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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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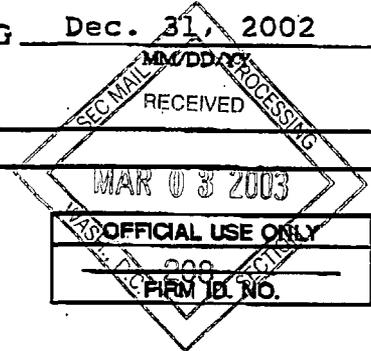
SEC FILE NUMBER  
8- 38622

**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**

REPORT FOR THE PERIOD BEGINNING Jan 1, 2002 AND ENDING Dec. 31, 2002  
MM/DD/YY



**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

*Fordham Financial Management Inc*

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

14 Wall Street

New York (No. and Street) NY 10005  
(City) (State) (Zip Code)

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

Richard Adams 212-732-8500

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Paul Gaynes, CPA

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

54 Sunnyside Blvd. Plainview NY 11803  
(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

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)(2).

*BB 4/20*

OATH OR AFFIRMATION

I, William Baquet, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Fordham Financial Management, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*William Baquet*  
Signature

President

Title

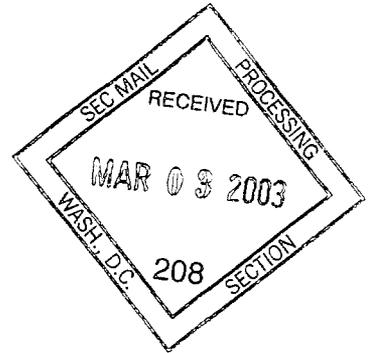
*Sperry R Younger*  
Notary Public

SPERRY R YOUNGER  
Notary Public State of New York  
No. 01YO6044701  
Qualified in New York County  
Commission Expires July 10, 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~~ Cash Flows.
- (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).



FINANCIAL STATEMENTS  
FORDHAM FINANCIAL MANAGEMENT, INC.  
DECEMBER 31, 2002

**PAUL GAYNES**  
CERTIFIED PUBLIC ACCOUNTANT

PAUL GAYNES, CPA

54 SUNNYSIDE BOULEVARD, PLAINVIEW, NEW YORK 11803  
516/349-1331

## INDEPENDENT AUDITOR'S REPORT

To the Officers and Directors of  
Fordham Financial Management, Inc.  
New York, New York

I have audited the accompanying statement of income of Fordham Financial Management, Inc. as of December 31, 2002, the related statements of income, statement of cash flows, statement of changes in stockholders' equity for the year then ended and the supplementary information thereto. 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. These 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 Fordham Financial Management, 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 made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the schedules 1 and 2 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 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.



PAUL GAYNES, CPA

Plainview, NY  
February 18, 2003

**PAUL GAYNES**  
CERTIFIED PUBLIC ACCOUNTANT

PAUL GAYNES, CPA

54 SUNNYSIDE BOULEVARD, PLAINVIEW, NEW YORK 11803  
516/349-1331

To the Officers and Directors of  
Fordham Financial Management, Inc.  
New York, New York

Gentlemen

In planning and performing my audit of the financial statements of Fordham Financial Management, Inc. for the year ended December 31, 2002, I considered its internal control structure, including procedures for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my 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, I have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Fordham Financial Management, Inc. that I considered relevant to the objectives stated in rule 17a-5(g)(1) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital rule under rule 17a-3(ii) and the reserve required by rule 15-c(e);(2) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13; (3) in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System; and (4) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3.

The management of the Company is responsible for establishing and maintaining internal control structures 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 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 Commissions 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 generally accepted accounting principles.

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 of 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 operations may deteriorate.

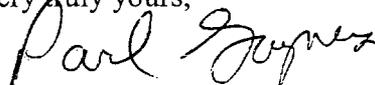
My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design 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, I noted no matters involving the internal control structure, including procedures for safeguarding securities, that I consider to be material weaknesses as defined above.

I 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 my study, I believe that the Company's practices and procedures were adequate at December 31, 2002 to meet the Commission's objectives.

Further, that no material differences existed between my computations and of your net capital, or determination of the reserve requirements, and your corresponding Focus Report Part II filing.

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 and Exchanges Act of 1934 and should not be used for any other purpose.

Very truly yours,



PAUL GAYNES, CPA

Plainview, New York  
February 18, 2003

INDEX TO THE FINANCIAL STATEMENTS  
OF  
FORDHAM FINANCIAL MANAGEMENT, INC.

Facing Page

Independent Auditor's Report

Exhibit A      Statement of Financial Condition  
                         December 31, 2002

Exhibit B      Statement of Income For The Year Ended  
                         December 31, 2002

Exhibit C      Statement of Cash Flows For the Year Ended  
                         December 31, 2002

Exhibit D      Statement of Changes in Stockholders' Equity  
                         For the Year Ended December 31, 2002

Schedule 1      Computation of Net Capital Under S.E.C. Rule 15c3-1  
                         As of December 31, 2002

Schedule 2      Schedule of Reconciliation of Net Capital  
                         As of December 31, 2002

Notes to Financial Statements - December 31, 2002

Report on Internal Control - December 31, 2002

FORDHAM FINANCIAL MANAGEMENT, INC.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2002

	ASSETS	Exhibit A
<b>CURRENT ASSETS</b>		
Cash		\$ 71,447
Due from clearing broker		216,407
Deposit with clearing broker		100,000
Securities – Long Market Value		<u>89,556</u>
Total Current Assets		\$ 477,410
<b>FIXED ASSETS</b>		
Furniture & equipment		\$ 161,063
Less: Accumulated depreciation		<u>146,854</u>
Net Fixed Assets		\$ 14,209
<b>OTHER ASSETS</b>		
Reserve collection account		\$ 693
Advances to registered representatives & employees		779,679
Security deposits		93,833
Prepaid expenses & taxes		44
Receivable from parent company		<u>1,200</u>
Total Other Assets		<u>875,449</u>
<b>TOTAL ASSETS</b>		<u><b>\$1,367,068</b></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable		\$ 20,093
Commissions payable		74,125
Securities – short market value		<u>4,200</u>
<b>TOTAL LIABILITIES</b>		\$ 98,418
<b>STOCKHOLDERS' EQUITY</b>		
Common stock		
Authorized 50,000 No Par Value		
Issued & outstanding 15,000 shares		\$ 15,000
Paid in capital		2,623,637
Retained earnings (deficit)		<u>(1,369,987)</u>
Total Stockholders' Equity		<u>1,268,650</u>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		<u><b>\$1,367,068</b></u>

The accompanying notes are an integral part of this statement.

FORDHAM FINANCIAL MANAGEMENT, INC  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2002

Exhibit B

REVENUES		\$4,109,140
OPERATING EXPENSES		
Salaries	\$ 619,648	
Commissions	1,729,324	
Rent	283,866	
Clearing costs	438,411	
Payroll taxes	133,179	
Professional fees & consulting	102,627	
Insurance	122,731	
Office supplies & expenses	36,352	
Telephone	165,121	
Registration & fees	65,405	
Equipment & information	220,473	
Messenger & delivery	42,800	
Taxes based on income	5,381	
Selling expenses	140,252	
Other expenses	<u>48,901</u>	
Total Expenses		<u>4,154,471</u>
NET LOSS		<u>\$ (45,331)</u>

The accompanying notes are an integral part of this statement.

FORDHAM FINANCIAL MANAGEMENT, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2002

Exhibit C

CASH FLOWS FROM OPERATING ACTIVITIES

Net Loss	\$ (45,331)
Adjustments to reconcile net income to net cash	
Decrease in receivable from brokers	\$ 83,473
Depreciation	12,667
Increase in prepaid expenses	(13,989)
Decrease in payables	7,025
Increase in securities owned	(60,848)
Increase in advances to registered representatives	61,115
Decrease in reserve collection account	<u>28,636</u>
Total Adjustments	<u>118,079</u>
NET CASH APPLIED TO OPERATING ACTIVITIES	\$ 72,748
CASH APPLIED TO INVESTING ACTIVITIES	
Purchase of furniture & equipment	<u>( 1,485)</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	71,263
CASH & CASH EQUIVALENTS – JANUARY 1, 2002	<u>184</u>
CASH & CASH EQUIVALENTS – DECEMBER 31, 2002	\$ <u>71,447</u>

The accompanying notes are an integral part of this statement.

FORDHAM FINANCIAL MANAGEMENT, INC.  
 STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
 FOR THE YEAR ENDED DECEMBER 31, 2002

Exhibit D

	<u>COMMON STOCK</u>	<u>PAID IN CAPITAL</u>	<u>RETAINED EARNINGS</u>	<u>STOCKHOLDERS' EQUITY</u>
BALANCES				
January 1, 2002	\$ 15,000	\$2,623,637	\$(1,324,656)	\$ 1,313,981
Loss – 2002	<u>0</u>	<u>0</u>	<u>(45,331)</u>	<u>(45,331)</u>
BALANCES –				
DECEMBER 31, 2002	<u>\$ 15,000</u>	<u>\$2,623,637</u>	<u>(\$1,369,987)</u>	<u>\$1,268,650</u>

The accompanying notes are an integral part of this statement.

FORDHAM FINANCIAL MANAGEMENT, INC.  
 COMPUTATION OF NET CAPITAL  
 UNDER SEC RULE 15c3-1  
 AS OF DECEMBER 31, 2002

Schedule 1

CREDIT FACTORS		
Common Stock		\$ 15,000
Paid in capital		2,623,637
Retained earnings		<u>(1,369,987)</u>
Total Credit Factors		\$1,268,650
DEDUCTIONS		
Non allowable assets		<u>889,658</u>
NET CAPITAL – BEFORE HAIRCUTS		\$ 378,992
HAIRCUTS		
Other Securities	\$42,134	
Undue Concentration	<u>402</u>	<u>42,536</u>
NET CAPITAL		\$ 336,456
Less: Capital requirements, greater of minimum		
Dollar of 6 2/3% or aggregate indebtedness		<u>100,000</u>
NET CAPITAL IN EXCESS OF REQUIREMENTS		<u>\$ 236,456</u>
Capital Ratio: (Maximum allowance of 1500%)		
Aggregate indebtedness	<u>98,418</u>	
Divided by: Net Capital		336,456 = 29%
AGGREGATE INDEBTEDNESS		
Accrued expenses & taxes payable		<u>\$ 98,418</u>
6 2/3% of Aggregate Indebtedness		<u>\$ 6,564</u>

The accompanying notes are an integral part of this statement.

FORDHAM FINANCIAL MANAGEMENT, INC.  
RECONCILIATION OF NET CAPITAL  
AS OF DECEMBER 31, 2002

Schedule 2

Net capital per Focus Report X-17A-5	\$ 340,283
Adjustments	<u>3,825</u>
NET CAPITAL PER AUDIT REPORT	<u>\$ 336,456</u>

The accompanying notes are an integral part of this statement.

FORDHAM FINANCIAL MANAGEMENT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Fordham Financial Management, Inc. is a Colorado corporation formed, in September 1987 for the purpose of conducting business as a broker dealer in securities. In December, 1995, the company was sold and moved its operations to New York State.

NOTE 2 – INCOME TAXES

No provision has been made for income taxes, other than minimal state filing fees.

NOTE 3 – LEASE COMMITMENT

The company moved to 14 Wall Street, New York City on February 3, 2000. The lease obligation at that premises is:

2003	278,355
2004	283,798
2005	283,798
2006	283,798
2007	47,300

The lease expires February 28, 2007