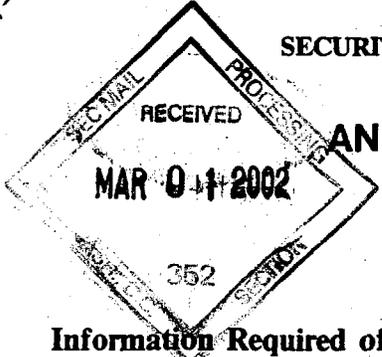


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OMB APPROVAL	
OMB Number:	3235-0123
Expires:	September 30, 1998
Estimated average burden hours per response . . .	12.00



SECURITIES 02007648 SSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8-1215

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:

CARL P. SHERR & CO., LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

440 MAIN STREET

(No. and Street)

WORCESTER

MA

01608

(City)

(State)

(Zip Code)

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

CARL P. SHERR

508-791-7126

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

GREENBERG, ROSENBLATT, KULL & BITSOLI, P.C.

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

306 MAIN STREET

WORCESTER

MA

01608

(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 20 2002

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).

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3/19

OATH OR AFFIRMATION

I, CARL P. SHERR, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CARL P. SHERR & CO., LLC, as of DECEMBER 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:

Carl P. Sherr
Signature

MANAGER

Title

Jeanne T. Dal

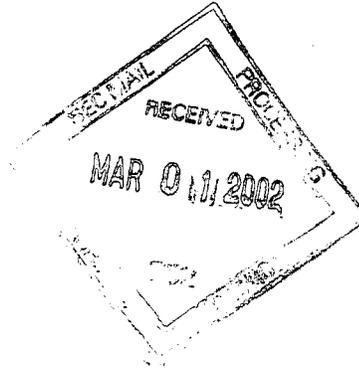
Notary Public

My Commission expires 3/12/08

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).



CARL P. SHERR & CO., LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2001

CARL P. SHERR & CO., LLC

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Securities and Exchange Commission

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Independent Auditors' Report

The Members
Carl P. Sherr & Co., LLC

We have audited the accompanying statement of financial condition of Carl P. Sherr & Co., LLC (a limited liability company) as of December 31, 2001, and the related statements of income and changes in members' equity 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 Carl P. Sherr & Co., LLC at December 31, 2001, and the results of its operations and 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 the supplemental schedule on page 8 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 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.

Greenberg, Rosenblatt, Kull & Bitsoli, P.C.
GREENBERG, ROSENBLATT, KULL & BITSOLI, P.C.

Worcester, Massachusetts
February 14, 2002

CARL P. SHERR & CO., LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2001

ASSETS

Cash	\$	447	
Deposits with clearing agent		381,494	
Commissions receivable		15,987	
Prepaid expenses		10,358	
Property and equipment, net		44,593	
Organization costs, net of amortization of \$251		<u>1,003</u>	
Total assets			<u>\$ 453,882</u>

LIABILITIES AND MEMBERS' EQUITY

Accounts payable and accrued expenses	\$	21,420	
Members' equity		<u>432,462</u>	
Total liabilities and members' equity			<u>\$ 453,882</u>

The accompanying notes are an integral part of the financial statements

CARL P. SHERR & CO., LLC
 STATEMENT OF INCOME AND CHANGES IN MEMBERS' EQUITY
 YEAR ENDED DECEMBER 31, 2001

Revenues:		
Commissions	\$ 421,639	
Realized and unrealized gains on securities, net	408,596	
Interest, dividends and miscellaneous income	<u>65,472</u>	
 Total revenues		 \$ 895,707
Expenses:		
Guaranteed payments to members	156,000	
Payroll	55,360	
Payroll taxes	17,856	
Commissions	1,693	
Medical insurance	3,241	
Transfer fees	132,069	
Rent	24,016	
Equipment rental	107,731	
Travel, selling and promotion	21,073	
Advertising	9,319	
Telephone	13,709	
Depreciation and amortization	8,800	
Dues and subscriptions	4,717	
Auto expense	14,277	
Professional fees	33,673	
Office and postage	12,380	
General insurance	3,172	
Taxes and fees	<u>2,548</u>	
 Total expenses		 <u>621,634</u>
 Net income		 <u>274,073</u>
Members' equity:		
Balance - beginning		-
Cash contributions		380,000
Noncash contributions		57,401
Cash distributions		<u>(279,012)</u>
		<u>158,389</u>
 Members' equity - ending		 <u>\$ 432,462</u>

The accompanying notes are an integral part of the financial statements

CARL P. SHERR & CO., LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2001

Operating activities:		
Net income	\$ 274,073	
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	8,800	
Changes in assets and liabilities:		
Deposits with clearing agent	(381,494)	
Commissions receivable	(15,987)	
Prepaid expenses	(3,834)	
Accounts payable and accrued expenses	<u>21,420</u>	
Net cash used in operating activities		\$ (97,022)
Investing activities:		
Acquisition of property and equipment	(2,265)	
Organizational costs	<u>(1,254)</u>	
Net cash used in investing activities		(3,519)
Financing activities:		
Members' equity contributions	380,000	
Members' equity distributions	<u>(279,012)</u>	
Net cash provided by financing activities		<u>100,988</u>
Net increase in cash		447
Cash - beginning		<u>-</u>
Cash - ending		<u>\$ 447</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Noncash investing and financing activities:		
Assets transferred in from member, at cost:		
Property and equipment, net of accumulated depreciation	\$ 50,877	
Prepaid expenses	<u>6,524</u>	
Noncash equity contributions		<u>\$ 57,401</u>

The accompanying notes are an integral part of the financial statements

CARL P. SHERR & CO., LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business:

Carl P. Sherr & Co., LLC (the Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of various exchanges and the National Association of Securities Dealers (NASD). The Company's principal sources of revenue are commissions on securities transactions for customers located primarily in Central Massachusetts and net gains from the Company's trading in the securities markets. An unrelated clearing agent completes the majority of these transactions.

Organization:

Effective January 1, 2001, the Company was organized as a limited liability company (LLC). The sole proprietor of the dissolved predecessor company, Carl P. Sherr & Company, has a 70% interest and is the managing member in the LLC. The managing member and two other related members contributed cash totaling \$380,000 in proportion to their ownership interests. The managing member transferred property and equipment with a net book value of \$50,877 (historical cost of \$115,950) and prepaid expenses of \$6,524 from the predecessor company to the LLC.

In accordance with the terms of the LLC's operating agreement, the liability of the members for losses, debts and obligations is limited to their capital contributions. However, the members may also be liable for amounts previously distributed to them by the LLC in the event that insufficient assets are available to pay liabilities. In addition, the LLC will terminate upon the death of the manager unless other members owning more than 50% at that time elect to continue the LLC.

Securities:

Marketable securities are stated at market value, and securities not readily marketable are stated at fair value as determined by management. The difference between cost and market (or fair value) is included in income. Dividends and interest income are accrued as earned.

Profits and losses arising from the Company's securities transactions as well as commission income and related transaction expenses are recorded on a trade date basis.

There were no securities owned at December 31, 2001.

Property and Equipment:

Property and equipment are recorded at cost. Depreciation is computed using accelerated methods over estimated useful lives ranging from five to seven years.

Guaranteed Payments to Members:

Guaranteed payments to members, which are designed to represent reasonable compensation for services rendered, are accounted for as Company expenses rather than as an allocation of the Company's net income distributed from members' equity.

CARL P. SHERR & CO., LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal and State Income Taxes:

The Company, as an LLC, is taxed as a partnership. Accordingly, the members are responsible for reporting their shares of the Company's net earnings on their individual income tax returns, and no provision for income taxes has been reflected in these statements.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

(2) DEPOSITS WITH CLEARING AGENT

Deposits with clearing agent are comprised of the following:

Cash	\$ 308,053
Receivables	23,441
Deposit	<u>50,000</u>
	<u>\$ 381,494</u>

(3) PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Furniture and fixtures	\$ 52,564
Motor vehicles	<u>65,651</u>
	118,215
Accumulated depreciation	<u>(73,622)</u>
	<u>\$ 44,593</u>

(4) ADVERTISING COSTS

Advertising costs, totaling approximately \$ 9,300 are expensed as incurred.

CARL P. SHERR & CO., LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

(5) SECURITIES AND EXCHANGE COMMISSION REQUIREMENTS

As a registered broker-dealer, the Company is subject to the "Uniform Net Capital Rule", rule 15c3-1 of the Securities and Exchange Commission (SEC). The rule requires the Company to maintain "net capital" of at least \$250,000 and a ratio of "aggregate indebtedness" to "net capital" not to exceed 15 to 1.

At December 31, 2001, the Company's aggregate indebtedness, net capital and the related ratio, as defined by the SEC, are as follows:

Aggregate indebtedness	\$ 21,420
Net capital	\$ 369,878
Ratio of aggregate indebtedness to net capital	.058 to 1

(6) PROFIT SHARING PLAN

The Company has a noncontributory profit sharing plan covering substantially all of its employees. The plan provides for discretionary contributions of up to 15% of eligible salaries. There were no contributions to the plan during the year.

(7) COMMITMENTS AND CONTINGENCIES

In the course of business, the Company executes transactions on behalf of its customers. If any of these transactions do not settle due to a customer's nonperformance, the Company may become obligated to settle. It is management's opinion that this, or any litigation that may result from customer transactions, will not have a materially adverse effect on future operations or financial position.

The Company maintains cash balances with its clearing agent in excess of insured limits.

CARL P. SHERR & CO., LLC
 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
 SECURITIES AND EXCHANGE COMMISSION
 DECEMBER 31, 2001

Net capital		\$ 432,462
Total members' equity		\$ 432,462
Nonallowable assets:		
Property and equipment	\$ 44,593	
Other assets	<u>11,361</u>	
		<u>55,954</u>
Net capital before haircuts on securities positions (tentative net capital)		376,508
Haircuts on securities:		
Trading and investment securities		<u>6,630</u>
Net capital		<u>\$ 369,878</u>
Aggregate indebtedness:		
Accounts payable and accrued expenses		<u>\$ 21,420</u>
Computation of basic net capital requirement:		
Minimum net capital required		<u>\$ 250,000</u>
Excess net capital at 1,000 percent		<u>\$ 367,736</u>
Ratio: Aggregate indebtedness to net capital		<u>.058 to 1</u>
Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31, 2001):		
Net capital, as reported in Company's Part II (unaudited) FOCUS report		\$ 362,875
Audit adjustments, net		<u>7,003</u>
Net capital per above		<u>\$ 369,878</u>

See independent auditors' report



Greenberg, Rosenblatt, Kull & Bitsoli, P.C.

CERTIFIED PUBLIC ACCOUNTANTS



Agnes E. Kull, CPA
 Norman Bitsoli, CPA
 Diane L. Leclair, CPA
 Robert P. Turnan, CPA
 William E. Philbrick, CPA
 Michael J. Hayes, CPA
 Richard F. Powell, CPA
 Wanda L. Cantlin, CPA
 John E. Wornham, CPA
 Jacqueline M. Jones, CPA
 Deborah A. Morang, CPA
 Laurence M. Hurwitz, CPA

Nathan Greenberg, CPA
 Founder

Melvin M. Rosenblatt, CPA
 Past Chairman

The Members
 Carl P. Sherr & Co., LLC

In planning and performing our audit of the financial statements of Carl P. Sherr & Co., LLC (the Company), for the year ended December 31, 2001, 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 Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of 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 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 judgements 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.

The Members

Page 2

Because of inherent limitations in internal control, or the practices and procedures referred to above, error 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 errors 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 the 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, 2001, to meet the SEC's objectives.

This report is intended solely for the information and use of the Members, management, the Securities Exchange Commission, the New York Stock Exchange and other regulatory agencies which 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 these specified parties.


GREENBERG, ROSENBLATT, KULL & BITSOLI, PC.

Worcester, Massachusetts
February 14, 2002