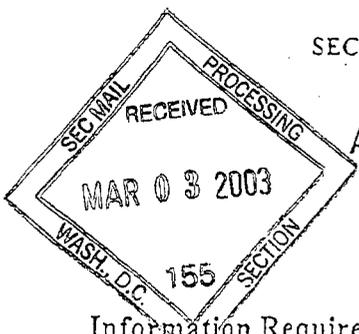




AB 503/5/03



SECURITIES 03012687 ION
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- 20744

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 JANUARY 1, 2002 AND ENDING DECEMBER 31, 2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: William R. Parker
DR BILL PARKER AGENCY
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
4528 MILLRACE ROAD

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street) (City) (State) (Zip Code)
SACRAMENTO CA 95864-0826
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
WILLIAM R. PARKER (916) 486-0783
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
MISTRETTA -TINSETH

(Name - if individual, state last, first, middle name)
740 UNIVERSITY AVENUE, SUITE 160 SACRAMENTO CA 95825
(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 18 2003
THOMSON
FINANCIAL

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)

MAR 17 2003

OATH OR AFFIRMATION

I, Brenda L. WILLIAM R. PARKER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BILL PARKER AGENCY, 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:

B. Parker
Signature
2/26/03
PARTNER
Title

A. See attached
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).

JURAT

State of Ca
County of SACRAMENTO } ss.

Subscribed and sworn to (or affirmed) before me

this 26th day of February, 2003, by

(1) Brenda L Parker
Name of Signer(s)

(2) _____
Name of Signer(s)

Ann L Spencer
Signature of Notary Public



OPTIONAL

Though the information in this section is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: annual audit report

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

RIGHT THUMBPRINT OF SIGNER #1
Top of thumb here

RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here

FORM X-17A-5

FOCUS REPORT

OMB No. 3235-0123 (5-31-87)

(Financial and Operational Combined Uniform Single Report)

PART IIA 12

3/91

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) [X] 16 2) Rule 17a-5(b) [] 17 3) Rule 17a-11 [] 18 4) Special request by designated examining authority [] 19 5) Other [] 25

NAME OF BROKER-DEALER

BILL PARKER AGENCY 13

SEC FILE NO. 8-20744 REGOC 14

FIRM ID. NO. 2N06783 15

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

4528 MILLRACE ROAD 20

FOR PERIOD BEGINNING (MM/DD/YY)

JANUARY 1, 2002 24

(No. and Street)

AND ENDING (MM/DD/YY)

SACRAMENTO 21 CA 22 95864 23

DECEMBER 31, 2002 25

(City) (State) (Zip Code)

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

WILLIAM R. PARKER 30

(Area Code)—Telephone No. (916) 486-0783 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE 33

34 35 37 38 39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES [] 40 NO [] 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT [] 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 26th day of FEBRUARY 2003

Manual signatures of:

1) [Signature] Principal Executive Officer or Managing Partner

2) [Signature] Principal Financial Officer or Partner

3) [Signature] Principal Operations Officer or Partner

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 781(a))

TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report				
Name (if individual, state last, first, middle name)				
MISTRETTA -TINSETH				70
ADDRESS	Number and Street	City	State	Zip Code
	740 UNIVERSITY AVENUE, SUITE 160	SACRAMENTO	CA	95825
	71	72	73	74

Check One

- Certified Public Accountant 75
- Public Accountant 76
- Accountant not resident in United States or any of its possessions 77

FOR SEC USE

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DO NOT WRITE UNDER THIS LINE ... FOR SEC USE ONLY

WORK LOCATION	REPORT DATE MM/DDYY	DOC. SEQ. NO.	CARD					
				50	51	52	5	3

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER

BILL PARKER AGENCY

N 3

100

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND
CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY) DECEMBER 31, 2002 99
SEC FILE NO. 8-20744 99
Consolidated 199
Unconsolidated 199

	ASSETS		Non-Allowable	Total	
	Allowable				
1. Cash	\$ 6,383	200		\$ 6,383	750
2. Receivables from brokers or dealers:					
A. Clearance account		295			
B. Other	11,983	300	550	11,983	810
3. Receivables from non-customers		355	600		830
4. Securities and spot commodities owned, at market value:					
A. Exempted securities		418			
B. Debt securities		419			
C. Options		420			
D. Other securities		424			
E. Spot commodities		430			850
5. Securities and/or other investments not readily marketable:					
A. At cost \$	130				
B. At estimated fair value		440	610		860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:					
A. Exempted securities \$	150				
B. Other securities \$	160				
Secured demand notes:		470	640		890
market value of collateral:					
A. Exempted securities \$	170				
B. Other securities \$	180				
7. Memberships in exchanges:					
A. Owned, at market \$	190				
B. Owned, at cost			650		
C. Contributed for use of the company, at market value			660		900
8. Investment in and receivables from affiliates, subsidiaries and associated partnerships					
Due from partner		480	6,415	6,415	910
9. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization		490	3,106	3,106	920
10. Other assets		535	735		930
11. TOTAL ASSETS	\$ 18,366	540	\$ 9,521	\$ 27,887	940

OMIT PENN

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER **BILL PARKER AGENCY**

as of **DECEMBER 31, 2002**

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING
AND CERTAIN OTHER BROKERS OR DEALERS**

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable.....	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account.....	1114	1315	1560
B. Other.....	1115	1305	1540
15. Payable to non-customers.....	1155	1355	1610
16. Securities sold not yet purchased, at market value.....		1360	1620
17. Accounts payable, accrued liabilities, expenses and other commissions payable	12,447	1385	12,447
18. Notes and mortgages payable:			
A. Unsecured.....	1210		1690
B. Secured.....	1211	1390	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		1400	1710
1. from outsiders \$ 970			
2. Includes equity subordination (15c3-1 (d)) of \$ 980			
B. Securities borrowings, at market value:...		1410	1720
from outsiders \$ 990			
C. Pursuant to secured demand note collateral agreements:.....		1420	1730
1. from outsiders \$ 1000			
2. Includes equity subordination (15c3-1 (d)) of \$ 1010			
D. Exchange memberships contributed for use of company, at market value.....		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes.....	1220	1440	1750
20. TOTAL LIABILITIES.....	\$ 12,447	\$ none	\$ 12,447

Ownership Equity

21. Sole proprietorship.....		\$ 1770
22. Partnership limited partners.....	\$ 1020	\$ 1780
23. Corporations:		
A. Preferred stock.....		1791
B. Common stock.....		1792
C. Additional paid-in capital.....		1793
D. Retained earnings.....		1794
E. Total.....		1795
F. Less capital stock in treasury.....		1796
24. TOTAL OWNERSHIP EQUITY.....		\$ 15,440
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY.....		\$ 27,887

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER **BILL PARKER AGENCY**

For the period (MMDDYY) from Y 01/01/02 3532 to 12/31/02 3533
Number of months included in this statement 12 3531

STATEMENT OF INCOME (LOSS)

REVENUE

1. Commissions:		
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$	3535
b. Commissions on listed option transactions	Y	3538
c. All other securities commissions <u>mutual funds and variable annuities</u>	181,679	3539
d. Total securities commissions	181,679	3540
2. Gains or losses on firm securities trading accounts		
a. From market making in options on a national securities exchange		3545
b. From all other trading		3549
c. Total gain (loss)		3550
3. Gains or losses on firm securities investment accounts		3552
4. Profit (loss) from underwriting and selling groups	Y	3555
5. Revenue from sale of investment company shares		3570
6. Commodities revenue		3590
7. Fees for account supervision, investment advisory and administrative services		3575
8. Other revenue <u>includes interest of \$59 and insurance commission of \$34,456</u>	34,515	3595
9. Total revenue	\$ 216,194	4000

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers <u>commissions</u>	\$ 199,364	4120
11. Other employee compensation and benefits	Y	4115
12. Commissions paid to other broker-dealers		4140
13. Interest expense		4075
a. Includes interest on accounts subject to subordination agreements	4070	
14. Regulatory fees and expenses	840	4185
15. Other expenses	15,574	4100
16. Total expenses	\$ 215,778	4200

NET INCOME

17. Net income (loss) before Federal income taxes and items below (Item 9 less Item 16)	\$ 416	4210
18. Provision for Federal income taxes (for parent only)	Y	4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above		4222
a. After Federal income taxes of	4238	
20. Extraordinary gains (losses)		4224
a. After Federal income taxes of	4239	
21. Cumulative effect of changes in accounting principles		4225
22. Net income (loss) after Federal income taxes and extraordinary items	\$ 416	4230

MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items	\$	4211
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FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER

BILL PARKER AGENCY

as of DECEMBER 31, 2002

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition.....	\$ 15,440		3480
2. Deduct ownership equity not allowable for Net Capital.....	(9,521)		3490
3. Total ownership equity qualified for Net Capital.....	5,919		3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital.....			3520
B. Other (deductions) or allowable credits (List).....			3525
5. Total capital and allowable subordinated liabilities.....	\$ 5,919		3530
6. Deductions and/or charges:			
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) \$		3540	
B. Secured demand note deficiency.....		3590	
C. Commodity futures contracts and spot commodities- proprietary capital charges.....		3600	
D. Other deductions and/or charges.....		3610	() 3620
7. Other additions and/or allowable credits (List).....			3630
8. Net capital before haircuts on securities positions.....	\$		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.....	\$	3725	
2. Debt securities.....		3733	
3. Options.....		3730	
4. Other securities.....		3734	
D. Undue Concentration.....		3650	
E. Other (List).....		3736	() 3740
10. Net Capital.....	\$	5,919	3750

OMIT PENNIES

NET CAPITAL PER FOCUS REPORT FILED FOR THE
QUARTER ENDING DECEMBER 31, 2002 \$ 12,394

CORRECT CASH BALANCE vs. DUE FROM PARTNER
AT DECEMBER 31, 2002 (6,415)

CORRECT ACCRUAL OF ACCOUNTS PAYABLE AT
DECEMBER 31, 2002 (60)

NET CAPITAL PER DECEMBER 31, 2002 5,919

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER

BILL PARKER AGENCY

as of DECEMBER 31, 2002

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$ 834	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 5,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$ 5,000	3760
14. Excess net capital (line 10 less 13)	\$ 919	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$ 4,674	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.L. liabilities from Statement of Financial Condition	\$	3790
17. Add:		
A. Drafts for immediate credit	\$ 3600	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$ 3810	
C. Other unrecorded amounts (List)	\$ 3820	3830
19. Total aggregate indebtedness	\$ 12,447	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	2.10 3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	N/A 3860

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	3880
24. Net capital requirement (greater of line 22 or 23)	\$	3760
25. Excess net capital (line 10 less 24)	\$	3910
26. Net capital in excess of: 5% of combined aggregate debit items or \$120,000	\$	3920

OMIT PENNIES

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER **BILL PARKER AGENCY**

For the period (MMDDYY) from 01/01/02 to 12/31/02

STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period.....	\$	29,101	4240
A. Net income (loss).....		416	4250
B. Additions (Includes non-conforming capital of.....)	\$	4262	4260
C. Deductions (Includes non-conforming capital of partner withdrawals.....)	\$	14,077	4272
		(14,077)	4270
2. Balance, end of period (From item 1800).....	\$	15,440	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period.....	\$	NONE	4300
A. Increases.....		NONE	4310
B. Decreases.....		NONE	4320
4. Balance, end of period (From item 2520).....	\$	NONE	4330

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER .. BILL PARKER AGENCY	as of <u>DECEMBER 31, 2002</u>
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Exemptive Provision Under Rule 15c3-3

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

- | | | |
|---|---|------|
| A. (k) (1)— ^{\$5,000} \$2,500 capital category as per Rule 15c3-1 | X | 4550 |
| B. (k) (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained | | 4560 |
| C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm: 4335 | | 4570 |
| D. (k) (3)—Exempted by order of the Commission | | 4580 |

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be With- drawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)	
Y 31	4600	4601	4602	4603	4604	4605
Y 31	4610	4611	4612	4613	4614	4615
Y 31	4620	4621	4622	4623	4624	4625
Y 31	4630	4631	4632	4633	4634	4635
Y 31	4640	4641	4642	4643	4644	4645
Y 31	4650	4651	4652	4653	4654	4655
Y 31	4660	4661	4662	4663	4664	4665
Y 31	4670	4671	4672	4673	4674	4675
Y 31	4680	4681	4682	4683	4684	4685
Y 31	4690	4691	4692	4693	4694	4695

TOTAL \$, 4699

OMIT PENNIES

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

WITHDRAWAL CODE:	DESCRIPTION
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals
4.	15c3-1(c)(2)(iv) Liabilities

BILL PARKER AGENCY

(A PARTNERSHIP)

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES**
Year ended December 31, 2002



MISTRETTA-TINSETH
Certified Public Accountants
Financial Management Consultants



MISTRETТА - TINSETH

Certified Public Accountants – Financial Management Consultants

740 University Ave., Suite 160
Sacramento, CA 95825
916-929-6902
916-929-7068 Fax

Robert Mistretta, CPA, MBA
Cheryl A. Tinseth, CPA, MS Taxation

INDEPENDENT AUDITOR'S REPORT

To The Partners
Bill Parker Agency
Sacramento, California

We have audited the accompanying balance sheet of Bill Parker Agency (a partnership), as of December 31, 2002 and the related statements of income and partners' 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 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 Bill Parker Agency, 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 in the United States of America.

Also, we have prepared and examined the supplementary schedules (pages 1 through 7 of Form X-17a-5(a)), which precede the aforementioned financial statements, and, in our opinion, they present fairly the information included therein in conformity with the rules of the Securities and Exchange Commission.

Mistretta-Tinseth

February 24, 2003

BILL PARKER AGENCY
(A PARTNERSHIP)
BALANCE SHEET
December 31, 2002

ASSETS

Current Assets

Cash	\$ 6,383
Commissions receivable	11,983
Due from partner	<u>6,415</u>
Total Current Assets	24,781

Furniture and Equipment, at cost, less accumulated depreciation of \$35,671	<u>3,106</u>
---	--------------

Total Assets	<u>\$ 27,887</u>
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LIABILITIES AND PARTNERS' EQUITY

Current Liabilities

Commissions payable	\$ 12,387
Accounts payable	<u>60</u>
Total Current Liabilities	12,447

Partners' Equity	<u>15,440</u>
------------------	---------------

Total Liabilities and Partners' Equity	<u>\$ 27,887</u>
--	------------------

See accompanying notes and auditors' report.

BILL PARKER AGENCY
(A PARTNERSHIP)
STATEMENT OF INCOME AND PARTNERS' EQUITY
Year ended December 31, 2002

Commission Income	<u>\$ 216,135</u>
Expenses	
Commissions	199,364
Insurance	1,650
Office expense	3,667
Advertising	536
Repairs	85
Dues and publications	375
Bank charges	42
Telephone	1,422
Licenses and fees	840
Postage	747
Computer software and supplies	1,086
Accounting and auditing	3,150
Travel, lodging and meals	627
Meetings and seminars	151
Depreciation	<u>2,036</u>
Total Expenses	<u>215,778</u>
Net Income (Loss) From Operations	<u>357</u>
Other Income	
Interest income	<u>59</u>
Total Other Income	<u>59</u>
Net Income (Loss)	416
Partners' Equity, December 31, 2001	29,101
Partners' Withdrawals	<u>(14,077)</u>
Partners' Equity, December 31, 2002	<u>\$ 15,440</u>

See accompanying notes and auditors' report.

BILL PARKER AGENCY
(A PARTNERSHIP)
STATEMENT OF CASH FLOWS
Year ended December 31, 2002

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows From Operating Activities	
Net income (loss)	\$ 416
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	2,036
Changes in assets and liabilities:	
Increase in commissions receivable	(1,703)
Increase in commissions payable	10,096
Increase in accounts payable	<u>29</u>
Total Adjustments	<u>10,458</u>
Net Cash Provided By Operating Activities	<u>10,874</u>
Cash Flows From Financing Activities	
Partner Advance	(6,415)
Partner's Withdrawals	<u>(14,077)</u>
Net Cash Used By Financing Activities	<u>(20,492)</u>
Net Increase (Decrease) in Cash	(9,618)
Cash and cash equivalents, December 31, 2001	<u>16,001</u>
Cash and cash equivalents, December 31, 2002	<u>\$ 6,383</u>

Supplementary Disclosure of Cash Flow Information

There was no interest paid during the period.

Disclosure of Accounting Policy

For purposes of 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.

See accompanying notes and auditors' report.

BILL PARKER AGENCY
(A PARTNERSHIP)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2002

Note 1: Summary of Significant Accounting Policies

The following items comprise the significant accounting policies of the Company. The policies reflect industry practices and conform to generally accepted accounting principles.

Company's Activities

The Company is engaged in the sale of variable annuities, mutual funds and life insurance to individuals, organizations and businesses in Northern California and Nevada. Commissions are paid by the issuing companies to Bill Parker Agency, which in turn pays commissions to its two partners as security representatives/life agents.

Furniture and Equipment

The Company depreciates furniture and equipment using the straight-line method over the estimated useful lives of the assets, which are five to seven years.

Partners' Salaries

No provision has been made for salaries for the partners.

Income Taxes

No provision has been made for income taxes as the liability, if any, is that of the partners.

Note 2: Furniture and Equipment

Furniture and equipment consists of the following at December 31, 2002:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Office furniture and equipment	\$ 12,019	\$ 11,495	\$ 524
Computer equipment	26,758	24,176	2,582
	<u>\$ 38,777</u>	<u>\$ 35,671</u>	<u>\$ 3,106</u>

BILL PARKER AGENCY
(A PARTNERSHIP)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2002

Note 3: Net Capital Requirement

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain net capital of not less than \$5,000. At December 31, 2002, the Company had net capital of \$5,919.

Note 4: Related Party Transactions

All commissions payable at December 31, 2002 and commissions expense for the year ended December 31, 2002 included in the balance sheet and statement of income, respectively, was earned by the partners.

Note 5: Partnership Contract of Sale

Effective January 1, 1999, the prior sole proprietor and current majority partner entered into an agreement to transfer ownership interests in the Company from himself to his daughter (minority partner) at a rate of 10% per year for five years. As a result of the agreement, the Bill Parker Agency converted effective January 1, 1999 to a partnership from a sole proprietorship. At December 31, 2003, the minority partner has the right to purchase the remaining fifty percent interest from the majority partner, payable with an interest bearing note, with annual payments beginning December 31, 2003 and all outstanding principal and interest payable on December 31, 2008, at which date the minority partner would become the sole owner of the Company.

BILL PARKER AGENCY
(A PARTNERSHIP)
December 31, 2002

Bill Parker Agency does not retain customer funds or customer securities. The following schedules are inapplicable and thus have not been prepared:

- Computation for Determination of Reserve Requirements pursuant to Rule 15c3-3
- Information Relating to the Possession or Control Requirements pursuant to Rule 15c3-3
- A Reconciliation pursuant to Rule 17a-5(d)(4)



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SUPPLEMENTARY REPORT ON INTERNAL ACCOUNTING CONTROL

To The Partners
Bill Parker Agency
Sacramento, California

We have examined the financial statements of Bill Parker Agency for the year ended December 31, 2002 and have issued our report thereon dated February 24, 2003. As part of our examination, we made a study and evaluation of the system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and Rule 17a-5 of the Securities and Exchange Commission. This study and evaluation included the accounting system. The Company is exempt from compliance with Rule 15c3-3. No facts came to our attention indicating that the conditions of the exemption had not been complied with during the period. Rule 17a-5 states that the scope of the study and evaluation should be sufficient to provide reasonable assurance that any material weakness existing at the date of our examination would be disclosed. Under generally accepted auditing standards and rule 17a-5, the purposes of such study and evaluation are to establish a basis for reliance thereon in determining the nature, timing, and extent of other auditing procedures necessary for expressing an opinion on the financial statements and to provide a basis for reporting material weaknesses in internal accounting control.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance concerning the safeguarding of assets against loss from unauthorized use or disposition and concerning the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgment by Management. However, for the purposes of this report under Rule 17a-5, the determination of weaknesses to be reported was made without considering the practicability of corrective action by Management within the framework of a cost/benefit relationship.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding instructions, mistakes of judgment, carelessness, or other personnel factors. Control procedures whose effectiveness depends on segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by Management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Bill Parker Agency
Supplementary Report on Internal Accounting Control
Page 2

Our study and evaluation of the system of internal accounting control for the year ended December 31, 2002, which was made for the purposes set forth in the first paragraph above, and would not necessarily disclose all weaknesses in the system that may have existed during the period, disclosed no weakness that we believe to be material except that substantially all accounting functions are performed or directed by one individual (partner). This lack of segregation of duties allows opportunity for accounting improprieties to occur without collusion. Although, not a formal control, each of the partners has full access to all accounting records and is extremely familiar with the transactions and business activities of the Partnership.

Mistretta-Tinseth

February 24, 2003