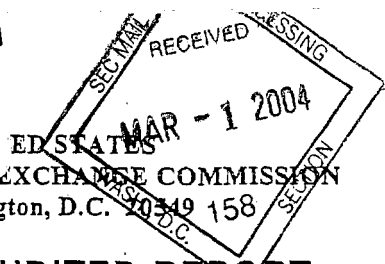


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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549-158



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OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2004
Estimated average burden	hours per response..... 12.00

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

SEC FILE NUMBER
8- 47374

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, 2003 AND ENDING December 31, 2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Adviser Dealer Services, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

6000 Memorial Drive

(No. and Street)

Dublin

Ohio

43017-9767

(City)

(State)

(Zip Code)

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

Wesley F. Hoag

614 766-7000

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Cohen McCurdy, Ltd.

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

27955 Clemens Road

Westlake

Ohio

44145

(Address)

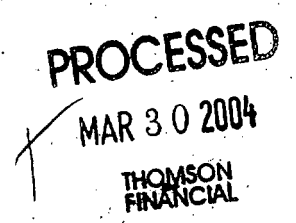
(City)

(State)

(Zip Code)

CHECK ONE:

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



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)

PS
3/29

OATH OR AFFIRMATION

I, Douglas R. Cooper, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Adviser Dealer Services, Inc., as of December 31, 2003, 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:

NONE

Douglas R. Cooper
Signature

Treasurer

Title

Ruth Kirkpatrick
Notary Public



RUTH KIRKPATRICK
Notary Public, State of Ohio
My Commission Expires 04-20-07

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).

ADVISER DEALER SERVICES, INC.

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2003



ADVISER DEALER SERVICES, INC.

DECEMBER 31, 2003

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Cohen
McCurdy

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SHAREHOLDER
ADVISER DEALER SERVICES, INC.

Independent Auditors' Report

We have audited the accompanying statement of financial condition of Adviser Dealer Services, Inc. (a wholly-owned subsidiary of Meeder Financial, Inc.) as of December 31, 2003, and the related statements of operations, changes in shareholder's equity, changes in liabilities subordinated to claims of general creditors and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adviser Dealer Services, Inc. as of December 31, 2003, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, and III 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 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cohen McCurdy

February 10, 2004
Westlake, Ohio

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2003

ASSETS

CASH AND CASH EQUIVALENTS	\$ 94,927
COMPUTER SOFTWARE – AT COST	31,230
LESS: ACCUMULATED AMORTIZATION	<u>(31,230)</u>
	<u>\$ 94,927</u>

LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 18,955
SUBORDINATED BORROWINGS	<u>25,000</u>
	<u>43,955</u>

SHAREHOLDER'S EQUITY

COMMON STOCK	
No par value, 1,000 shares authorized, issued and outstanding	10,000
ADDITIONAL PAID-IN CAPITAL	20,000
RETAINED EARNINGS	<u>20,972</u>
	<u>50,972</u>
	<u>\$ 94,927</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2003

REVENUE

Commissions and fees	\$ 41,084
Marketing and administrative fees	115,486
Other	<u>1,252</u>
	<u>157,822</u>

EXPENSES

Amortization	8,910
Commissions	13,213
Marketing	103,647
Interest	4,333
Salaries and benefits	7,877
Other	<u>19,842</u>
	<u>157,822</u>

NET INCOME

\$ —

The accompanying notes are an integral part of these statements.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

YEAR ENDED DECEMBER 31, 2003

	<u>COMMON STOCK</u>	<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>RETAINED EARNINGS</u>	<u>TOTAL</u>
BALANCE – JANUARY 1, 2003	\$ 10,000	\$ 20,000	\$ 20,972	\$ 50,972
NET INCOME	<u> </u>	<u> </u>	<u>-0-</u>	<u>-0-</u>
BALANCE – DECEMBER 31, 2003	<u>\$ 10,000</u>	<u>\$ 20,000</u>	<u>\$ 20,972</u>	<u>\$ 50,972</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

YEAR ENDED DECEMBER 31, 2003

SUBORDINATED BORROWINGS – JANUARY 1, 2003	\$ 100,000
INCREASE – ADDITIONAL SUBORDINATED BORROWINGS	10,000
DECREASE – PAYMENT OF SUBORDINATED BORROWINGS	<u>(85,000)</u>
SUBORDINATED BORROWINGS – DECEMBER 31, 2003	<u>\$ 25,000</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003

CASH FLOW PROVIDED FROM OPERATING ACTIVITIES

Net income	\$ --
Adjustments to reconcile net income to net cash provided from operating activities	
Amortization	8,910
Increase (decrease) in operating assets and liabilities	
Commissions receivable	47,844
Accounts payable and accrued expenses	<u>(7,747)</u>
Net cash provided by operating activities	<u>49,007</u>

CASH FLOW USED IN FINANCING ACTIVITIES

Payment of subordinated borrowings	(85,000)
Additional subordinated borrowings	<u>10,000</u>
	<u>(75,000)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (25,993)

CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR 120,920

CASH AND CASH EQUIVALENTS – END OF YEAR \$ 94,927

SUPPLEMENTAL CASH FLOW DISCLOSURE

Interest paid	<u>\$ 4,333</u>
---------------	-----------------

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Adviser Dealer Services, Inc. (the Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and the State of Ohio, and is a member of the National Association of Securities Dealers, Inc. (NASD). The Company is a wholly-owned subsidiary of Meeder Financial, Inc.

Cash and Cash Equivalents

At times during the year, the Company's cash accounts exceeded the related amount of Federal depository insurance. The Company has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk.

The Company considers financial instruments with a maturity of less than 90 days to be cash equivalents.

Amortization

Software is amortized using the straight-line method over its estimated useful life of three years.

Concentration of Credit Risk

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

Income Taxes

Meeder Financial, Inc. files a consolidated income tax return which includes the Company and other related entities. Meeder Financial, Inc. has elected to be treated as an S corporation as defined in the Internal Revenue Code. As a result, no provision for federal income taxes has been provided; however, the Company is liable for any local income taxes.

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

NOTES TO THE FINANCIAL STATEMENTS

2. RELATED PARTIES

The Company is affiliated through common ownership with Meeder Asset Management, Inc., which provides investment advisory services. During 2003, the Company earned \$15,396 in commissions and fees from the sale of shares of mutual funds managed by Meeder Asset Management, Inc. and the Company billed Meeder Asset Management, Inc. \$115,486 in marketing and administrative fees. In addition, Meeder Asset Management, Inc. was reimbursed \$14,687 by the Company for its allocable share of administrative and operating expense.

At December 31, 2003, the Company owed Meeder Asset Management, Inc. \$1,026 for commissions, which is included in accounts payable and accrued expenses in the accompanying financial statements.

The Company is affiliated through common ownership with MV Marketing, Inc., which provides marketing and sales consulting services to the Company. During 2003, the Company paid MV Marketing, Inc. \$100,000 for such services.

3. SUBORDINATED BORROWINGS

At December 31, 2003, subordinated borrowings consisted of a subordinated note payable to Meeder Financial, Inc. in the amount of \$25,000, with interest at 10%, due on November 30, 2005. Interest on outstanding borrowings amounted to \$4,333 during 2003.

The subordinated borrowings are available in computing net capital under the SEC's Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

4. NET CAPITAL PROVISION OF RULE 15c3-1

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital balance, as defined, under such provisions.

The Company's minimum capital requirement is the greater of \$5,000 or 6 2/3% of aggregate indebtedness, as defined, under Securities and Exchange Commission Rule 15c3-1(a)(1), as it does not maintain customer accounts. Net capital may fluctuate on a daily basis. At December 31, 2003, the Company had net capital of \$30,155, which was \$25,155 in excess of its required net capital of \$5,000.

In addition to the minimum net capital provisions, Rule 15c3-1 requires that the Company maintain a ratio of aggregate indebtedness, as defined, to net capital, of not more than 15 to 1. At December 31, 2003, the ratio was .63 to 1.

NOTES TO THE FINANCIAL STATEMENTS

5. EXEMPTION FROM RULE 15c3-3

The Company acts as an introducing broker or dealer, promptly transmitting all funds and delivering all securities received in connection with its activities as a broker or dealer and does not otherwise hold funds or securities for or owe money or securities to customers. The Company operates under Section (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934 and is therefore exempt from the requirements of Rule 15c3-3.

SUPPLEMENTAL INFORMATION

PURSUANT TO RULE 17a-5 OF THE
SECURITIES EXCHANGE ACT OF 1934

DECEMBER 31, 2003

SCHEDULE I - COMPUTATION OF NET CAPITAL
PURSUANT TO RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2003

NET CAPITAL	
Total shareholder's equity from statement of financial condition	\$ 50,972
Add: Liabilities subordinated to claims of general creditors	25,000
Less: Excess deductible allowable for fidelity bond coverage	<u>(45,000)</u>
NET CAPITAL BEFORE HAIRCUTS ON SECURITIES	30,972
Haircuts on securities	<u>(817)</u>
NET CAPITAL	<u>\$ 30,155</u>
COMPUTATION OF AGGREGATE INDEBTEDNESS - TOTAL LIABILITIES FROM STATEMENT OF FINANCIAL CONDITION	<u>\$ 18,955</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT - 6 2/3% OF AGGREGATE INDEBTEDNESS	<u>\$ 1,263</u>
MINIMUM REQUIRED NET CAPITAL	<u>\$ 5,000</u>
NET CAPITAL REQUIREMENT	<u>\$ 5,000</u>
EXCESS NET CAPITAL	<u>\$ 25,155</u>
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>.63 to 1</u>

SCHEDULES II AND III – RECONCILIATION OF THE
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1 AND
COMPUTATION FOR DETERMINATION OF RESERVE
REQUIREMENTS AND INFORMATION RELATING TO POSSESSION OR CONTROL
REQUIREMENTS PURSUANT TO RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2003

A reconciliation of the computation of net capital under Rule 15c3-1 as included in the Company's unaudited Form X-17a-5 as of December 31, 2003 filed with the Securities and Exchange Commission and the amount included in the accompanying Schedule I computation follows:

	<u>December 31,</u> <u>2003</u>
Net capital, as reported in Company's Form X-17a-5, Part IIA, as amended February 24, 2004	\$ 75,155
Net audit adjustments	<u>(45,000)</u>
Net capital, as reported in Schedule I	<u>\$ 30,155</u>

The Company is not required to present the schedules "Computation for Determination of Reserve Requirements Under Rule 15c3-3" and "Information for Possession or Control Requirements Under Rule 15c3-3" as it meets the exemptive provisions of Rule 15c3-3, under Section (k)(2)(ii) of the Rule.



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SHAREHOLDER
ADVISER DEALER SERVICES, INC.

Independent Auditors' Report on Internal Control
Required by SEC Rule 17a-5

In planning and performing our audit of the financial statements and supplemental schedules of Adviser Dealer Services, Inc. (the Company) for the year ended December 31, 2003, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining 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 controls 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 SEC'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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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 that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control 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 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, we noted no matters involving internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC 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 our study, we believe that the Company's practices and procedures were adequate at December 31, 2003, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that 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 those specified parties.

Cohen McCurdy

February 10, 2004
Westlake, Ohio