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SECURITY COMMISSION

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

JUN 26 2003

SEC FILE NUMBER
8-44811

FACING PAGE 503

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: California Network Capital Inc OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
1025 Prospect Street, Suite 300
(City and Street)
La Jolla California 92037
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Frank A. Gibilisco 858-456-1062
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
PKF, Certified Public Accountants
(Name - if individual, state last, first, middle name)
2020 Camino del Rio North, Suite 500 San Diego, CA 92108
(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
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)

OATH OR AFFIRMATION

I, Frank A. Gibilisco, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of California Network Capital, Inc. 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:

FG Partners, LP



[Signature]
Signature
President
Title

Elizabeth S. Norfleet
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.
- (o) Independent Auditor's Report on Internal Accounting Control.

** For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

CALIFORNIA NETWORK CAPITAL, INC.
STATEMENTS OF FINANCIAL CONDITION
December 31, 2002

ASSETS

Cash and cash equivalents (Note 1)	\$ 98,108
Commissions receivable	53,759
Property and equipment, net	98,229
Securities	36,050
Deposits and other	<u>14,742</u>
Total assets	<u>\$ 300,888</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	
Accounts payable and accrued liabilities	\$ <u>59,740</u>
Total liabilities	<u>59,740</u>
Commitment and contingencies (Note 5)	
Stockholder's equity:	
Common stock, no par value; 1,000 shares authorized; 1,000 shares issued and outstanding	110,000
Additional paid-in capital	727,171
Retained deficit	<u>(596,023)</u>
Total stockholder's equity	<u>241,148</u>
Total liabilities and stockholder's equity	<u>\$ 300,888</u>

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