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U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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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

SEC FILE NO.  
8- ~~03011077~~  
53339

REPORT FOR THE PERIOD BEGINNING January 1, 2002 AND ENDING December 31, 2002  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

HCA Securities, Inc.

Official Use Only  
FIRM ID. NO.

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

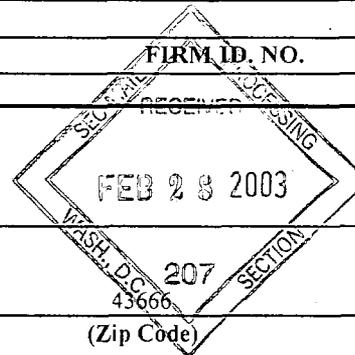
One SeaGate

(No. and Street)

Toledo  
(City)

Ohio  
(State)

207  
43666  
(Zip Code)



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

Marlene J. Snow

419-247-1028

(Area Code—Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
(Name—if individual, state, last, first, middle name)

Ernst & Young LLP

One SeaGate  
(ADDRESS)

Number and Street

Toledo  
City

Ohio  
State

43604  
(Zip Code)

CHECK ONE:

Certified Public Accountant  
Public Accountant  
Accountant not resident in U.S. or any of its possessions.

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 (1-78)

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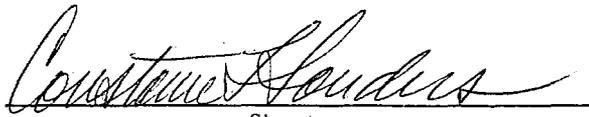
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## OATH OR AFFIRMATION

I, Constance L. Souders, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules, pertaining to the firm of HCA Securities, Inc. as of December 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.

*Jodie Lynn Crotteau*  
Notary Public, State of Ohio  
Commission Expires 08-31-2005

  
Signature

\_\_\_\_\_  
President  
Title

  
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 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.

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

HCA Securities, Inc.

Year ended December 31, 2002 with Report of Independent Auditors

HCA Securities, Inc.

Financial Statements

Year ended December 31, 2002

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## Report of Independent Auditors

The Board of Directors  
HCA Securities, Inc.

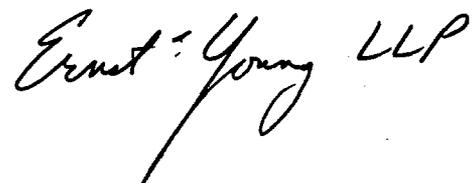
We have audited the accompanying statement of financial condition of HCA Securities, Inc. (a wholly-owned subsidiary of Harbor Capital Advisors, Inc. and ultimately Robeco Groep N.V.) as of December 31, 2002, and the related statements of income, shareholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HCA Securities, Inc. at December 31, 2002, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other financial information as listed in the 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 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

January 17, 2003



HCA Securities, Inc.

Statement of Financial Condition

December 31, 2002

**Asset**

Cash and cash equivalents	\$ 2,729,912
Accounts receivable	12,412
	<u>\$ 2,742,324</u>

**Liabilities and shareholder's equity**

Accounts payable	\$ 617
Federal income taxes payable	29,418

Shareholder's equity:

Common stock, no par value; 1,000 shares authorized, issued and outstanding	10
Additional paid-in capital	2,657,591
Retained earnings	54,688
Total shareholder's equity	<u>2,712,289</u>
	<u>\$ 2,742,324</u>

*See accompanying notes.*

HCA Securities, Inc.

Statement of Income

Year ended December 31, 2002

**Revenues**

Fees—12b-1	\$ 924
Interest and dividends	<u>38,917</u>
Income before provision for income taxes	<u>39,841</u>

**Expenses**

Fees—12b-1	924
Other	<u>226</u>
	<u>1,150</u>
Income before provision for income taxes	<u>38,691</u>
Provision for federal income taxes—current	<u>13,541</u>

Net income	<u><u>\$ 25,150</u></u>
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*See accompanying notes.*

HCA Securities, Inc.

Statement of Shareholder's Equity

	<b>Common Stock</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance at December 31, 2001	\$ 10	\$ 2,657,591	\$ 29,538	\$ 2,687,139
Net income			25,150	25,150
Balance at December 31, 2002	<u>\$ 10</u>	<u>\$ 2,657,591</u>	<u>\$ 54,688</u>	<u>\$ 2,712,289</u>

HCA Securities, Inc.

Statements of Cash Flows

Year ended December 31, 2002

**Operating activities**

Net income	\$	25,150
Adjustment to reconcile net income to net cash provided by operating activities		
Changes in operating assets and liabilities:		
Accounts receivable		(12,412)
Accounts payable		617
Income taxes payable		13,542
Net cash used in operating activities		<u>26,897</u>
Net increase in cash and cash equivalents		26,897
Cash and cash equivalents at beginning of the period		<u>2,703,015</u>
Cash and cash equivalents at end of the period	\$	<u><u>2,729,912</u></u>

*See accompanying notes.*

# HCA Securities, Inc.

## Notes to Financial Statements

Year ended December 31, 2002

### **1. Summary of Significant Accounting Policies**

#### **Organization**

HCA Securities, Inc (the Company) is a wholly-owned subsidiary of Harbor Capital Advisors, Inc., which serves as a broker-dealer and is the principal distributor of certain mutual funds.

In 2001 Robeco Groep N.V. (Robeco), a privately owned company in The Netherlands, purchased substantially all the assets and operations of Harbor Capital Advisors, Inc. (including the Company) and assumed all liabilities of Harbor Capital Advisors, Inc. As a result, the Company was recapitalized.

#### **Cash Equivalents**

The Company considers all short-term investments with a maturity of three months or less at the date of purchase to be cash equivalents.

#### **Revenues**

Interest and dividend income is recorded when earned on money market investments.

#### **Federal Income Tax**

The Company's results of operations are included in the consolidated federal income tax return filed by Harbor Capital Advisors, Inc. The current provision for federal income tax is determined on the basis of the contribution of the Company to the consolidated taxable income or loss.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## HCA Securities, Inc.

### Notes to Financial Statements (continued)

#### **2. Related Parties**

At December 31, 2002, cash and cash equivalents included \$2,717,294 invested in Harbor Money Market Fund for which Harbor Capital Advisors, Inc. is the investment advisor. Interest and dividend income of \$38,917 was earned on the related party investment in the year ended December 31, 2002. All expenditures of the Company, except for income taxes, are paid by Harbor Capital Advisors, Inc. Harbor Capital Advisors, Inc. does not charge the Company for these expenditures.

#### **3. Net Capital Requirements**

The Company is subject to the net capital rules of the U.S. Securities and Exchange Commission and the states in which it conducts business. These rules prohibit a broker-dealer from engaging in any securities transaction at a time when its "aggregate indebtedness" exceeds 15 times its "net capital," as those terms are defined by the rules. At December 31, 2002, under the most restrictive of these rules, the Company's net capital and required net capital were \$2,645,531 and \$25,000, respectively, and its ratio of aggregate indebtedness to net capital was 0.011 to 1.

## Other Financial Information

## COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition			<u>2,712,289</u>
				[3480]
2.	Deduct ownership equity not allowable for Net Capital			<u>                    </u>
				[3490]
3.	Total ownership equity qualified for Net Capital			<u>2,712,289</u>
				[3500]
4.	Add:			
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			<u>                    0</u>
				[3520]
	B. Other (deductions) or allowable credits (List)			
		<u>                    </u>	<u>                    </u>	
		[3525A]	[3525B]	
		<u>                    </u>	<u>                    </u>	
		[3525C]	[3525D]	
		<u>                    </u>	<u>                    </u>	
		[3525E]	[3525F]	<u>                    0</u>
				[3525]
5.	Total capital and allowable subordinated liabilities			<u>2,712,289</u>
				[3530]
6.	Deductions and/or charges:			
	A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	<u>12,412</u>		
		[3540]		
	B. Secured demand note deficiency			<u>                    </u>
				[3590]
	C. Commodity futures contracts and spot commodities - proprietary capital charges			<u>                    </u>
				[3600]
	D. Other deductions and/or charges			<u>                    </u>
		<u>                    </u>		<u>-12,412</u>
		[3610]		[3620]
7.	Other additions and/or credits (List)			
		<u>                    </u>	<u>                    </u>	
		[3630A]	[3630B]	
		<u>                    </u>	<u>                    </u>	
		[3630C]	[3630D]	
		<u>                    </u>	<u>                    </u>	
		[3630E]	[3630F]	<u>                    0</u>
				[3630]
8.	Net capital before haircuts on securities positions			<u>2,699,877</u>
				[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		[3650]	
E.	Other (List)			
	<u>2% ON MONEY MARKET ACCTS</u>	<u>54,346</u>		
	[3736A]	[3736B]		
			[3736D]	
			[3736E]	
		<u>54,346</u>		<u>-54,346</u>
		[3736]		[3740]
10.	Net Capital			<u>2,645,531</u>
				[3750]

### COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

#### Part A

11.	Minimum net capital required (6-2/3% of line 19)		<u>2,002</u>	
			[3756]	
12.	Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with <u>Note(A)</u>		<u>25,000</u>	
			[3758]	
13.	Net capital requirement (greater of line 11 or 12)		<u>25,000</u>	
			[3760]	
14.	Excess net capital (line 10 less 13)		<u>2,620,531</u>	
			[3770]	
15.	Excess net capital at 1000% (line 10 less 10% of line 19)		<u>2,642,527</u>	
			[3780]	

### COMPUTATION OF AGGREGATE INDEBTEDNESS



## EXEMPTIVE PROVISIONS

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

A. (k) (1)--Limited business (mutual funds and/or variable annuities only)  [4550]

B. (k) (2)(i)--"Special Account for the Exclusive Benefit of customers" maintained  [4560]

C. (k) (2)(ii)--All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm(s)  [4570]

Clearing Firm SEC#s	Name	Product Code
8- _____ [4335A]	_____ [4335A2]	_____ [4335B]
8- _____ [4335C]	_____ [4335C2]	_____ [4335D]
8- _____ [4335E]	_____ [4335E2]	_____ [4335F]
8- _____ [4335G]	_____ [4335G2]	_____ [4335H]
8- _____ [4335I]	_____ [4335I2]	_____ [4335J]

D. (k) (3)--Exempted by order of the Commission  [4580]

## Independent Auditors' Report on the Internal Control Structure Required by SEC Rule 17a-5

The Board of Directors  
HCA Securities, Inc.

In planning and performing our audit of the financial statements of HCA Securities, Inc. (the Company) for the year ended December 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) of the Securities and Exchange Commission (the Commission), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures during the year ended December 31, 2002) followed by HCA Securities, Inc. that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3.

Because the Company does not carry 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 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 control 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 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 preparation of financial statements in conformity with accounting principles generally accepted in the United States. Rule 17a-5(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 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.

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 specific internal control elements 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, we noted no matters involving internal control, including procedures for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish 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 December 31, 2002, to meet the Commission's objectives.

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

January 17, 2003

