	<u>423,068</u>	<u>388,583</u>
Total stockholders' equity	<u>628,051</u>	<u>529,700</u>
Total liabilities and stockholders' equity	<u>\$ 2,984,092</u>	<u>\$ 24,598,737</u>

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

E.J. De La Rosa & Co., Inc.
Statements of Income

	For the Year Ended	
	April 30	
	2002	2001
Revenues		
Underwriting income	\$ 4,772,869	\$ 3,402,239
Remarketing	387,677	354,233
Financial advisory fees	16,834	2,865
Interest and dividends	97,314	49,590
Other	90,382	11,688
Total revenues	5,365,076	3,820,615
Expenses		
Employee compensation and benefits	3,589,521	2,218,157
Underwriting fees	661,653	811,122
Communications	71,740	63,280
Occupancy and equipment rental	171,750	87,973
Interest	152,103	119,400
Taxes, other than income	135,037	94,417
Other operating expenses	537,921	371,966
Total expenses	5,319,725	3,766,315
Income (loss) before provision for income taxes	45,351	54,300
Income tax provision		
Income tax provision	10,866	17,857
Total income tax provision	10,866	17,857
Net income (loss)	\$ 34,485	\$ 36,443

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

E.J. De La Rosa & Co., Inc.
Statements of Changes in Stockholders' Capital

	<u>Common Stock</u>	<u>Contributed Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Beginning balance at May 1, 2000	\$ 111,291	\$ 50,000	\$ 363,451	\$ 524,742
Repurchase of stock	(20,174)	-	(11,311)	(31,485)
Net income (loss)	<u>-</u>	<u>-</u>	<u>36,443</u>	<u>36,443</u>
Balance at April 30, 2001	\$ 91,117	\$ 50,000	\$ 388,583	\$ 529,700
Issuance of stock	63,866	-	-	63,866
Net income (loss)	<u>-</u>	<u>-</u>	<u>34,485</u>	<u>34,485</u>
Balance at April 30, 2002	<u>\$ 154,983</u>	<u>\$ 50,000</u>	<u>\$ 423,068</u>	<u>\$ 628,051</u>

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

E.J. De La Rosa & Co., Inc.
Statements of Changes in Liabilities Subordinated
to the Claims of General Creditors

	<u>Subordinated debt</u>
Balance at May 1, 2000	\$ 1,000,000
Additions (Reductions)	<u>(60,000)</u>
Balance at April 30, 2001	\$ 940,000
Additions	1,053,350
(Reductions)	<u>(940,000)</u>
Balance at April 30, 2002	<u>\$ 1,053,350</u>

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

E.J. De La Rosa & Co., Inc.
Statements of Cash Flows

	For the Year Ended	
	April 30	
	2002	2001
Cash flows from operating activities:		
Net income (loss)	\$ 34,485	\$ 36,443
Adjustments to reconcile net income (loss) to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	31,494	34,469
(Gain) loss on sale of property	(9,500)	(4,300)
(Increase) decrease in:		
Accounts receivable	239,863	(345,438)
Municipal bonds, at market value	22,500,000	(18,541,728)
Deposit held at clearing firm	-	180,000
Prepaid taxes	4,663	(2,443)
Prepaid expenses	89	(7,717)
Other receivables	(1,586)	(150)
(Decrease) increase in:		
Accounts payable	(72,175)	124,536
Income taxes payable	573	-
Accrued wages	167,203	396,519
Due to clearing firm	(21,961,811)	18,031,818
Profit sharing plan payable	34,605	(21,601)
Payable to customers	5,259	6,243
Total adjustments	938,677	(149,792)
Net cash and cash equivalents provided by (used in) operating activities	973,162	(113,349)
Cash flows from investing activities:		
Proceeds from sale of property and equipment	9,500	4,300
Purchase of property and equipment	(70,441)	(10,611)
Net cash and cash equivalents provided by (used in) investing activities	(60,941)	(6,311)
Cash flows from financing activities:		
Issuance of stock	63,866	-
Repurchase of stock from former shareholder	-	(31,485)
Net cash and cash equivalents provided by (used in) financing activities	63,866	(31,485)
Net decrease in cash and cash equivalents	976,087	(151,145)
Cash and cash equivalents at beginning of year	459,780	610,925
Cash and cash equivalents at end of year	\$ 1,435,867	\$ 459,780

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

E.J. De La Rosa & Co., Inc.
Statements of Cash Flows

Supplemental disclosure of cash flow information:	<u>For the Year Ended</u>	
	<u>April 30</u>	
	<u>2002</u>	<u>2001</u>
Cash paid during the year for:		
Interest	\$ 152,103	\$ 119,400
Income taxes	\$ 5,630	\$ 20,300

During the year ended April 30, 2002, the company retired \$940,000 of subordinated liabilities with \$940,000 in secured demand notes and issued \$1,053,350 of subordinated liabilities with \$1,053,350 in secured demand notes.

During the year ended April 30, 2001, the company retired \$60,000 of subordinated liabilities with \$60,000 in secured demand notes.

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

E.J. De La Rosa & Co., Inc.
Notes to Financial Statements

Note 1: GENERAL & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

E.J. De La Rosa & Co., Inc. (the "Company") was incorporated in the State of California on June 2, 1989. The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934, a member of the National Association of Securities Dealers, Inc. ("NASD"), the Securities Investor Protection Corporation (SIPC) and the Municipal Securities Rulemaking Board ("MSRB"). In September 1990, the Company commenced securities transactions emphasizing municipal bond placements, also offering consulting services to local government predominantly in California. The Company has two locations in California.

The Company conducts business on a fully disclosed basis whereby the execution and clearance of trades are handled by another broker/dealer. The Company does not hold customer funds and/or securities.

Summary of Significant Accounting Policies

The presentation 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Securities transactions are recorded on a trade date basis. Marketable securities owned by the Company are accounted for at market value, with market value based on current published market prices. The resulting difference between cost and market (or fair value) is included in income.

Municipal bonds owned are valued at market value and bonds not readily marketable are valued at fair value as determined by management.

Property and equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized. Property and equipment are depreciated over their estimated useful lives ranging from five (5) to thirty-nine years (39) years by the straight-line method.

Management has determined that an allowance for uncollectible accounts receivable is not necessary.

E.J. De La Rosa & Co., Inc.
Notes to Financial Statements

Note 1: GENERAL & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Advertising and promotion costs are expensed as incurred. For the years ended April 30, 2002 and 2001 the Company charged \$38,109 and \$5,153, respectively, to other operating expenses for advertising costs.

Income taxes are provided for current taxes payable or refundable (prepaid), and temporary differences arising from the future tax consequences of events that have been recognized in the Company's financial statements or income tax returns. The effect of income taxes is measured based on enacted tax laws and rates. Deferred income taxes are primarily due to different depreciation methods used for financial and tax purposes and timing differences resulting from the deductibility of contributions.

For purposes relating to the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company also includes money market accounts as cash equivalents.

The Company maintains several bank accounts at financial institutions. These accounts are insured either by the Federal Deposit Insurance Corporation (FDIC), up to \$100,000, or the Securities Investor Protection Corporation (SIPC), up to \$500,000. At April 30, 2002 and 2001 the Company had deposits with financial institutions with uninsured cash balances totaling \$812,167 and \$76,504 respectively. The Company has not experienced any losses in such accounts and management believes it places its cash on deposit with financial institutions which are financially stable.

Note 2: MUNICIPAL BONDS OWNED, AT MARKET VALUE

Municipal bonds owned, at market value consist of municipal bonds the company has taken positions in. These positions are often short-term, and subsidized by the clearing firm, often clearing in a few days. At April 30, 2001 the Company had municipal bond positions of \$22,500,000, subsidized by the clearing firm with payable of \$21,961,811. At April 30, 2002 the Company had no positions.

Note 3: DEPOSIT WITH CLEARING FIRM

At April 30, 2000 the Company had deposited \$180,000 with Southwest Securities as security for its transactions with them. However during the year ended April 30, 2001 the Company changed clearing firms to Wedbush Morgan Securities, Inc., and deposited all the collateral for the subordinated loans there. Since Wedbush is holding the collateral with a fair market value of \$1,239,294 and \$1,115,511 at April 30, 2002 and 2001, respectively, no additional cash deposit was required.

E.J. De La Rosa & Co., Inc.
Notes to Financial Statements

Note 4: PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and summarized by major classifications as follows:

	April 30,	
	2002	2001
Furniture	\$ 84,084	\$ 81,351
Equipment	168,650	145,659
Automobile	88,369	78,966
Leasehold improvements	2,577	2,577
	343,680	308,553
Less accumulated depreciation	(220,312)	(224,132)
Property and equipment, net	<u>\$ 123,368</u>	<u>\$ 84,421</u>

Depreciation expense for the years ended April 30, 2002 and 2001 was \$31,494 and \$34,469 respectively.

Note 5: SECURITIES, NOT READILY MARKETABLE

The securities are valued at cost. These securities were offered primarily to NASD members and purchased through a Private Placement Memorandum.

Note 6: SECURED DEMAND NOTES

The secured demand notes of \$1,053,350 and \$940,000 at April 30, 2002 and April 30, 2001 respectively, are collateral for the subordinated liabilities (see Note 7). The secured demand notes are primarily collateralized with municipal bonds whose fair market value is in excess of the value of the notes. The stockholders own the municipal bonds, and intend to hold them to maturity as long as the subordinated liabilities exist.

Note 7: SUBORDINATED LIABILITIES

The borrowings under subordination agreements at April 30, 2001 are listed below.

Liabilities subordinated to secured demand note collateral agreement:	
Interest at 10% due April 24, 2002	\$ 100,000
Interest at 10% due August 1, 2001	45,000
Interest at 10% due February 14, 2002	45,000
Interest at 10% due April 24, 2002	70,000
Interest at 10% due February 24, 2002	145,000
Interest at 10% due April 24, 2002	535,000
	<u>\$ 940,000</u>

E.J. De La Rosa & Co., Inc.
Notes to Financial Statements

Note 7: SUBORDINATED LIABILITIES
(Continued)

The borrowings under subordination agreements at April 30, 2002 are listed below.

Liabilities subordinated to secured demand note collateral agreement:

Interest at 10% due February 14, 2003	\$ 680,000
Interest at 10% due February 14, 2003	160,000
Interest at 10% due February 14, 2003	<u>213,350</u>
	<u>\$ 1,053,350</u>

On February 14, 2002 a subordinated note for \$100,000 was retired early and a new note for \$160,000 was issued. A subordinated note for \$45,000 matured on February 14, 2002 and additional subordinated notes for \$45,000 and \$70,000 were retired early and replaced with a new note for \$213,350. Likewise, on February 14, 2002, subordinated notes for \$145,000 and \$535,000 was retired early and replaced with a new subordinated note for \$680,000.

Interest expense for the year ended April 30, 2002 and 2001 was \$96,362 and \$95,317, respectively, from these subordinated loans.

The subordinated borrowings are covered by agreements approved by the National Association of Security Dealers, Inc. and are thus available in computing net capital under the Securities and Exchange Commission's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, the borrowings may not be repaid.

The secured demand notes at April 30, 2002 and 2001 of \$1,053,350 and \$940,000 are collateralized by cash and municipal bonds valued, net of haircuts, at \$1,171,398 and \$1,016,812 respectively. The collateral securing the demand notes is as follows:

<u>Description</u>	<u>Fair Market Value</u>	<u>Value Net of Haircuts</u>
At April 30, 2002		
Cash and marketable securities	\$ 1,239,294	\$ 1,171,398
At April 30, 2001		
Cash and marketable securities	\$ 1,115,511	\$ 1,016,812

E.J. De La Rosa & Co., Inc.
Notes to Financial Statements

Note 8: PROFIT SHARING PLAN

The Company's profit sharing plan covers all eligible employees of the Company. The plan was effective on May 1, 1990. All contributions to the plan are made at the discretion of the Company. Total contributions made for the years ended April 30, 2002 and 2001 were \$175,831 and \$148,598, respectively.

Note 9: COMMITMENTS

The Company has entered into an operating lease agreement and a sublease agreement for two office spaces in Los Angeles under a noncancellable lease which commenced in August 1994 and expires on August 31, 2006.

The future minimum lease expenses are:

<u>April 30,</u>	
2003	\$ 159,560
2004	165,943
2005	172,580
2006	179,484
2007	62,014
Thereafter	—
	<u>\$ 739,581</u>

The Company also leases office space in San Francisco under a month to month agreement.

Total rent expense for the years ended April 30, 2002 and 2001 was \$171,750 and \$87,973 respectively.

The Company is currently subleasing the subleased space to its current occupant. Future minimum revenues from this space are:

<u>April 30,</u>	
2003	\$ 79,952
2004	83,150
2005	86,476
2006	89,935
2007	38,972
Thereafter	—
	<u>\$ 378,485</u>

E.J. De La Rosa & Co., Inc.
Notes to Financial Statements

Note 10: RELATED PARTY TRANSACTIONS

The Company shares office space with a company under common control. In connection therewith, the Company receives income for office space, administration and certain payroll costs. Total income billed for the year ended April 30, 2001 was \$929. There was no income billed for the year ended April 30, 2002.

During the year ended April 30, 2002, the company sold a fully depreciated car to one of its officers for \$9,500. This amount was considered fair market value and is included in other income.

Note 11: INCOME TAXES

The Company presently computes taxes on income based on the Financial Accounting Standards Board (FASB) Statement No. 109, "Accounting for Income Taxes". Under the standard, deferred taxes assets and liabilities represents the tax effects, calculated at currently effective tax rates, of future adjustments of taxable amounts attributable to events that have been recognized on a cumulative basis in the financial statements.

The provision for income taxes consist of the following components:

	<u>April 30</u>	
Current:	<u>2002</u>	<u>2001</u>
Federal	\$ 6,188	\$ 10,818
State	<u>4,678</u>	<u>7,039</u>
Total provision	<u>\$ 10,866</u>	<u>\$ 17,857</u>

Note 12: NET CAPITAL REQUIREMENTS

The Company is subject to the uniform net capital rule (rule 15c3-1) of the Securities and Exchange Commission, which requires both the maintenance of minimum net capital and the maintenance of a maximum ratio of aggregate indebtedness to net capital. Net capital and aggregate indebtedness change day to day, but on April 30, 2002 and 2001, the Company's net capital of \$1,406,525 and \$876,174, exceeded the minimum net capital requirement of \$100,000 by \$1,306,525 and \$776,174 respectively, and the Company's ratio of aggregate indebtedness to net capital was 0.93 to 1 and 1.33 to 1, respectively, which is less than the 15.00 to 1 maximum ratio required of a broker/dealer.

E.J. De La Rosa & Co., Inc.
Schedule I - Computation of Net Capital Requirements
Pursuant to Rule 15c3-1

Computation of net capital

	April 30	
	2002	2001
Stockholders' equity		
Common stock	\$ 154,983	\$ 91,117
Additional paid in capital	50,000	50,000
Retained earnings	423,068	388,583
Total stockholders' equity	628,051	529,700
Add: Subordinated loans		
Secured demand notes	1,053,350	940,000
Total capital and allowable subordinated loans	1,681,401	1,469,700
Less: Non allowable assets		
Accounts receivable	(75,200)	(117,178)
Property and equipment, net	(123,368)	(84,421)
Prepaid taxes	-	(4,663)
Prepaid expenses	(42,205)	(42,294)
Deferred tax assets	(2,835)	(2,835)
Other receivables	(1,736)	(150)
Total subtractions	(245,344)	(251,541)
Net capital before haircuts on securities	1,436,057	1,218,159
Less: Haircuts securities		
Haircuts on securities	(29,532)	(230,703)
Undue concentration	-	(111,282)
Total haircuts on securities	(29,532)	(341,985)
 Net Capital	 1,406,525	 876,174

Computation of net capital requirements

Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	86,846	77,815
Minimum dollar net capital required	100,000	100,000
Net capital required (greater of above)	100,000	100,000
Excess (deficit) net capital	\$ 1,306,525	\$ 776,174
Percentage of aggregate indebtedness to net capital	0.93 : 1	1.33 : 1

There was a \$3 immaterial difference between net capital shown here and net capital as reported on the Company's unaudited Form X-17A-5 reports dated April 30, 2002 due to rounding.

There was no material difference between net capital shown here and net capital as reported on the Company's unaudited Form X-17A-5 reports dated April 30, 2001.

See independent auditor's report.

E.J. De La Rosa & Co., Inc.
Schedule II - Computation for Determination of Reserve
Requirements Pursuant to Rule 15c3-3

A computation of reserve requirements is not applicable to E.J. De La Rosa & Co., Inc. as the Company qualifies for exemption under Rule 15c3-3 (k) (2).

See independent auditor's report.

E.J. De La Rosa & Co., Inc.
Schedule III - Information Relating to Possession or Control
Requirements Under Rule 15c3-3

Information relating to possession or control requirements is not applicable to E.J. De La Rosa & Co., Inc. as the Company qualifies for exemption under Rule 15c3-3 (k) (2).

See independent auditor's report.

E.J. De La Rosa & Co., Inc.
Supplementary Accountant's Report
on Internal Accounting Control
Report Pursuant to 17a-5
For the Year Ended April 30, 2002

KEVIN G. BREARD, C.P.A.
AN ACCOUNTANCY CORPORATION

Board of Directors
E.J. De La Rosa & Co., Inc.

In planning and performing my audit of the financial statements of E.J. De La Rosa & Co., Inc. for the year ended April 30, 2002, I considered its internal control structure, for the purpose 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 structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission, I have made a study of the practices and procedures followed by E.J. De La Rosa & Co., Inc. including tests of such practices and procedures that I considered relevant to objectives stated in rule 17a-5(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 security accounts for customers or perform custodial functions relating to customer securities, I 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
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 internal control structure and the practice and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements 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 generally accepted accounting principles. Rule 17-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

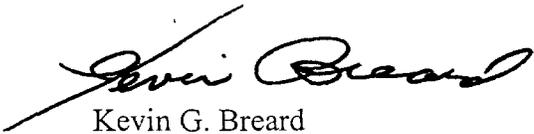
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B r e a r d C P A @ a o l . c o m

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk 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 structure would not necessarily disclose all matters in the internal control that might be material weakness under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which 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, I noted no matters involving the internal control structure, including procedures for safeguarding securities, that I considered to be material weakness 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 Commission to be adequate for its purpose 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 material inadequacy for such purposes. Based on this understanding on my study, I believe that the Company's practices and procedures were adequate at April 30, 2002 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.



Kevin G. Breard
Certified Public Accountant

Northridge, California
May 30, 2002



E.J. De La Rosa & Co., Inc.

Report Pursuant to Rule 17a-5 (d)

Financial Statements

For the Years Ended April 30, 2002 and 2001