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

SEC FILE NUMBER
8-45423

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:

Dunwoody Brokerage Services, Inc.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

4243 Dunwoody Club Drive, Suite 200  
(No. and Street)

Atlanta, GA 30350-5206  
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

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

Robert L. Hopkins 678-731-0007

(Area Code - Telephone Number)

### B. ACCOUNTANT IDENTIFICATION

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

Mirick, Eddie L., P.C.

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

P.O. Box 392, 314 Residence Ave., Albany, GA 31701

(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 19 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)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Robert L. Hopkins, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Dunwoody Brokerage Services, 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]  
Signature

President  
Title

[Signature]  
Notary Public

Fannin County GA, My Commission Expired Feb 1, 2006

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole 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).

**DUNWOODY BROKERAGE SERVICES, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2002 and 2001**

**EDDIE L. MIRICK, P.C.  
CERTIFIED PUBLIC ACCOUNTANT  
ALBANY, GEORGIA**

DUNWOODY BROKERAGE SERVICES, INC.

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EDDIE L. MIRICK, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

---

314 WEST RESIDENCE AVENUE  
P.O. BOX 392  
ALBANY, GA. 31702  
912-436-0650

MEMBER  
AMERICAN INSTITUTE  
OF CERTIFIED PUBLIC ACCOUNTANTS  
GEORGIA SOCIETY  
OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

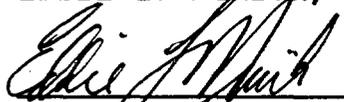
To the Board of Directors and Stockholders of  
Dunwoody Brokerage Services, Inc.  
Atlanta, Georgia

I have audited the accompanying statement of financial condition of Dunwoody Brokerage Services, Inc. as of December 31, 2002 and 2001 and the related statements of income, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States. Those standards require that I plan and perform the audits 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 audits provide 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 Dunwoody Brokerage Services, Inc. as of December 31, 2002 and 2001 and the results of operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

EDDIE L. MIRICK, P.C.

  
\_\_\_\_\_  
Albany, Georgia  
February 04, 2003

DUNWOODY BROKERAGE SERVICES, INC.

STATEMENT OF FINANCIAL CONDITION

As of December 31, 2002 AND 2001

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents (Note 7)	\$ 27,735	\$ 34,267
Deposit at CRD	161	66
Receivables: (Note 1)		
Commissions	53,067	56,384
Brokers	4,394	13,014
Prepaid Expenses	1,842	6,250
Prepaid Taxes	<u>4,097</u>	<u>8,431</u>
TOTAL CURRENT ASSETS	\$ <u>91,296</u>	\$ <u>118,412</u>

EQUIPMENT AT COST (Note 1)

Office Equipment/Furnishings (at cost)	\$ 44,701	\$ 44,701
Less Accumulated Depreciation	<u>32,590</u>	<u>26,950</u>
TOTAL EQUIPMENT	\$ <u>12,111</u>	\$ <u>17,751</u>

OTHER ASSETS

Lease Deposit (Note 2)	\$ 4,627	\$ 4,627
Marketable Securities (Note 6)	5,016	12,462
Non-marketable Securities (Note 6)	<u>7,400</u>	<u>12,900</u>
TOTAL OTHER ASSETS	\$ <u>17,043</u>	\$ <u>29,989</u>
TOTAL ASSETS	\$ <u>120,450</u>	\$ <u>166,152</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Checking Account Overdraft (Note 7)	\$ 2,370	\$ -
Accounts Payable	12,359	19,005
Commissions Payable	<u>39,838</u>	<u>60,470</u>
TOTAL CURRENT LIABILITIES	\$ <u>54,567</u>	\$ <u>79,475</u>

OTHER LIABILITIES

Deferred Income Tax Liability (Note 10)	\$ <u>1,890</u>	\$ <u>3,008</u>
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STOCKHOLDERS' EQUITY

Common Stock - \$-0- Par value, 1,000,000 Shares Authorized, 10,000 Shares Issued and Outstanding	\$ 10,000	\$ 10,000
Retained Earnings	57,018	90,849
Unrealized Loss on Marketable Securities	( <u>3,025</u> )	( <u>17,180</u> )
TOTAL STOCKHOLDERS' EQUITY	\$ <u>63,993</u>	\$ <u>83,669</u>

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ <u>120,450</u>	\$ <u>166,152</u>
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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**DUNWOODY BROKERAGE SERVICES, INC.**

**STATEMENT OF INCOME**

For The Year Ended December 31, 2002 AND 2001

**REVENUES:**

Mutual Funds Commissions	\$ 376,038	\$ 410,394
General Securities Commissions	242,443	470,423
Variable Annuities Commissions	213,236	308,997
Variable Life Commissions	21,364	46,545
Direct Placements	269,397	88,830
Private Placements	79,350	340,925
Fees	<u>48,196</u>	<u>56,709</u>

<b>GROSS REVENUES</b>	<b>\$ <u>1,250,024</u></b>	<b>\$ <u>1,722,823</u></b>
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**OPERATING EXPENSES**

Commissions	\$ 940,638	\$ 1,353,266
Consulting Fees	5,700	-
Depreciation	5,640	5,383
Employee Benefit Plans	18,793	23,868
Other Operating Expenses	56,032	110,522
Taxes	15,054	17,703
Rent	38,371	39,859
Wages	<u>192,180</u>	<u>227,718</u>

<b>Total Operating Expenses</b>	<b>\$ <u>1,272,408</u></b>	<b>\$ <u>1,778,319</u></b>
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<b>NET INCOME (LOSS) FROM OPERATIONS</b>	<b>\$ (<u>22,384</u>)</b>	<b>\$ (<u>55,496</u>)</b>
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**NON-OPERATING INCOME/EXPENSE**

Gain/losses on Securities	\$ ( 14,652)	\$ 787
Interest earned	<u>400</u>	<u>2,586</u>
<b>Total</b>	<b>\$ (<u>14,252</u>)</b>	<b>\$ <u>3,373</u></b>

<b>NET INCOME/LOSSES BEFORE INCOME TAXES</b>	<b>\$ ( 36,636)</b>	<b>\$ ( 52,123)</b>
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**PROVISION FOR INCOME TAXES (Note 10)**

Tax Benefit from operating loss	\$ 1,687	\$ 8,431
Deferred Income Tax Benefit	<u>1,118</u>	<u>213</u>
<b>Total Provision for Income taxes</b>	<b>\$ <u>2,805</u></b>	<b>\$ <u>8,644</u></b>

<b>NET INCOME</b>	<b>\$ (<u>33,831</u>)</b>	<b>\$ (<u>43,479</u>)</b>
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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

DUNWOODY BROKERAGE SERVICES, INC.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For The Year Ended December 31, 2002 AND 2001

	<u>Common Shares</u>	<u>Stock Amount</u>	<u>Retained Earnings</u>	<u>Unrealized losses on Securities</u>
ENDING BALANCES - 12/31/00	10,000	\$ 10,000	\$ 134,328	\$ -
NET INCOME/LOSS - 2001	<u>-</u>	<u>-</u>	<u>\$ ( 43,479)</u>	<u>-</u>
ENDING BALANCES - 12/31/01	10,000	\$ 10,000	\$ 90,849	\$ ( 17,180)
NET INCOME/LOSS - 2002	<u>-</u>	<u>-</u>	<u>( 33,831)</u>	<u>\$ ( 14,155)</u>
ENDING BALANCES - 12/31/02	<u>10,000</u>	<u>\$ 10,000</u>	<u>\$ 57,018</u>	<u>\$ ( 3,025)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

DUNWOODY BROKERAGE SERVICES, INC.

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2002 AND 2001

SOURCES OF CASH  
OPERATING ACTIVITIES

Net Income/(Loss)	\$ ( 33,831)	\$ ( 43,479)
Adjustments to Derive Cash Effect:		
Depreciation	5,640	5,383
Deferred Income taxes	( 1,118)	( 213)
Realized loss on securities	16,705	-
Increase/Decrease in deposit at CRD	( 95)	423
Increase/Decrease in Prepaids	8,742	( 3,174)
Increase/Decrease in receivables	11,937	34,094
Increase/Decrease in liabilities	( 24,908)	( 27,702)
Cash Provided/Used By Operations	\$ ( 16,928)	\$ ( 34,668)

INVESTING ACTIVITIES

(Purchase)/sale of Securities	\$ 10,396	\$ ( 2,542)
Purchase of Equipment	-	( 2,571)
Total Investing Activities	\$ 27,101	\$ ( 5,113)

INCREASE/DECREASE IN CASH	\$ ( 6,532)	\$ ( 39,781)
CASH AT BEGINNING OF PERIOD	<u>34,267</u>	<u>74,048</u>
CASH AT END OF PERIOD	\$ <u>27,735</u>	\$ <u>34,267</u>

Cash Payments:

Income taxes	\$ <u>-</u>	\$ <u>4,942</u>
Interest	\$ <u>-</u>	\$ <u>-</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

DUNWOODY BROKERAGE SERVICES, INC.

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF  
GENERAL CREDITORS

For the years ended December 31, 2002 AND 2001

	TOTAL SUBORDINATED LIABILITIES
BEGINNING BALANCES 12/31/01	\$ -
2001 CHANGES	<u>-</u>
ENDING BALANCES 12/31/01	\$ -
2002 CHANGES	<u>-</u>
ENDING BALANCE 12/31/02	\$ <u>-</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

DUNWOODY BROKERAGE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS - Dunwoody Brokerage Services, Inc. is a registered broker-dealer in the securities market under the Securities Exchange Act of 1934.

ECONOMIC DEPENDENCY - In 2001 there was a concentration of risk in that 20% of gross revenue was derived from private placements related to one company. There was no such concentration in 2002.

There are no other concentrations in any areas that would affect the operations of the Company currently or in the future. This includes but is not limited to the following concentrations:

- a. Volume of business transacted with a particular customer, supplier, lender, etc. (other than shown above)
- b. Revenue from particular products, services, etc.
- c. Available sources of brokers, services or of licenses or other rights used in operations.
- d. Market or geographic area

SECURITIES TRANSACTIONS - Dunwoody Brokerage Services, Inc. has a clearing agreement with Sterne, Agee & Leach, Inc., Birmingham, Alabama.

REVENUE RECOGNITION - Commission income and the related expense are recorded on a trade date basis.

Securities are classified as available for sale. Marketable securities are valued at market value and securities not readily marketable are valued at fair value as determined by the management of the Company. Realized gains and losses are recognized in income when realized. Unrealized gains and losses are reflected on the balance sheet as a separate component of equity.

INCOME TAXES - The Company is taxed as a C corporation. Income taxes are computed at statutory rates on financial statement income and on federal and state taxable income. Deferred tax assets and/or liabilities are recorded based on the temporary differences between financial statement income and taxable income.

DUNWOODY BROKERAGE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates by management. Estimates used in these financial statements were established by management by reviewing past experiences and evaluating these experiences in the context of current and expected future conditions. Therefore, these accounting estimates have been based on both objective factors (past transactions and events) and subjective factors (projecting the likely outcome of future transactions and events).

RECEIVABLES - Due to the collection history of the Company, no provision for doubtful accounts was required for 2002 and 2001.

DEPRECIATION - The Company provides for depreciation of equipment at straight-line rates over the estimated useful lives of 5-7 years for financial statement reporting and at accelerated rates for income tax purposes.

The cost of assets sold, traded or otherwise retired, and the related accumulated depreciation are removed from the accounts in the year of retirement. Gains and losses are included in income in the year of retirement.

NOTE 2 - LEASE AGREEMENT

The Company's lease for its former offices expired February 28, 2000. The Company entered into a five-year lease agreement, effective February 1, 2000, and moved at the end of February 2000 into a larger office complex. Gross monthly rent under the lease agreement is \$4,909. The lease requires a deposit equal to the last monthly payment of \$4,627. Total rent expense for 2002 and 2001 was \$38,371 and \$39,859, respectively. The Company rents part of the office space to offset the monthly gross rent expense; however, the annual rental income from this cannot be determined. Minimum rental payments under the Company's lease until the lease expires in 2005 are:

2003-2004	\$58,908 each year
2005	\$ 4,627 January 2005

DUNWOODY BROKERAGE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - EMPLOYEE BENEFIT PLANS

During 1995 the Company started a money purchase pension plan and a profit sharing retirement plan. The Plans cover all full time employees with no age requirements. The plan requires two years' minimum service and 100% immediate vesting. Employee contributions are not permitted. All of the Company's three full time employees are covered by the plans and are fully vested. The Company's expense for 2002 and 2001 was \$18,793 and \$23,858 respectively.

NOTE 4 - STATEMENT OF CASH FLOWS

"Cash" is treated as funds available for operations on the statement of cash flows. Cash equivalents include money market funds.

NOTE 5 - RESTRICTIVE TRANSFER AGREEMENT

On February 3, 1995 the company's two shareholders and the Company entered into an agreement to make provisions for the future disposition of shares of their Company stock; to provide for the sale of shares of the Company's stock on the occasion of certain specified events; to provide that such shares shall be transferable only upon compliance with the terms of this agreement; and to provide for issuance of additional capital stock of the Company only upon certain conditions.

NOTE 6 - SECURITIES (AVAILABLE FOR SALE)

Marketable Securities

The Company owns marketable common stocks with a cost basis of \$8,041. As of December 31, 2002 the market value of the stock was \$5,016. The total unrealized loss has been recorded and reflected on the balance sheet as a separate component of equity.

Non-marketable Securities

The Company owns common stock which due to certain restrictions is not marketable and for which no market value could be determined as of December 31, 2002. The stock is carried on the books of the Company at its cost basis of \$7,400 which management believes to approximate the market value.

DUNWOODY BROKERAGE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of three money market accounts which are carried at market value and one regular checking accounts. One of the accounts is the Company's good faith account of \$25,000 which it maintains with its carrying broker Sterne, Agee and Leach, Inc.. Management does not allow the checking account balance to exceed federally insured limits; however, the money market accounts are uninsured.

NOTE 8 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of the minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Net capital and the related aggregate indebtedness to net capital ratio fluctuate on a daily basis. At December 31, 2002 and 2001, the net capital and the aggregate indebtedness were \$29,944 and \$21,217 and \$54,567 and \$79,475, respectively. The required minimum net capital was reduced to \$5,000 during 2001.

NOTE 9 - LEGAL MATTERS

A lawsuit brought against the Company and the Company's president by a former broker of the Company was settled through arbitration by the NASD Office of Dispute in 2000. Total cost to the Company is summarized below:

	<u>2001</u>	<u>2000</u>
Settlement fee paid to Claimant	\$ -	\$ 1,200
Legal fees incurred By Company	<u>1,253</u>	<u>15,081</u>
Total expense to Company	<u>1,253</u>	<u>\$16,281</u>

This expense is included in the other operating expenses on the statement of income for 2001 and 2000. There were no costs for 2002.

An estate has filed an action to seek recovery of losses allegedly sustained as a result of one of the Company's brokers having improperly and illegally advised a client to purchase unsuitable securities. The matter is in arbitration with NASD Office of Dispute Resolution. The Company has affirmed that the action is without merit. The amount of cost, if any, to be incurred by the Company can not be determined at this time.

DUNWOODY BROKERAGE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10- PROVISION FOR INCOME TAXES

The net deferred tax liability in the accompanying balance sheet includes the following amounts of deferred tax assets and liabilities:

Deferred tax liability	\$1,890
Deferred tax assets	<u>-</u>
Net deferred tax liabilities	<u>\$1,890</u>

The deferred tax liability results from the use of accelerated methods of depreciation of equipment and furnishings for tax purposes.

The components of the income tax provision are as follows:

Current tax benefit from net operating loss	\$1,687
Deferred tax liability decrease	<u>1,118</u>

Total \$2,805

The current tax benefit differs from the amount that would result from applying statutory rates to net loss because of non deductible life insurance expense totaling approximately \$4,636 and depreciation difference of \$5,640.

The deferred tax liability was computed as follows:

Total temporary difference	\$ 9,540
State income tax [6%(TI-6%)]	( <u>540</u> )
Federal taxable difference	\$ 9,000
Federal tax rate	<u>15%</u>
Federal tax	\$ 1,350
Add state tax from above	<u>540</u>
Total tax deferred on temporary differences	\$ <u>1,890</u>

The Company has a net operating loss carryover to benefit future years of \$18,322. The carryover expires in 2022.

**EDDIE L. MIRICK, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANT**

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P.O. BOX 392  
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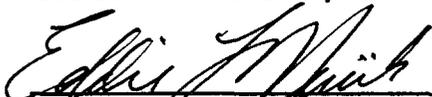
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OF CERTIFIED PUBLIC ACCOUNTANTS  
GEORGIA SOCIETY  
OF CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of  
Dunwoody Brokerage Services, Inc.  
Atlanta, Georgia

My audits were made for the purpose of forming an opinion on the basic financial statements of Dunwoody Brokerage Services, Inc. taken as a whole. The supplementary information presented on pages 13 and 14 is presented for purposes of additional analysis and to meet specific requirements of the U.S. Securities and Exchange Commission pursuant to Section 17 of the Securities Act of 1934 and Rule 17a-5 thereunder, and is not a required part of the basic financial statements. 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.

The accompanying supplementary information has been prepared solely for filing with regulatory agencies and is not intended for any other purpose. This supplementary information has been prepared in conformity with the accounting practices of the U.S. Securities and Exchange Commission Pursuant to Section 17 of the Securities Act of 1934 and Rule 17a-5 thereunder, and is not intended to be presented in conformity with generally accepted accounting principles.

EDDIE L. MIRICK, P.C.

  
\_\_\_\_\_  
Albany, Georgia  
February 04, 2003

DUNWOODY BROKERAGE SERVICES, INC.  
COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENTS UNDER RULE 15C3-3

December 31, 2002

Dunwoody Brokerage Services, Inc. claims exemption from this computation pursuant to Section (k) (2) (ii) of SEC Rule 15c3-3 whereby all customer transactions are cleared through another broker-dealer on a fully disclosed basis.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

DUNWOODY BROKERAGE SERVICES, INC.

COMPUTATION OF NET CAPITAL AND BASIC NET CAPITAL

REQUIREMENTS UNDER RULE 15C3-3

December 31, 2002 AND 2001

NET CAPITAL		
Total Shareholders' Equity	\$ <u>63,993</u>	\$ <u>83,669</u>
TOTAL CAPITAL AND ALLOWABLE LIABILITIES	\$ <u>65,883</u>	\$ <u>86,677</u>
DEDUCT NON-ALLOWABLE ASSETS:		
Equipment	\$ 12,111	\$ 17,751
Prepaid Expenses, taxes, & Deposits	10,566	19,309
Deposit at CRD	161	66
Receivable from brokers	<u>4,394</u>	<u>13,014</u>
	\$ 27,232	\$ 50,140
NET CAPITAL BEFORE HAIRCUTS	\$ <u>38,651</u>	\$ <u>36,537</u>
HAIRCUTS ON SECURITIES:		
Marketable securities	\$ 752	\$ 1,868
Non marketable securities	7,400	12,900
Money Market Funds	<u>555</u>	<u>552</u>
	\$ <u>8,707</u>	\$ <u>15,320</u>
NET CAPITAL	\$ <u>29,944</u>	\$ <u>21,217</u>
AGGREGATE INDEBTEDNESS	\$ <u>54,567</u>	\$ <u>79,475</u>
BASIC NET CAPITAL REQUIREMENTS		
Minimum Net Capital Required	\$ <u>5,000</u>	\$ <u>5,000</u>
EXCESS CAPITAL	\$ <u>24,944</u>	\$ <u>16,217</u>
RECONCILIATION WITH COMPANY'S COMPUTATION		
(included in Part I of Form X-17A-5 as of		
December 31, 2002 and 2001)		
Net capital, as reported in Company's		
Part II (unaudited) FOCUS report	\$ <u>31,136</u>	\$ <u>21,939</u>
Audit Adjustments		
Increase in allowable assets	3,028	\$ 3,983
Increase in aggregate indebtedness	( <u>4,220</u> )	\$ ( <u>4,705</u> )
Net audit adjustments	\$ ( <u>1,192</u> )	\$ ( <u>722</u> )
Net capital per above	\$ <u>29,944</u>	\$ <u>21,217</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS