



AD 3/3/03

03011912

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response..... 12.00

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

SEC FILE NUMBER
8-29688

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 1/1/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: STEVEN L. FALK & ASSOC INC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

46 ROUND HILL ROAD
(No. and Street)
KINNELON N.J. 07405
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
STEVEN L. FALK 973-838-5756
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MARSHALL S. ROSEFF, CPA
(Name - if individual, state last, first, middle name)
2 N. DEAN ST. ENGLEWOOD NJ 07631
(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 13 2003

FOR OFFICIAL USE ONLY THOMSON FINANCIAL

*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)

OATH OR AFFIRMATION

I, STEVEN L. FALK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of STEVEN L. FALK & ASSOC INC, as of 12/31, 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:

Steven L. Falk
Signature
PRESIDENT
Title

STUART D. ARONSON
Notary Public, State of New York
No. 4991083
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires January 21, 2006

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).

STEVEN L. FALK & ASSOCIATES, INC.
FINANCIAL STATEMENTS
YEAR ENDING DECEMBER 31, 2002

MARSHALL S. ROSETT CPA
2 NORTH DEAN STREET
ENGLEWOOD, NEW JERSEY 07631
TEL # 201 816-8008
FAX # 201 816-8306

INDEPENDENT AUDITOR'S REPORT

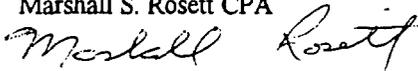
I have audited the accompanying balance sheet of Steven L. Falk Associates, Inc. as of December 31, 2002 and the related statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 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 Steven L. Falk & Associates, Inc. as of December 31, 2002 and the results of its operations and its cash flows for the year then ended in conformity with 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 supplementary information is presented for purposes of additional analysis and is not a required part of 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.

Marshall S. Rosett CPA



Englewood, New Jersey February 21, 2003

STEVEN L. FALK & ASSOCIATES, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2002

ASSETS

Cash		\$ 21,126
Receivable from Broker-Dealer- Clearing Account		35,000
Marketable Securities, at Market Value		45,030
Commissions Receivable		99,589
Fixed Assets		
Auto & Furniture & Fixtures	\$34,681	
Leasehold Improvements	<u>1,809</u>	
Less Accumulated Depreciation	<u>16,039</u>	20,451
Total Assets		\$ <u>221,196</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Accounts Payable	\$ 3,324
Accrued Commissions Payable	63,376
Income Taxes Payable	200

Total Current Liabilities 66,900

Total Liabilities 66,900

Stockholder's Equity:

Common Stock, \$1.00 par value; 100 Shares, Authorized, Issued & Outstanding	100
Additional Paid-In Capital	61,655
Retained Earnings	<u>92,541</u>

Total Stockholder's Equity 154,296

Total Liabilities and Stockholder's Equity \$ 221,196

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

STEVEN L. FALK & ASSOCIATES, INC.
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002

Revenues:	
Commissions	\$ 757,131
Dividend Income	758
Interest Income	<u>13,442</u>
<u>Total Revenue</u>	<u>\$ 771,331</u>
<u>Operating Expenses:</u>	
Registration Fees & Dues	\$ 5,261
Professional Fees	8,195
Line Charges/software	10,598
Telephone	8,873
Travel & Entertainment & Auto	40,690
Seminar Expenses	6,470
Clearing/Execution Fees	28,116
Insurance	4,716
Depreciation Expense	1,842
Interest Expense	469
Office Expenses, Printing & Supplies	14,696
Commissions Paid	558,537
Unrealized Investment Loss	19,999
Utilities	3,644
Repairs & Maintenance	5,674
Postage	<u>19,260</u>
Total Operating Expenses	736,240
Nets Profit before Taxes	35,091
Less Provision for State Corporation Taxes	<u>240</u>
<u>Net Profit</u>	<u>\$ 34,851</u>

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

STEVEN L. FALK & ASSOCIATES, INC.
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2002

Retained Earnings January 1, 2002	\$ 57,690
Add: Net Profit	<u>34,851</u>
Retained Earnings December 31, 2002	\$ <u>92,541</u>

The accompanying notes are an integral part of these financial statements

STEVEN L. FALK & ASSOCIATES INC.
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Common Stock & Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance January 1, 2002	\$ 61,755	57,690	119,445
Net Income	-	<u>34,851</u>	<u>34,851</u>
Balance Dec. 31, 2002	<u>\$61,755</u>	<u>92,541</u>	<u>154,296</u>

STEVEN L. FALK & ASSOCIATES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002

Cash flows from operating activities:	
Net profit	\$ 34,851
Adjustments to reconcile net income to net cash Provided by operating activities:	
Depreciation	1,842
Changes in operating assets and liabilities:	
Prepaid expenses	1,602
Commissions Receivable	(60,270)
Marketable Securities	12,784
Accounts Payable & Short term Loan	<u>15,539</u>
 Net Cash from operations	 \$ 6,348
 Cash flows from financing activities:	
Purchase Fixed Assets	(1,809)
 Net Cash from financing activities	 <u>(1,809)</u>
 Net increase in Cash and Cash Equivalents	 4,539
 Cash and Cash Equivalents – Beginning	 <u>16,587</u>
 Cash and Cash Equivalents – End	 \$ <u>21,126</u>

The accompanying notes are an integral part of these financial statements

STEVEN L. FALK & ASSOCIATES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

1. Business Activity

The company is a securities broker registered with the Securities and Exchange Commission. The company commenced operations in 1983.

2. Summary of Significant Accounting Policies
Method of Accounting

The company maintains its books and records on the accrual basis for financial and Tax purposes.

3. Marketable Securities

Marketable Securities are carried at Market Value. The gross unrealized loss pertaining to these securities held in the investment account was \$19,199 at December 31, 2002

Income Taxes

The company has elected to be treated as an "S" Corporation for Federal Income Tax purposes and has also made this election with the State of New Jersey. Consequently, the Company's income is taxable to the stockholder. Income taxes have been provided for estimated minimum currently payable to the State of New Jersey of \$ 240 for the year ended December 31, 2002.

MARSHALL S. ROSETT CPA
2 NORTH DEAN STREET
ENGLEWOOD, NEW JERSEY 07631
TEL # 201 816-8008
FAX # 201 816-8306

February 21, 2003

Board of Directors
Steven L. Falk & Associates, Inc.
Kinnelon, New Jersey 07405

Please be advised that no material differences existed between the audited computation of Net capital and the Broker/Dealer's corresponding unaudited Part III Focus Report.

Marshall S. Rosett CPA

MARSHALL S. ROSETT CPA
2 NORTH DEAN STREET
ENGLEWOOD, NEW JERSEY 07631
TEL # 201 816-8008
FAX # 201 816-8306

February 21, 2003

Board of Directors

Steven L. Falk & Associates, Inc.
Kinnelon, New Jersey 07405

I declare that no material inadequacies exist in your accounting systems. Since your firm currently consists of only a sole shareholder-employee, it does not allow for true internal controls or procedures for safeguarding of securities or assets. As of December 31, 2002 there were no securities transactions which transpired and therefore, no securities were ever in your possession. Thus, I was unable to observe the application of your safeguarding procedures as of that date.

Marshall S. Rosett CPA