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

SEC FILE NUMBER
50666

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FEB 21 2003
207
12/31/02
WASH. D.C. SECTION

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

REPORT FOR THE PERIOD BEGINNING 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

CPA Financial Advisers, Inc.

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

444 Seabreeze Blvd., Suite 230

(No. and Street)

Daytona Beach,
(City)

Florida
(State)

32118
(Zip Code)

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

Julie L. Castro

(386) 258-5115

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in the Report*

Cuthill & Eddy LLP

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

1031 W. Morse Blvd., Suite 200, Winter Park, Florida 32789

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED
MAR 21 2003

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*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).

PS-21

OATH OR AFFIRMATION

I, David D. Holland swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CPA Financial Advisers, 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, except as follows:

None



Julie L. Castro
MY COMMISSION # DD097611 EXPIRES
March 6, 2006
BONDED THRU TROY FAIR INSURANCE, INC.

Julie L. Castro
Notary Public

[Handwritten Signature]

President

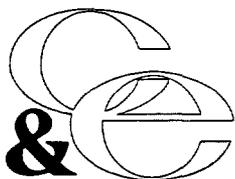
Signature

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.
- (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 Pursuant to 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).



Cuthill & Eddy LLP
CERTIFIED PUBLIC ACCOUNTANTS
Limited Liability Partnership

Carson L. Eddy, Partner
Victor J. Incinelli, Partner
Harry E. Harp, Partner
Todd Hitchins, Partner

Independent Auditors' Report

Board of Directors
CPA Financial Advisers, Inc.
Daytona Beach, Florida

We have audited the accompanying statement of financial condition of CPA Financial Advisers, Inc. as of December 31, 2002, and the related statements of income, changes in shareholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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 CPA Financial Advisers, Inc. as of 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 with the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplementary schedules, computation of net capital and computation of aggregate indebtedness, as of December 31, 2002, are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cuthill & Eddy LLP

February 6, 2003

CPA FINANCIAL ADVISERS, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2002

ASSETS

Current assets:	
Cash	\$ 26,790
Commissions receivable	173,484
Prepaid expenses	<u>3,418</u>
	<u>203,692</u>
Equipment:	
Equipment and office furniture	71,014
Vehicles	49,877
Less: accumulated depreciation	<u>(52,165)</u>
	<u>68,726</u>
	<u>\$ 272,418</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Current liabilities:	
Current portion of capital lease obligations	\$ 1,885
Accounts and commissions payable	<u>66,196</u>
	<u>68,081</u>
Capital lease obligations, less current portion	<u>5,725</u>
Shareholder's equity:	
Common stock, \$.01 par value, 2,000 shares authorized, 100 shares issued and outstanding	1
Additional paid-in capital	156,464
Retained earnings	<u>42,147</u>
	<u>198,612</u>
	<u>\$ 272,418</u>

CPA FINANCIAL ADVISERS, INC.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2002

Revenues:	
Commission income	\$ 713,269
Financial planning and investment advisory fees	10,619
Affiliation fees	45,558
Other	<u>72,730</u>
	<u>842,176</u>
Expenses:	
Commission expense	340,176
Selling, general and administrative	429,809
Depreciation	<u>20,677</u>
	<u>790,662</u>
Net income	<u>\$ 51,514</u>

CPA FINANCIAL ADVISERS, INC.
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In Capital</u>	<u>Earnings</u>
				<u>(Deficit)</u>
Balances, January 1, 2001	100	\$ 1	\$ 136,464	\$ (9,367)
Capital contributions	-	-	20,000	-
Net income for the year ended December 31, 2002	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,514</u>
Balances, December 31, 2002	<u>100</u>	<u>\$ 1</u>	<u>\$ 156,464</u>	<u>\$ 42,147</u>

CPA FINANCIAL ADVISERS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002

Cash flows from operating activities:	
Net income	\$ <u>51,514</u>
Adjustments to reconcile net income to net cash used by operating activities:	
Depreciation	20,677
Changes in operating assets and liabilities:	
Increase in commissions receivable	(98,021)
Increase in prepaid expenses	(63)
Increase in accounts and commissions payable	<u>15,864</u>
Total adjustments	<u>(61,543)</u>
Net cash used by operating activities	<u>(10,029)</u>
 Cash flows from financing activities:	
Principal payments on long-term debt	(1,718)
Capital contributions	<u>20,000</u>
Net cash provided by financing activities	<u>18,282</u>
 Net increase in cash	8,253
 Cash at beginning of year	<u>18,537</u>
 Cash at end of year	<u>\$ 26,790</u>

CPA FINANCIAL ADVISERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

1. Nature of operations and summary of significant accounting policies:

Nature of operations and organization:

The Company was originally formed as Holland Financial Holdings Corporation in 1996 for the purpose of providing financial services. In 1999, the Company changed its name to CPA Financial Advisers, Inc. and successfully filed to become a licensed securities broker-dealer. The Company specializes in assisting certified public accountants with commission situations when dealing with securities transactions.

Revenue and expense recognition:

The revenue of the Company is derived primarily from commissions earned on the sale of securities. Commission income is recorded on the date of the transaction leading to the commission.

Equipment:

Equipment is stated at cost. The service lives for all equipment have been estimated at 5 to 10 years and the straight-line method is used for depreciation purposes. Maintenance and repairs that do not improve or extend the lives of the respective assets are expensed currently.

Computation of customer reserve:

The Company is exempt from customer reserve requirements and providing information relating to possession or control of securities pursuant to Rule 15c3-3 of the Securities and Exchange Act of 1934. The Company meets the exempting provisions of Paragraph (k)(1).

Income taxes:

The Company and its sole shareholder have elected under Subchapter S of the Internal Revenue Code to have the Company's taxable income or loss reported by the shareholder. Because of this election, federal income taxes have not been provided for in the 2002 financial statements.

Advertising:

Costs of advertising are expensed as incurred. Advertising expense for the year ended December 31, 2002 totaled \$4,652.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

CPA FINANCIAL ADVISERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED DECEMBER 31, 2002

2. Net capital requirements:

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 at an amount equal to the greater of \$5,000 or 6 2/3% of aggregate indebtedness, and requires that the ratio of aggregate indebtedness to net capital not exceed 15 to 1.

At December 31, 2002, the Company had excess net capital of \$107,610 and a net capital ratio of .59 to 1.

3. Liability subordinated to the claims of creditors:

None of the Company's liabilities have been subordinated to the claims of general creditors at December 31, 2002.

4. Capital leases:

Capital lease obligations consisted of the following at December 31, 2002:

Copier lease whose cost of \$10,100 and related accumulated depreciation of \$3,030, are included within the equipment and office furniture as of December 31, 2002. Monthly lease payments are \$209 for 60 months, including interest at an effective rate of 11.38% through June 2006.	\$ 7,610
Less current maturities	<u>(1,885)</u>
	<u>\$ 5,725</u>

The following is a schedule of future minimum lease payments under the capital lease agreement, together with the present value of the net minimum lease payments as of December 31, 2002:

2003	\$ 2,658
2004	2,658
2005	2,658
2006	<u>1,329</u>
Total minimum lease payments	9,303
Less: amount representing interest	<u>(1,693)</u>
Present value of net minimum lease payments	7,610
Less: current maturities	<u>(1,885)</u>
	<u>\$ 5,725</u>

CPA FINANCIAL ADVISERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

5. Lease commitments:

The Company leases its office space under a five-year non-cancellable operating lease. Under the terms of the lease, the Company is obligated to pay for all utilities, insurance, and real estate taxes. Monthly payments on the lease are \$3,165 plus sales tax. The company leases equipment under a five-year non-cancellable operating lease maturing in February 2005. Monthly payments on the lease are \$126 plus sales tax. Total lease expenses for the year ended December 31, 2002 amount to \$44,050.

The following is a schedule of future minimum lease payments under operating leases:

2003	\$ 42,646
2004	42,646
2005	<u>7,108</u>
	<u>\$ 92,400</u>

6. Related party:

The Company receives reimbursement for certain administrative costs that are shared by the Company and an affiliated company. Reimbursements received from the affiliate totaled \$32,000 and is included in other revenues for the year ended December 31, 2002.

7. Supplementary disclosures of cash flow information:

Cash was paid during the year for:

Interest	<u>\$ 976</u>
Income taxes	<u>None</u>

8. Subsequent event:

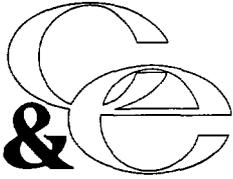
In February 2003, there was a cash distribution of \$42,147 and a return of capital of \$57,853 paid to the shareholder.

CPA FINANCIAL ADVISERS, INC.
COMPUTATION OF NET CAPITAL
DECEMBER 31, 2002

Shareholder's equity	\$ 198,612
Deduct:	
Accounts receivable over 30 days old	(35,568)
Less: related accounts payable	14,100
Prepaid expenses	(3,418)
Fixed assets, net of depreciation	(68,726)
Less: related debt	<u>7,610</u>
Net capital	<u>\$ 112,610</u>
Reconciliation with Company's computation:	
Net capital as reported in the Company's Part IIA (Unaudited) Focus Report	\$ 112,609
Rounding	<u>1</u>
	<u>\$ 112,610</u>

CPA FINANCIAL ADVISERS, INC.
COMPUTATION OF AGGREGATE INDEBTEDNESS
DECEMBER 31, 2002

Accounts payable	<u>\$ 66,196</u>
Total aggregated indebtedness	<u>\$ 66,196</u>
Ratio of aggregate indebtedness to net capital	<u>.59</u>



Cuthill & Eddy LLP
CERTIFIED PUBLIC ACCOUNTANTS
Limited Liability Partnership

Carson L. Eddy, Partner
Victor J. Incinelli, Partner
Harry E. Harp, Partner
Todd Hitchins, Partner

Independent Auditors' Report
On Internal Control Required By SEC Rule 17a-5

Board of Directors
CPA Financial Advisers, Inc.
Daytona Beach, Florida

In planning and performing our audit of the financial statements and supplemental schedules of CPA Financial Advisers, 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 Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry 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 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 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error 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 the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2002, to meet the SEC's objectives.

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

Control & Easy up

February 6, 2003