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FINANCIAL SERVICES  
CHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

SEC FILE NUMBER  
8- 36323

**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:

Carthage Group, Inc.

OFFICIAL USE ONLY  
FIRM ID. NO.

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

196 East Main Street, Suite 3A

(No. and Street)

Huntington

New York

11743-2922

(City)

(State)

(Zip Code)

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

Mr. Felix McCarthy

(631) 385-2000

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Caminiti & Cogliati, CPAs, LLP

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

350 Motor Parkway, Suite 110,

Hauppauge

NY

11788

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

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

**PROCESSED**

JUN 30 2003

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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).

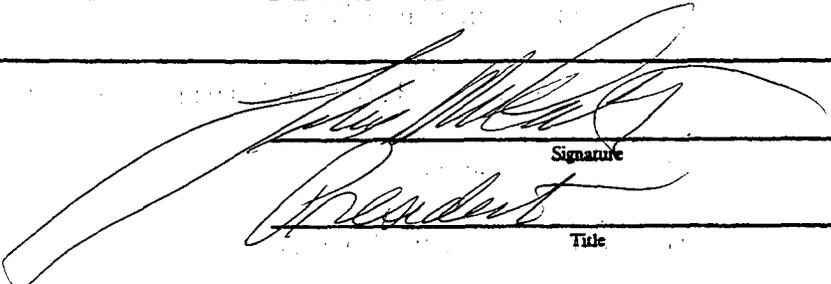
SEC 1410 (3-91)

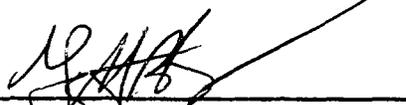
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OATH OR AFFIRMATION

I, Felix McCarthy, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Carthage Group, 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  
\_\_\_\_\_  
President  
\_\_\_\_\_

  
\_\_\_\_\_  
Notary Public  
GEORGE H. BROOKS  
Notary Public - State of New York  
No. 01BR5041254  
Qualified in Suffolk County  
Commission Expires 3/21/03

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).

**CARTHAGE GROUP, INC.**  
**STATEMENTS OF FINANCIAL CONDITION**  
**DECEMBER 31, 2002 AND 2001**

**ASSETS**

	<b>2002</b>	<b>2001</b>
Current assets:		
Cash and cash equivalents	\$ 118,498	\$ 110,722
Deposit-clearing organization (Note 2)	25,829	25,555
Marketable securities	1,111	1,100
Accounts receivable (Note 3)	23,249	26,327
Prepaid expenses	4,000	4,174
Total current assets	172,687	167,878
Automobile, furniture and equipment, net (Note 4)	1,077	1,508
Other assets:		
Security deposit	900	900
Investments (Note 5)	42,300	42,300
Total other assets	43,200	43,200
<b>Total assets</b>	<b>\$ 216,964</b>	<b>\$ 212,586</b>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Current liabilities:		
Accounts payable and accrued expenses	\$ 6,041	\$ 6,392
Accrued pension payable (Note 6)	15,717	8,555
Payroll taxes payable	4,400	2,676
Franchise tax payable	100	-
Total liabilities	26,258	17,623
Stockholder's equity:		
Common stock, no par value, 200 shares authorized; 50 shares issued and outstanding	4,000	4,000
Retained earnings	186,706	190,963
Total stockholder's equity	190,706	194,963
<b>Total liabilities and stockholder's equity</b>	<b>\$ 216,964</b>	<b>\$ 212,586</b>

See auditor's report and notes to financial statements.

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. This ensures transparency and allows for easy verification of the data.

Additionally, it is noted that regular audits are essential to identify any discrepancies or errors early on. This proactive approach helps in maintaining the integrity of the financial statements and prevents any potential issues from escalating.

The second section focuses on the role of technology in modern accounting. It highlights how software solutions have revolutionized the way financial data is processed and analyzed. Automation of routine tasks not only saves time but also reduces the risk of human error.

Furthermore, the use of cloud-based systems has made it easier for businesses to access their financial information from anywhere, facilitating better decision-making and collaboration between different departments.

In conclusion, the document stresses that a strong foundation in accounting principles is crucial for any business. By adhering to best practices and leveraging technology, organizations can ensure their financial records are accurate, reliable, and compliant with all relevant regulations.

It is hoped that this information will be helpful in understanding the complexities of accounting and the importance of maintaining high standards of accuracy and transparency.

The final part of the document provides a summary of the key points discussed. It reiterates the importance of accurate record-keeping, the benefits of automation, and the need for regular audits. The document concludes by encouraging businesses to stay up-to-date with the latest trends and technologies in the accounting industry.

Thank you for your attention, and we look forward to providing further assistance in the future.