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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: September 30, 1998  
Estimated average burden  
hours per response . . . 12.00

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

SEC FILE NUMBER  
8-43576

**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 01/01/01 AND ENDING 12/31/01  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

B. PIERCE & CO., INC.

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

12 GREENE STREET, SUITE 3

(No. and Street)

NEW YORK

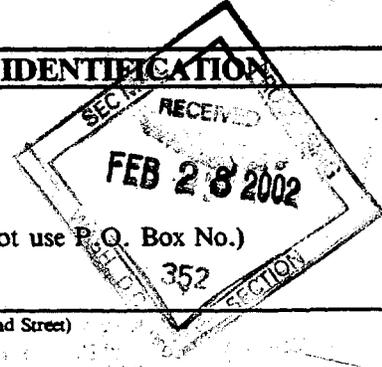
NY

10013

(City)

(State)

(Zip Code)



OFFICIAL USE ONLY  
FIRM ID. NO.

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

BENITA PIERCE

(508) 778-5759

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

KAHN BOYD LEVYCHIN, CPAS

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

99 WALL STREET, 10TH FLOOR

NEW YORK

NY

10005

(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 22 2002

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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).

## OATH OR AFFIRMATION

I, BENITA PIERCE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of B. PIERCE & CO., INC., as of DECEMBER 31, 19~~2001~~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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Benita Pierce  
Signature

PARTNER  
Title

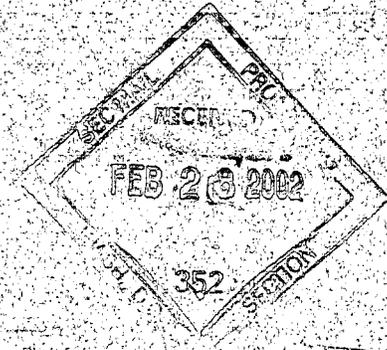
[Signature]  
Notary Public

ALAN E. KASH  
Notary Public, State of New York  
No. 31-2018035  
Qualified in New York County  
Commission Expires March 30, 192006

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).



**B. PIERCE & CO., INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**(with supplementary information)**

## Contents

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<b>Auditors' report</b>	1
<b>Financial statements</b>	
Balance sheets	2
Statements of operations and members' equity	3-4
Statements of cash flows	5-6
<b>Summary of significant accounting policies</b>	7-8
<b>Notes to the financial statements</b>	9

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# KAHN BOYD LEVYCHIN, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## Auditors' report

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To the Members  
B. Pierce & Co., Inc.  
New York, NY

We have audited the accompanying balance sheets of B. Pierce & Co., Inc., as of December 31, 2001, and the related statements of operations, changes in stockholder's equity and cash flows, for the year then ended. These financial statements are the responsibility of the management of B. Pierce & Co., Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 B. Pierce & Co., Inc. as of December 31, 2001, and the results of its operations, stockholder's equity and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on page 9 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 and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the 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.

*Kahn Boyd Levychin*

Kahn Boyd Levychin  
Certified Public Accountants

February 21, 2002

1

**B. PIERCE & CO., INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2001**

	2001
<b>Assets</b>	
Cash and cash equivalents	\$ 49,561
Securities owned; not readily marketable at cost	3,300
Fixed assets (net of accumulated depreciation of \$54)	702
Intangible assets (net of accumulated amortization of \$489)	2,443
Other assets	258
<b>Total assets</b>	<b>56,264</b>

	2001
<b>Liabilities and Stockholder's Equity</b>	
<b>Liabilities</b>	
Accrued expenses other liabilities payable	\$ 3,361
<b>Total liabilities</b>	<b>3,361</b>
<b>Stockholder's equity</b>	
Common stock – no par value, 100 shares authorized; issued and outstanding	1,000
Additional paid in capital	23,177
Retained earnings	28,726
<b>Total stockholder's equity</b>	<b>52,903</b>
<b>Total liabilities and stockholder's equity</b>	<b>\$ 56,264</b>

*See auditors' report, the summary of significant accounting policies, and the accompanying notes to the financial statements.*

**B. PIERCE & CO., INC.**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2001**

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Revenue	
Commission income	\$ 45,594
Interest income	461
<hr/>	
<b>Total revenue</b>	<b>46,055</b>
<b>Expenses</b>	
Commissions	4,035
Communications	3,916
Dues	2,172
Insurance	1,948
Professional fees	6,735
Office expense	7,024
Travel and entertainment	7,432
Other operating expenses	3,046
<hr/>	
<b>Total operating expenses</b>	<b>36,308</b>
<hr/>	
<b>Net income</b>	<b>9,747</b>

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*See auditors' report, the summary of significant accounting policies, and the accompanying notes to the financial statements.*

**B. PIERCE & CO., INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2001**

	<u>Shares Outstanding</u>	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>
<b>Balance – January 1, 2001</b>	100	\$ 1,000	\$ 18,965	\$ 18,979
Net income				9,747
Additional contributions			4,212	
<b>Balance – December 31, 2001</b>	100	\$ 1,000	\$ 23,177	\$ 28,726

**B. PIERCE & CO., INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2001**

<b>Cash flows from operating activities</b>	
Net income	\$ 9,747
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation and amortization	543
Changes in operating assets and liabilities:	
(Increase) decrease in due from broker	13,100
(Increase) decrease in other assets	1,214
Increase (decrease) in accrued expenses and other liabilities	782
<b>Net cash provided by (used in) operating activities</b>	<b>25,386</b>
<b>Cash flows from investing activities</b>	
Purchases of equipment	( 756)
Purchases of trading software	( 2,932)
<b>Net cash provided by (used in) investing activities</b>	<b>( 3,688)</b>
<b>Cash flows from financing activities</b>	
Stockholder's contribution	4,212
<b>Net cash provided by (used in) financing activities</b>	<b>4,212</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>25,910</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>23,651</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 49,561</b>

*See auditors' report, the summary of significant accounting policies, and the accompanying notes to the financial statements.*

**B. PIERCE & CO., INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED  
DECEMBER 31, 2001**

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	2001
<b>Supplementary disclosures of cash flow information:</b>	
Cash paid during the year for:	
Income taxes	\$ 933

*See auditors' report, the summary of significant accounting policies, and the accompanying notes to the financial statements.*

**B. PIERCE & CO., INC.**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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*Organization*

B. Pierce & Co., Inc. (the "Company") is a registered broker/dealer in securities that clears all its securities transaction through a correspondent broker on a fully disclosed basis.

*Income taxes*

The Company, with the consent of its sole shareholder, elected under Internal Revenue Code and New York State Law to be an S corporation. In lieu of corporation income taxes, the stockholder of an S corporation is taxed on the Company's taxable income. Therefore, no provision or liability for federal and state income taxes has been included in these financial statements.

The Company prepares its financial statements on the accrual basis of accounting, recognizing revenues when earned and expenses when incurred. For income tax purposes, the Company uses the cash basis method of accounting wherein income is recognized when received rather than when earned and expenses when paid rather than when incurred.

*Fixed assets*

Fixed assets are stated at cost. Depreciation is computed using the straight line method over the following estimated useful lives:

<i>Description</i>	<i>Estimated useful life</i>
Office equipment	5 years

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

*See auditors' report and the accompanying notes to the financial statements.*

**B. PIERCE & CO., INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

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*NOTE 1 – NET CAPITAL REQUIREMENTS*

The Company is subject to the Securities and Exchange Commission uniform net capital rule (Rule 15c-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to capital, as defined, shall not exceed 15 to 1. At December 31, 2001 the Company had net capital of \$42,966, which was \$37,966 in excess of its required net capital.

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*NOTE 2 – OFF-BALANCE SHEET RISK AND CONCENTRATION OF CREDIT RISK*

As a non-clearing broker, the Company has a responsibility to its customers to fulfill their contractual obligations. The clearing broker may expose the Company to risk and potential loss. The Company changed its clearing broker in September 2001 from AFC Partners to The Bank of New York. The Company regularly monitors the activity in its customer's accounts for compliance with margin requirements. The Company utilizes a clearing broker that is highly capitalized and is a member of a major securities exchange.

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*NOTE 3 – STOCKHOLDER'S EQUITY*

At December 31, 2001, stockholder's equity includes common stock, no par value, 100 shares authorized, issued and outstanding.

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*NOTE 4 – EXEMPTION FROM RULE 15c3-3*

The Company is exempt from the reserve requirement of the Securities and Exchange Commission's Rule 15c3-3 pursuant to Section 15c3-3(k)(2)(ii).

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*See auditors' report and the accompanying notes to the financial statements.*

**B. PIERCE & CO., INC.**  
**SUPPLEMENTARY INFORMATION**

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**SCHEDULE OF COMPUTATION OF NET CAPITAL UNDER  
SEC RULE 15c3-1  
DECEMBER 31, 2001**

Stockholder's equity	\$ 52,903
<b>Deductions</b>	
Other assets	( 6,120)
Securities owned: not readily marketable	( 3,300)
	( 517)
<hr/> <b>Net capital</b>	<hr/> <b>\$ 42,966</b>
<b>Aggregate indebtedness:</b>	
Accrued expenses and other liabilities	\$ 3,361
Percentage of aggregate indebtedness to net capital	7.8%
Minimum net capital required	\$ 5,000
Excess of net capital over minimum requirement	\$ 37,966

No material difference exists between this computation and the corresponding computation included in the Company's unaudited FOCUS part IIA filing as of December 31, 2001.

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*See notes to financial statements.*

**B. PIERCE & CO., INC.**  
**SUPPLEMENTARY INFORMATION**

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**SCHEDULE OF COMPUTATION OF NET CAPITAL UNDER  
SEC RULE 15c3-1  
DECEMBER 31, 2001**

Stockholder's equity	\$ 52,903
<b>Deductions</b>	
Other assets	( 6,120)
Securities owned: not readily marketable	( 3,300)
	( 517)
<hr/> <b>Net capital</b>	<hr/> <b>\$ 42,966</b>
<b>Aggregate indebtedness:</b>	
Accrued expenses and other liabilities	\$ 3,361
Percentage of aggregate indebtedness to net capital	7.8%
Minimum net capital required	\$ 5,000
Excess of net capital over minimum requirement	\$ 37,966

No material difference exists between this computation and the corresponding computation included in the Company's unaudited FOCUS part IIA filing as of December 31, 2001.

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*See notes to financial statements.*