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

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 09/01/00 AND ENDING 08/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

COOMBE FINANCIAL SERVICES, INC.

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

6872 ROUTE 209

(No. and Street)

WAWARSING

NEW YORK

12489

(City)

(State)

(Zip Code)

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

RONALD LEVY, CPA

(845) 647-7900

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

LEVY & TULLY

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

2 ELTING COURT - 4th FLOOR

ELLENVILLE

NEW YORK

12428-0248

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

COPY

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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, PHILIP COOMBE, III, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of COOMBE FINANCIAL SERVICES, INC., as of AUGUST 31, 2001, 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

Title

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 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).

LEVY & TULLY

CERTIFIED PUBLIC ACCOUNTANTS

TWO ELTING COURT
POST OFFICE BOX 248
ELLENVILLE, NEW YORK 12428-0248

TELEPHONE (845) 647-7900
FAX (845) 647-9881

Board of Directors
Coombe Financial Services, Inc.
6872 Route 209
Wawarsing, New York 12489

Independent Auditor's Report

Dear Board Members:

In accordance with your request, we audited your books and records as at August 31, 2001 and have prepared a response to the Securities and Exchange Commission questionnaire Form X-17A-5-Part 11A.

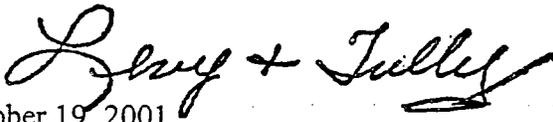
We conducted our audit in accordance with generally accepted auditing standards, including a review of the accounting system, internal controls and procedures for safe-guarding securities. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial 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.

During our audit of the books and records of Coombe Financial Services, Inc., we found no material inadequacies to exist for the period beginning September 1, 2000 and ending August 31, 2001.

As described in Note 1, these financial statements were prepared on the basis of accounting the Company uses for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying report represents fairly, in all material respects, the financial position of Coombe Financial Services, Inc. as at August 31, 2001 and the results of its operations and its cash flows for the year then ended in conformity on the basis of accounting described in Note 1.

LEVY & TULLY



October 19, 2001

FORM X-17A-5	<h1 style="margin: 0;">FOCUS REPORT</h1> <p style="margin: 0;">(Financial and Operational Combined Uniform Single Report)</p> <p style="margin: 0;">Part IIA Special Request</p> <p style="margin: 0; font-size: small;">INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17</p>
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COVER

Select a filing method:

Basic Alternate [0011]

Name of Broker Dealer:	<u>COOMBE FINANCIAL SERVICES, INC</u> [0013]	SEC File Number: <u>8- 11700</u> [0014]
Address of Principal Place of Business:	<u>6872 ROUTE 209</u> [0020]	
	<u>WAWARSING NY 12489</u> [0021] [0022] [0023]	Firm ID: <u>308</u> [0015]

For Period Beginning 09/01/2000 And Ending 08/31/2001
[0024] [0025]

Name and telephone number of person to contact in regard to this report:

Name: PHILIP COOMBE III Phone: (845) 647-4222
[0030] [0031]

Name(s) of subsidiaries or affiliates consolidated in this report:

Name: _____ Phone: _____
[0032] [0033]

Name: _____ Phone: _____
[0034] [0035]

Name: _____ Phone: _____
[0036] [0037]

Name: _____ Phone: _____
[0038] [0039]

Does respondent carry its own customer accounts? Yes [0040] No [0041]Check here if respondent is filing an audited report [0042]

ASSETS

Consolidated [0198]		Unconsolidated [0199]		
		Allowable	Non-Allowable	Total
1.	Cash	<u>23,995</u> [0200]		<u>23,995</u> [0750]
2.	Receivables from brokers or dealers:			
A.	Clearance account	<u></u> [0295]		
B.	Other	<u></u> [0300]	<u></u> [0550]	<u>0</u> [0810]
3.	Receivables from non-customers	<u></u> [0355]	<u></u> [0600]	<u>0</u> [0830]
4.	Securities and spot commodities owned, at market value:			
A.	Exempted securities	<u></u> [0418]		
B.	Debt securities	<u></u> [0419]		
C.	Options	<u></u> [0420]		
D.	Other securities	<u></u> [0424]		
E.	Spot commodities	<u></u> [0430]		<u>0</u> [0850]
5.	Securities and/or other investments not readily marketable:			
A.	At cost			
		<u>9,800</u> [0130]		
B.	At estimated fair value	<u></u> [0440]	<u>9,800</u> [0610]	<u>9,800</u> [0860]
6.	Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:			
A.	Exempted securities	<u></u> [0460]	<u></u> [0630]	<u>0</u> [0880]
		<u></u> [0150]		
B.	Other securities	<u></u> [0160]		
7.	Secured demand notes market value of collateral:	<u></u> [0470]	<u></u> [0640]	<u>0</u> [0890]
A.	Exempted securities	<u></u>		

		[0170]		
B.	Other securities			
		[0180]		
8.	Memberships in exchanges:			
A.	Owned, at market			
		[0190]		
B.	Owned, at cost		[0650]	
C.	Contributed for use of the company, at market value		[0660]	0 [0900]
9.	Investment in and receivables from affiliates, subsidiaries and associated partnerships	[0480]	[0670]	0 [0910]
10.	Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	[0490]	[0680]	0 [0920]
11.	Other assets	[0535]	73 [0735]	73 [0930]
12.	TOTAL ASSETS	23,995 [0540]	9,873 [0740]	33,868 [0940]

LIABILITIES AND OWNERSHIP EQUITY

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13. Bank loans payable	[1045]	[1255]	0 [1470]
14. Payable to brokers or dealers:			0
A. Clearance account	[1114]	[1315]	[1560]
B. Other	[1115]	[1305]	0 [1540]
15. Payable to non-customers	[1155]	[1355]	0 [1610]
16. Securities sold not yet purchased, at market value		[1360]	0 [1620]
17. Accounts payable, accrued liabilities, expenses and other	[1205]	[1385]	0 [1685]
18. Notes and mortgages payable:			0
A. Unsecured	[1210]		[1690]
B. Secured	[1211]	3,300 [1390]	3,300 [1700]
19. Liabilities subordinated to claims of general creditors:			0
A. Cash borrowings:			0
1. from outsiders		[1400]	[1710]
	[0970]		
2. Includes equity subordination (15c3-1(d)) of			
	[0980]		
B. Securities borrowings, at market value: from outsiders		[1410]	0 [1720]
	[0990]		
C. Pursuant to secured demand note collateral agreements:			0
1. from outsiders		[1420]	[1730]
	[1000]		

	2.	Includes equity subordination (15c3-1(d)) of			
			[1010]		
D.		Exchange memberships contributed for use of company, at market value		[1430]	0 [1740]
E.		Accounts and other borrowings not qualified for net capital purposes	[1220]	[1440]	0 [1750]
20.		TOTAL LIABILITIES	0 [1230]	3,300 [1450]	3,300 [1760]

Ownership Equity

		Total
21.	Sole proprietorship	[1770]
22.	Partnership (limited partners [1020])	[1780]
23.	Corporations:	
A.	Preferred stock	[1791]
B.	Common stock	5,000 [1792]
C.	Additional paid-in capital	24,163 [1793]
D.	Retained earnings	1,405 [1794]
E.	Total	30,568 [1795]
F.	Less capital stock in treasury	[1796]
24.	TOTAL OWNERSHIP EQUITY	30,568 [1800]
25.	TOTAL LIABILITIES AND OWNERSHIP EQUITY	33,868 [1810]

STATEMENT OF INCOME (LOSS)

Period Beginning 09/01/2000
[3932]

Period Ending 08/31/2001
[3933]

Number of months 12
[3931]

REVENUE

1.	Commissions:		
a.	Commissions on transactions in exchange listed equity securities executed on an exchange		[3935]
b.	Commissions on listed option transactions		[3938]
c.	All other securities commissions		[3939]
d.	Total securities commissions		0 [3940]
2.	Gains or losses on firm securities trading accounts		
a.	From market making in options on a national securities exchange		[3945]
b.	From all other trading		[3949]
c.	Total gain (loss)		0 [3950]
3.	Gains or losses on firm securities investment accounts		[3952]
4.	Profit (loss) from underwriting and selling groups		[3955]
5.	Revenue from sale of investment company shares	128,504	[3970]
6.	Commodities revenue		[3990]
7.	Fees for account supervision, investment advisory and administrative services		[3975]
8.	Other revenue	4,160	[3995]
9.	Total revenue	132,664	[4030]

EXPENSES

10.	Salaries and other employment costs for general partners and voting stockholder officers	21,000	[4120]
11.	Other employee compensation and benefits	44,714	[4115]
12.	Commissions paid to other broker-dealers		[4140]
13.	Interest expense		[4075]
a.	Includes interest on accounts subject to subordination agreements		[4070]
14.	Regulatory fees and expenses	2,298	[4195]
15.	Other expenses	63,247	[4100]
16.	Total expenses	131,259	[4200]

NET INCOME

17.	Net Income(loss) before Federal Income taxes and items below (Item 9 less Item 16)	<u>1,405</u> [4210]
18.	Provision for Federal Income taxes (for parent only)	<u>[4220]</u>
19.	Equity in earnings (losses) of unconsolidated subsidiaries not included above	<u>[4222]</u>
a.	After Federal income taxes of	<u>[4238]</u>
20.	Extraordinary gains (losses)	<u>[4224]</u>
a.	After Federal income taxes of	<u>[4239]</u>
21.	Cumulative effect of changes in accounting principles	<u>[4225]</u>
22.	Net income (loss) after Federal income taxes and extraordinary items	<u>1,405</u> [4230]
MONTHLY INCOME		
23.	Income (current monthly only) before provision for Federal income taxes and extraordinary items	<u>2,500</u> [4211]

EXEMPTIVE PROVISIONS

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based

- A. (k) (1)--Limited business (mutual funds and/or variable annuities only) [4550]
- B. (k) (2)(i)--"Special Account for the Exclusive Benefit of customers" maintained [4560]
- C. (k) (2)(ii)--All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm(s) [4570]

Clearing Firm SEC#s	Name	Product Code
8- _____ [4335A]	_____ [4335A2]	_____ [4335B]
8- _____ [4335C]	_____ [4335C2]	_____ [4335D]
8- _____ [4335E]	_____ [4335E2]	_____ [4335F]
8- _____ [4335G]	_____ [4335G2]	_____ [4335H]
8- _____ [4335I]	_____ [4335I2]	_____ [4335J]

- D. (k) (3)--Exempted by order of the Commission [4580]

COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition		30,568
			[3480]
2.	Deduct ownership equity not allowable for Net Capital		[3490]
3.	Total ownership equity qualified for Net Capital		30,568
			[3500]
4.	Add:		
A.	Liabilities subordinated to claims of general creditors allowable in computation of net capital		0
			[3520]
B.	Other (deductions) or allowable credits (List)		
		[3525A]	[3525B]
		[3525C]	[3525D]
		[3525E]	[3525F]
			0
			[3525]
5.	Total capital and allowable subordinated liabilities		30,568
			[3530]
6.	Deductions and/or charges:		
A.	Total nonallowable assets from Statement of Financial Condition (Notes B and C)	9,873	
		[3540]	
B.	Secured demand note deficiency		[3590]
C.	Commodity futures contracts and spot commodities - proprietary capital charges		[3600]
D.	Other deductions and/or charges		-9,873
		[3610]	[3620]
7.	Other additions and/or credits (List)		
	Secured Note	3,300	
		[3630A]	[3630B]
		[3630C]	[3630D]
		[3630E]	[3630F]
			3,300
			[3630]
8.	Net capital before haircuts on securities positions		23,995
			[3640]
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):		
A.	Contractual securities commitments		[3660]
B.	Subordinated securities borrowings		[3670]
C.	Trading and investment securities:		
1.	Exempted securities		[3735]
2.	Debt securities		[3733]
3.	Options		[3730]
4.	Other securities		[3734]

OTHER RATIOS

21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)

% 0
[3860]

STATEMENT OF CHANGES

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1.	Balance, beginning of period		14,112
			[4240]
A.	Net income (loss)		1,405
			[4250]
B.	Additions (includes non-conforming capital of	_____	15,051
		[4262])	[4260]
C.	Deductions (includes non-conforming capital of	_____	_____
		[4272])	[4270]
2.	Balance, end of period (From item 1800)		30,568
			[4290]

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS**

3.	Balance, beginning of period		_____
			[4300]
A.	Increases		_____
			[4310]
B.	Decreases		_____
			[4320]
4.	Balance, end of period (From item 3520)		0
			[4330]

Coombe Financial Services, Inc.
Statements of Changes in Cash Flows
For the Year Ended August 31, 2001

Operating activities:

Net income \$ 1,405

**Adjustments to reconcile net income to
net cash provided by operating activities:**

Increase in other assets (26)
Increase in loans payable 3,300
Net cash provided by operating activities 4,679

Investing Activities:

Purchase of investments (6,500)

Financing activities

Increase in paid-in capital 15,051

Increase in cash and cash equivalents 13,230

Cash and cash equivalents at beginning of year 10,765

Cash and cash equivalents at end of year \$ 23,995

See accountants' audit report

Coombe Financial Services, Inc.
Notes to the Financial Statements
August 31, 2001

Income Taxes

The Company is an "S" Corporation, in which the individual stockholder reports all income on his personal income tax returns. Therefore, there is no federal taxes at the corporate level.

NOTE 2 Investments

800 shares of the NASDAQ Stock Market, Inc. are being carried at cost.

NOTE 3 Secured Debt

This is an obligation to a third party, which is secured by 300 shares of the NASDAQ Stock Market, Inc. (See Note 2)

LEVY & TULLY

CERTIFIED PUBLIC ACCOUNTANTS

TWO ELTING COURT
POST OFFICE BOX 248
ELLENVILLE, NEW YORK 12428-0248

TELEPHONE (845) 647-7900
FAX (845) 647-9881

October 19, 2001

To Whom It May Concern:

Pursuant to Paragraph (D) (4) of SEC 17a-5, we the undersigned have compared the computation of Net Capital as computed in the enclosed report with the corresponding computation prepared by Coombe Financial Services, Inc. and included in the unaudited Part 11A FOCUS Report (5th filing) as of August 31, 2001.

We note that there are no material differences between the two computations.

LEVY & TULLY

A handwritten signature in cursive script that reads "Levy & Tully". The signature is written in dark ink and is positioned below the printed name "LEVY & TULLY".