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

SEC FILE NUMBER  
8-51628

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:

BENCHMARK FINANCIAL SERVICES, INC.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY  
FIRM I.D. NO.

2856 NE 32ND STREET

(No. and Street)

LIGHTHOUSE POINT

FL

33064

(City)

(State)

(Zip Code)

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

EDWARD A.H. SIEDLE

954-784-6282

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

BUCHBINDER TUNICK & COMPANY LLP

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

1515 NORTH FEDERAL HIGHWAY SUITE 300

BOCA RATON

FL

33432

(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  
THOMSON FINANCIAL

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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)

093-12

OATH OR AFFIRMATION

I, EDWARD A.H. SIEDLE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BENCHMARK FINANCIAL SERVICES, INC., as of DECEMBER 31, 20 02, 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:

[Handwritten Signature]

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 Proprietors' 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 15c3-3 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).

**BENCHMARK FINANCIAL SERVICES, INC.**

Financial Statements  
and  
Supplemental Schedule

For the Years Ended December 31, 2002 and 2001



**BENCHMARK FINANCIAL SERVICES, INC.**  
For the Years Ended December 31, 2002 and 2001

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**BUCHBINDER TUNICK & COMPANY LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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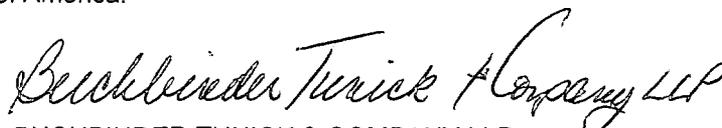
## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Benchmark Financial Services, Inc.

We have audited the accompanying statements of financial condition of Benchmark Financial Services, Inc. as of December 31, 2002 and 2001, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. 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 audits.

We conducted our audits 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 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 audits provide 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 Benchmark Financial Services, Inc. as of December 31, 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.

  
BUCHBINDER TUNICK & COMPANY LLP

Boca Raton, Florida  
February 20, 2003

**BENCHMARK FINANCIAL SERVICES, INC.**  
 Statements of Financial Condition  
 December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash equivalents	\$ 249,674	\$ 228,100
Receivable from broker and clearing organizations, less allowance for doubtful account of \$41,118 for 2002 and 2001	98,500	39,971
Receivables from related parties	252,502	242,518
Prepaid expenses	953	517
Property and equipment, net	<u>18,450</u>	<u>12,500</u>
Total assets	<u>\$ 620,079</u>	<u>\$ 523,606</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 49,374	\$ 8,628
Payable to broker and clearing organizations	<u>116</u>	<u>-</u>
Total liabilities	<u>49,490</u>	<u>8,628</u>
<b>Stockholder's equity:</b>		
Common stock, \$0.001 par value, 100 shares issued, authorized, and outstanding	-	-
Additional paid-in capital	133,400	133,400
Retained earnings	<u>437,189</u>	<u>381,578</u>
Total stockholder's equity	<u>570,589</u>	<u>514,978</u>
Total liabilities and stockholder's equity	<u>\$ 620,079</u>	<u>\$ 523,606</u>

See accompanying notes to financial statements.



**BENCHMARK FINANCIAL SERVICES, INC.**  
 Statements of Operations  
 For the years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Revenues:		
Commissions	\$ 294,572	\$ 584,365
Investment banking	-	10,500
Interest and dividends	23,524	60,547
Realized gain	-	51,795
Consulting fee	<u>120,400</u>	<u>30,952</u>
	<u>438,496</u>	<u>738,159</u>
Expenses:		
Officers' salary	169,360	184,680
Clearance fees	71,156	159,825
Pension	42,535	25,500
Other expenses	25,983	9,718
Professional fees	11,634	20,947
Telephone	10,029	4,639
Repairs	9,819	11,939
Insurance	8,827	7,361
Payroll taxes	8,762	8,397
Office	7,209	13,910
Entertainment	6,329	10,142
Travel	3,567	13,791
Advertising	1,930	-
Gifts	1,710	5,000
Postage	1,386	1,266
Depreciation	1,000	1,000
Interest	767	3,066
Taxes – other	495	4,582
Utilities	387	-
Rent	-	2,000
Bad debts	-	<u>41,118</u>
	<u>382,885</u>	<u>528,881</u>
Net income	<u>\$ 55,611</u>	<u>\$ 209,278</u>

See accompanying notes to financial statements.



**BENCHMARK FINANCIAL SERVICES, INC.**  
 Statements of Changes in Stockholder's Equity  
 For the years ended December 31, 2002 and 2001

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
	<u>Shares</u>	<u>Amount</u>			
Balance at January 1, 2001	100	\$ -	\$ 133,400	\$1,885,477	\$2,018,877
Net income for the year ended December 31, 2001	-	-	-	209,278	209,278
Distributions for the year Ended December 31, 2001	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,713,177)</u>	<u>(1,713,177)</u>
Balance at December 31, 2001	100	-	133,400	381,578	514,978
Net income for the year ended December 31, 2002	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,611</u>	<u>55,611</u>
Balance at December 31, 2002	<u>100</u>	<u>\$ -</u>	<u>\$ 133,400</u>	<u>\$ 437,189</u>	<u>\$ 570,589</u>

See accompanying notes to financial statements.



**BENCHMARK FINANCIAL SERVICES, INC.**  
 Statements of Cash Flows  
 For the years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Net income	\$ 55,611	\$ 209,278
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Bad debts	-	41,118
Depreciation	1,000	1,000
Realized (gain)	-	(51,795)
(Increase) decrease in receivable from broker and clearing organizations	(58,529)	25,529
(Increase) in receivables from related parties	(9,984)	(242,518)
(Increase) in prepaid expenses	(436)	(517)
Increase in accounts payable	40,746	8,628
Increase (decrease) in payable to broker and clearing organizations	116	(556)
Net cash provided by (used in) operating activities	<u>28,524</u>	<u>(9,833)</u>
Cash flows from investing activities:		
Purchase of investments	-	(863,503)
Proceeds from sale of investments	-	1,133,500
Purchase of property and equipment	(6,950)	(13,500)
Net cash (used in) provided by investing activities	<u>(6,950)</u>	<u>256,497</u>
Cash flows from financing activities:		
Distributions to stockholder	-	(1,713,177)
Net cash (used in) financing activities	<u>-</u>	<u>(1,713,177)</u>
Increase (decrease) in cash equivalents	21,574	(1,466,513)
Cash equivalents at beginning of the year	<u>228,100</u>	<u>1,694,613</u>
Cash equivalents at end of the year	<u>\$ 249,674</u>	<u>\$ 228,100</u>
Supplemental cash flows disclosure:		
Taxes paid	\$ -	\$ -
Interest paid	<u>\$ 3,960</u>	<u>\$ 3,288</u>

See accompanying notes to financial statements.



**BENCHMARK FINANCIAL SERVICES, INC.**

Notes to Financial Statements  
December 31, 2002 and 2001

**Note 1 - Organization**

Benchmark Financial Services, Inc. (the "Company") was organized under the laws of the State of Florida as of July 9, 1999. The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers (NASD).

**Note 2 - Summary of Significant Accounting Policies**

Basis of Presentation

The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services including principal transactions, agency transactions, and investment banking.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives. The cost of maintenance and repairs are expensed as incurred, whereas significant betterments and renewals are capitalized. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of operations.

Investment Banking

Investment banking revenues include fees earned from providing merger-and-acquisition and financial restructuring advisory services. Investment banking management fees are recorded on offering date, sales concessions on settlement date, and underwriting fees at the time the underwriting is completed and the income is reasonable determinable.

Commissions

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Use of Estimates in the Preparation of Financial Statements

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 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days, that are held for sale in the ordinary course of business.



**BENCHMARK FINANCIAL SERVICES, INC.**  
Notes to Financial Statements (Continued)  
December 31, 2002 and 2001

**Note 2 - Summary of Significant Accounting Policies (Continued)**

Advertising Costs

Advertising costs are charged to expense when incurred. Advertising expense was \$1,930 for the year ended December 31, 2002.

**Note 3 - Concentration of Credit Risk**

Financial instruments that subject the Company to concentrations of credit risk include cash. The Company had amounts on deposit with financial institutions of approximately \$146,421 and \$134,000 in excess of the amounts insured for December 31, 2002 and 2001, respectively.

**Note 4 - Receivable From and Payable to Broker-Dealers and Clearing Organizations**

Amounts receivable from and payable to broker-dealers and clearing organizations at December 31, 2002 and December 31, 2001 consist of the following:

	<u>2002</u>	<u>2001</u>
<u>Receivable</u>		
Fees and commissions	\$139,618	\$ 81,089
Less allowance for doubtful accounts	<u>(41,118)</u>	<u>(41,118)</u>
	<u>\$ 98,500</u>	<u>\$ 39,971</u>
 <u>Payable</u>		
Fees and commissions	<u>\$ 116</u>	<u>\$ -</u>

**Note 5 - Receivables From Related Parties**

Amounts receivable from related parties consist of the following as of December 31, 2002 and December 31, 2001:

	<u>2002</u>	<u>2001</u>
SDSD, Inc.	\$ 98,221	\$ -
Benchmark Advisory Services	3,111	3,050
Interest bearing (7%) loan receivable from stockholder	127,495	232,036
Interest receivable on loan receivable from stockholder	<u>23,675</u>	<u>7,432</u>
	<u>\$252,502</u>	<u>\$242,518</u>

The sole stockholder of the Company is also the sole stockholder of SDSD, Inc. and Benchmark Advisory Services.



**BENCHMARK FINANCIAL SERVICES, INC.**

Notes to Financial Statements (Continued)

December 31, 2002 and 2001

**Note 6 - Property and Equipment**

At December 31, 2002 and 2001 property and equipment consisted of the following:

	<u>2002</u>	<u>2001</u>
Equipment	\$ 5,000	\$ 5,000
Artwork	<u>15,450</u>	<u>8,500</u>
Total	20,450	13,500
Less accumulated depreciation	<u>(2,000)</u>	<u>(1,000)</u>
Net property and equipment	<u>\$ 18,450</u>	<u>\$ 12,500</u>

**Note 7 - Income Taxes**

The Company has elected, under Subchapter S of the Internal Revenue Code, to have its income taxed directly to its stockholder. The stockholder is responsible for his share of the taxes on the net income of the Company. Accordingly, no provision has been made for federal income taxes.

**Note 8 - Net Capital Requirement**

Pursuant to the net capital provisions of the National Association of Securities Dealers, the Company is required to maintain a minimum net capital, as defined under such provisions. At December 31, 2002, the Company had net capital (as defined) of \$195,227 and had a minimum net capital requirement of \$50,000.

**Note 9 - Pension Plan**

The Company contributed \$25,500 to a defined contribution pension plan for its sole employee in the year 2001 and accrued \$42,535 for the year ended December 31, 2002.

**Note 10 - Contingency**

The Company is entitled to an additional \$50,000 in fees from a client for providing merger and acquisition services. The fees are contingent upon the client attaining certain performance goals.

At this time, however, no estimate can be made as to the time or the amount, if any, of the ultimate fee that will be paid.





**BUCHBINDER TUNICK & COMPANY LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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561-447-9707 • FAX 561-447-9712

**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTAL SCHEDULE REQUIRED BY RULE 17a-5  
OF THE SECURITIES AND EXCHANGE COMMISSION**

Board of Directors  
Benchmark Financial Services, Inc.

We have audited the financial statements of Benchmark Financial Services, Inc. as of December 31, 2002 and 2001 and for the years then ended, and have issued our report thereon dated February 20, 2003. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole.

The accompanying supplemental schedule appearing on page 10 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 the 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.

  
BUCHBINDER TUNICK & COMPANY LLP

Boca Raton, Florida  
February 20, 2003



**BENCHMARK FINANCIAL SERVICES, INC.**  
(Supplemental Schedule)  
Computation of Net Capital under Rule 15c3-1  
of the Securities and Exchange Commission  
December 31, 2002

Net capital:

Total stockholder's equity qualified for net capital	<u>\$ 570,589</u>
Net capital before haircuts on securities position	570,589
Less: nonallowable assets from statement of financial condition	370,405
Less: haircuts on securities – marketable securities	<u>4,957</u>

Net capital 195,227

Aggregate indebtedness:

Included in statement of financial condition:	
Accrued expenses and payable to broker and clearing organizations	<u>\$ 49,490</u>

Computation of basic net capital requirement:

Minimum net capital required (6 2/3% of 49,490)	<u>\$ 3,300</u>
Net capital requirement	<u>\$ 50,000</u>
Excess net capital	<u>\$ 145,227</u>

Reconciliation with Company's computation (included in Part IIA of Form X-17A-5 as of December 31, 2002):

Net capital, as reported in Company's Part IIA (unaudited) Focus report	\$ 244,195
Audit adjustment for SEP accrual	(42,535)
Audit adjustment for professional fees	(6,000)
Difference due to offsetting asset account against related liability	<u>(433)</u>

Net capital per above \$ 195,227

See independent auditor's report on supplemental schedule.





**BUCHBINDER TUNICK & COMPANY LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON  
ON THE INTERNAL CONTROL STRUCTURE REQUIRED BY  
SECURITIES AND EXCHANGE COMMISSION RULE 17a-5(d)**

Board of Directors  
Benchmark Financial Services, Inc.

In planning and performing our audits of the financial statements of Benchmark Financial Services, Inc. for the years ended December 31, 2002 and 2001, we considered its internal control structure 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 structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Benchmark Financial Services, 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 making the quarterly securities examinations, counts, verifications and comparisons, and the recording of differences required by Rule 17a-13, or in complying with the requirements for prompt payment for securities of Section 8 of 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 structure 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 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 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 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 that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 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, we noted no matters involving the internal control structure 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 and 2001 to meet the Commission's objectives.

At December 31, 2002 and 2001, the Company was in compliance with the conditions of its exemption from SEC Rule 15c3-3, and no facts came to our attention during our audit that indicated that such conditions had not been complied with during the years ended December 31, 2002 and 2001.

This report is intended solely for the use of the Board of Directors and management of Benchmark Financial Services, Inc., 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.



BUCHBINDER TUNICK & COMPANY LLP

Boca Raton, Florida  
February 20, 2003

