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

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

SEC FILE NUMBER 8- 50417

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 01/01/2002 AND ENDING 12/31/2002 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

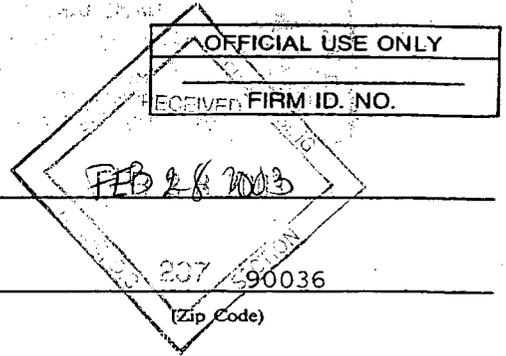
NAME OF BROKER-DEALER:

San Francisco Securities, Inc.

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

5757 Wilshire Blvd., #370 (No. and Street)

Los Angeles California (City) (State)



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

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

Brian W. Anson, CPA

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

5464 Yarmouth Avenue, #59, Encino California 91316 (Address) (City) (State) Zip Code

CHECK ONE:

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

PROCESSED MAR 18 2003 THOMSON FINANCIAL

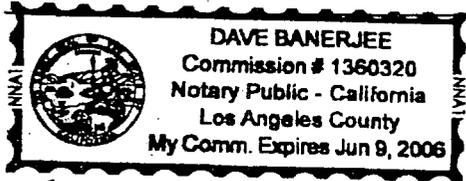
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

AP 3/17/2003

OATH OR AFFIRMATION

I, Naum Voloshin, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of San Francisco Securities, 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:



Signature of Dave Banerjee, Notary Public

Signature of Naum Voloshin, President

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).

**BRIAN W. ANSON**

*Certified Public Accountant*

5464 Yarmouth Avenue # 59, Encino, CA 91316 • (818) 342-4299

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
San Francisco Securities, Inc.  
Los Angeles, CA

I have audited the accompanying statement of financial condition of San Francisco Securities, Inc. as of December 31, 2002 and the related statements of income, changes in stockholders' equity, 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 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 misstatements. 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 statement referred to above present fairly, in all material respects, the financial position of San Francisco Securities, 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 information contained on Schedules I-III are 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.

This opinion is intended solely for the information and use of the board of directors, the Securities and Exchange Commission, and other regulatory agencies which 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.



Brian W. Anson  
Certified Public Accountant  
Encino, California  
February 25, 2003

SAN FRANCISCO SECURITIES, INC.

Statement of Financial Condition  
December 31, 2002

ASSETS

Cash	\$170,992
Accounts receivable	291,294
Clearing deposit	50,000
Investments	2,590,432
Furniture and equipment net of accumulated depreciation of \$1,538	698
Organization costs net of accumulated ammortization of \$2,719	1,466
Other assets	1,176
Total assets	<u><u>\$3,106,058</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES:

Accounts payable	\$12,802
Commissions payable	5,258
Income taxes payable	800
Securities sold, not yet purchased	1,253,478
Due to shareholder	179,694
Total liabilities	<u><u>1,452,032</u></u>

STOCKHOLDERS' EQUITY:

Common stock	10,000
Paid in capital	2,201,780
Retained deficit	(557,754)
Total stockholders' equity	<u><u>1,654,026</u></u>
Total liabilities and stockholders' equity	<u><u>\$3,106,058</u></u>

SAN FRANCISCO SECURITIES, INC.

Statement of Income  
For the year ended December 31, 2002

REVENUES:

Commission income	\$636,835
Other income	<u>2,346</u>
Total income	<u>639,181</u>

EXPENSES:

Legal and professional	11,200
Communication	195,813
Clearing charges	1,057,553
Operations	<u>138,040</u>
Total expenses	<u>1,402,606</u>

LOSS BEFORE INCOME TAXES (763,425)

INCOME TAX BENEFIT (Note 2) 258,492

NET LOSS (\$504,933)

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

SAN FRANCISCO SECURITIES, INC.

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

	Common Stock	Additional Paid-in capital	Retained Deficit	Total Stockholders' Equity
Beginning Balance January 1, 2002	\$10,000	\$409,500	(\$52,821)	\$366,679
Capital contributions		1,792,280		1,792,280
Net loss			(504,933)	(504,933)
Ending Balance December 31, 2002	\$10,000	\$2,201,780	(\$557,754)	\$1,654,026

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

SAN FRANCISCO SECURITIES, INC.

Statement of Cash Flows  
For the year ended December 31, 2002

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	(\$504,933)
Adjustment to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	1,116
(Increase) decrease in:	
Accounts receivable	(278,477)
Investments	(2,590,432)
Increase (decrease) in:	
Accounts payable	2,802
Commissions payable	5,258
Income taxes payable	(3,225)
Securities sold not yet purchased	824,642
Due to shareholder	179,694
Total adjustments	<u>(1,858,622)</u>
Net cash used in operations	<u><u>(2,363,555)</u></u>

CASH FLOWS FROM FINANCING ACTIVITIES

Capital contribution	<u>1,792,280</u>
Net cash provided by financing activities	<u>1,792,280</u>
Decrease in cash	<u>(571,275)</u>
Cash - beginning of period	742,267
Cash - end of period	<u><u>\$170,992</u></u>

Supplemental cash flow disclosures

Interest	\$0
Income taxes	\$800

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

SAN FRANCISCO SECURITIES, INC.  
Notes to Financial Statements  
December 31, 2002

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and general matters:

San Francisco Securities, Inc. (the "Company") was formed in California in 1997 and is approved as a securities broker dealer by the Securities and Exchange Commission, the National Association of Securities Dealers and the State of California.

The firm is a corporation whose sole shareholder is Naum Voloshin. The firm operated on a fully disclosed basis with another member firm, Computer Clearing Services, Inc.

Summary of significant accounting policies:

Revenue recognition:

Securities transactions are recorded on a settlement date basis with related commission income and expense also recorded on a settlement date basis.

Marketable securities:

Securities owned are valued at market value. The resulting differences between cost and market is included in income.

Use of Estimates

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

Property, equipment and premises:

The company depreciates its assets over a useful life of seven years; with organization costs amortized over five years.

		Useful Lives
Furniture and equipment	\$2,236	7 years
Organization costs	4,185	5 years
Total	<u>6,421</u>	
Less: Accumulated depreciation and amortization	<u>(4,257)</u>	
Net	<u>\$2,164</u>	

The Company shares office space with its affiliate Crown City Capital. Under the existing expense agreement, Crown City will absorb these costs for the Company and is reimbursed for their share of the rent and overhead.

SAN FRANCISCO SECURITIES, INC.  
Notes to Financial Statements  
December 31, 2002

Note 1: GENERAL & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
CONTINUED

Comprehensive Income:

The Company adopted SFAS No. 130, "Reporting Comprehensive Income," which requires that an enterprise report, by major components and as a single total, the changes in equity. There were no other comprehensive income items for the year ended December 31, 2002.

Due to Shareholder:

The firm's principal shareholder maintains the liquidity of the firm's trading strategy by injecting funds on a short-term basis based upon the firm's proprietary read of the capital markets. Such accounts between the firm and its registered principal are recorded as a short-term liability in the amount of \$179,694 without imputed interest.

Concentrations of Credit Risk:

The Company and its subsidiaries are engaged in various trading and brokerage activities in which counter parties primarily include broker-dealers, banks, and other financial institutions. In the event counter parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter party.

100% of the revenues were generated in the state of California.

Note 2: INCOME TAXES

The firm has a net operating loss; which a tax benefit of \$258,492 has been recorded. The firm is allowed to carry back the loss for 3 years and forward for 15 years. The firm has elected not to carry back the loss and to realize the benefit in future years.

The components of the income tax benefit for the year ended December 31, 2002 are as follows:

Current:	
Federal	\$(259,292)
State	<u>800</u>
Tax Benefit	<u>\$(258,492)</u>

SAN FRANCISCO SECURITIES, INC.  
Notes to Financial Statements  
December 31, 2002

Note 3: NET CAPITAL REQUIREMENTS

The company is subject to the uniform net capital rule (SEC Rule 15c3-1) of the Securities and Exchange Commission, which requires both the maintenance of minimum net capital and the maintenance of maximum ratio of aggregate indebtedness to net capital. At December 31, 2002 the company had a net capital of \$1,650,686 which is \$1,550,686 in excess of the minimum of \$100,000 required and its ratio of aggregate indebtedness to net capital was 0.88 which is less than the 15 to 1 maximum ratio of a broker dealer.

Note 4: FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

In the normal course of business, the Company executes, as agent, transactions on behalf of customers. If the transactions do not settle because of failure to perform by either the customer or the counter-party, the Company may be obligated to discharge the obligation of the nonperforming party and, as a result, may incur a loss if the market value of the securities are different from the contract amount of the transaction.

The Company does not anticipate nonperformance by customers or counter-parties in the above situation. The Company's policy is to monitor its market exposure and counter-party risk. In addition, the Company has a policy of reviewing, as considered necessary, the credit standing of each customer with which it conducts business.

Additionally, the Company is subject to credit risk if the clearing broker is unable to repay the balance of the Company's accounts.

SAN FRANCISCO SECURITIES, INC.

Schedule II  
Determination of Reserve Requirements  
Under Rule 15c3-3 of the Securities and Exchange Commission  
December 31, 2002

Computation for the determination of reserve requirements and  
Information relating to the possession or control requirements under SEC Rule 15c3-3

Schedule III  
Information Relating to Possession or Control  
Requirements Under Rule 15c3-3  
December 31, 2002

Since the company operates under a fully disclosed basis with a NYSE member firm  
these schedules are exempted under the SEC Rule 240.15c3-3(k)(1)(iii).

SAN FRANCISCO SECURITIES, INC.

Statement of Net Capital  
 Schedule I  
 December 31, 2002

	<u>Focus 12/31/02</u>	<u>Audit 12/31/02</u>	<u>Change</u>
Stockholders' equity, December 31, 2002	\$1,402,850	\$1,654,026	(\$251,176)
Subtract - Non allowable assets:	4,456	3,340	1,116
Tentative net capital	<u>1,398,394</u>	<u>1,650,686</u>	<u>(252,292)</u>
Haircuts:	0	0	
NET CAPITAL	<u>\$1,398,394</u>	<u>\$1,650,686</u>	<u>(252,292)</u>
Minimum net capital	(100,000)	(100,000)	
Excess net capital	<u>\$1,298,394</u>	<u>\$1,550,686</u>	<u>(\$252,292)</u>
Aggregate indebtedness	1,445,032	1,452,032	(7,000)
Ratio of aggregate indebtedness to net capital	N/A	0.88%	

Changes are due to audit adjustments and year end accrual entries.

**BRIAN W. ANSON**

*Certified Public Accountant*

5464 Yarmouth Avenue # 59, Encino, CA 91316 • (818) 342-4299

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**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL STRUCTURE  
REQUIRED BY SEC RULE 17A-5**

Board of Directors,  
San Francisco Securities, Inc.  
Los Angeles, California

In planning and performing my audit of the financial statements of San Francisco Securities, Inc. for the year ended December 31, 2002, I considered its internal control structure, including control activities 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 San Francisco Securities, Inc. including test of compliance with such practices and procedures that I considered relevant to objectives stated in rule 17a-5(g), (1) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e). I did not review the practices and procedures followed by the Company (i) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13, or (ii) 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; because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an 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 internal control structure policies and procedures and of the practices and procedures referred to in the proceeding 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 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 preparation of financial statements in conformity with generally accepted accounting principles.

Board of Directors,  
San Francisco Securities, Inc.  
Page Two

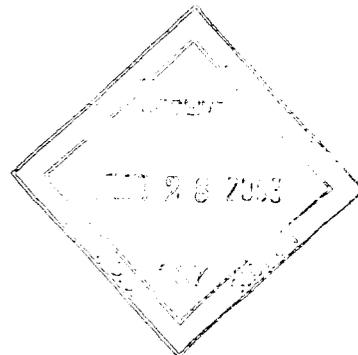
Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. My consideration of the internal control structure would not necessarily disclose all matters in the internal control that might be material weakness 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 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, I noted no matters involving the internal control structure, including control activities for safeguarding securities, that I consider to be material weakness as defined above. In addition, my consideration of the internal control structure indicated that the Company was in compliance with the conditions of the exemption under Paragraph (k) (2) (B) of Rule 15c3-3, and no facts came to my attention indicating that such conditions had not been complied with during the period. The scope of my engagement did not include the Anti Money Laundering provision of the U.S. Patriot Act.

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 purpose 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 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.

This report is intended solely for the information and use of the board of directors, the Securities and Exchange Commission, and other regulatory agencies which 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.



Brian W. Anson  
Certified Public Accountant  
Encino, California  
February 25, 2003



SAN FRANCISCO SECURITIES, INC.

FINANCIAL STATEMENTS  
AND  
ACCOMPANYING SUPPLEMENTARY INFORMATION

REPORT PURSUANT TO SEC RULE 17a-5(d)

FOR THE YEAR ENDED  
DECEMBER 31, 2002

# SAN FRANCISCO SECURITIES, INC.

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