

8/13/01



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

SEC FILE NUMBER
8-16623

**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 08/01/01 AND ENDING 09/30/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Birkelbach and Company, Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
101 Century 21 Drive, Suite 106

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)
Jacksonville FL 32216
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Craig Birkelbach (904) 725-1550
(Area Code - Telephone Number)

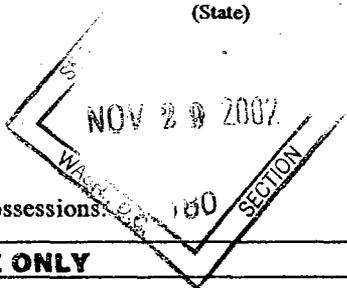
B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ralston and Company, P. A.
(Name - if individual, state last, first, middle name)
3777 San Jose Blvd., Bldg. E Jacksonville FL 32217
(Address) (City) (State) (Zip Code)

CHECK ONE:

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



PROCESSED

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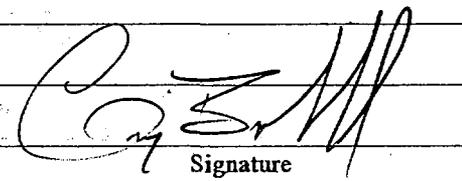
FOR OFFICIAL USE ONLY
P THOMSON FINANCIAL

*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)

08/12/01

OATH OR AFFIRMATION

I, Craig Birkelbach, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Birkelbach and Company, Inc., as of September 30, 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:


Signature

President
Title


Notary Public



Pamela S. Palmer
Commission # CC 962381
Expires Oct. 6, 2004
Bonded Thru
Atlantic Bonding Co., Inc.

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).

Birkelbach & Company
Jacksonville, Florida

Financial Statements
September 30, 2002 and 2001

RALSTON & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
8777 SAN JOSE BOULEVARD, BUILDING E
JACKSONVILLE, FLORIDA 32217-4213

BERT J. PITTMAN, JR.
STEVE E. MATHEWS
R. BRUCE SHEALY
MICHAEL R. RITCH
KEVIN M. FRITZ
TRACY S. CRIPE

ROBERT E. RALSTON
(1921-1986)

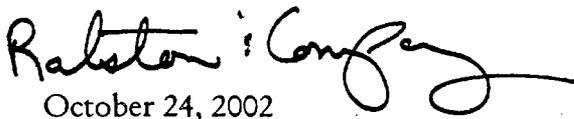
TELEPHONE (904) 730-0440
FAX (904) 730-0993

To the Board of Directors
Birkelbach & Company
Jacksonville, Florida

We have audited the accompanying balance sheets of Birkelbach & Company as of September 30, 2002 and 2001, and the related statements of income and retained earnings, and cash flows for the years then ended. 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 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 Birkelbach & Company as of September 30, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.


October 24, 2002

Birkelbach & Company
 Balance Sheet
 September 30, 2002 and 2001

ASSETS

	<u>2002</u>	<u>2001</u>
CURRENT ASSETS		
Cash	\$ <u>8,161</u>	\$ <u>8,185</u>
Total current assets	<u>8,161</u>	<u>8,185</u>
TOTAL ASSETS	<u>\$ 8,161</u>	<u>\$ 8,185</u>

LIABILITIES & SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

Common stock, par value \$10 per share authorized 500 shares, issued and outstanding 300 shares	\$ 3,000	\$ 3,000
Retained earnings	<u>5,161</u>	<u>5,185</u>
Total shareholders' equity	<u>8,161</u>	<u>8,185</u>
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	<u>\$ 8,161</u>	<u>\$ 8,185</u>

See auditors' report and notes to financial statements.

Birkelbach & Company
Statement of Income and Retained Earnings
For the Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
COMMISSION REVENUE	\$ 155,002	\$ 146,322
COMMISSION EXPENSE	<u>143,231</u>	<u>134,400</u>
	<u>11,771</u>	<u>11,922</u>
 OPERATING EXPENSES		
Rent expense	8,949	8,586
Accounting fees	1,500	1,625
Insurance expense	-0-	606
Licenses, dues and registrations	931	1,170
Charitable contributions	1,325	976
Miscellaneous	<u>153</u>	<u>120</u>
Total operating expenses	<u>12,858</u>	<u>13,083</u>
Income from operations	(1,087)	(1,161)
 OTHER INCOME & EXPENSE		
Interest income	979	-0-
Tax-exempt dividend income	<u>84</u>	<u>1,775</u>
INCOME BEFORE INCOME TAX PROVISIONS	(24)	614
INCOME TAX PROVISION	<u>-0-</u>	<u>-0-</u>
NET INCOME	(24)	614
RETAINED EARNINGS - beginning of year	<u>5,185</u>	<u>4,572</u>
RETAINED EARNINGS - end of year	<u>\$ 5,161</u>	<u>\$ 5,185</u>

See auditors' report and notes to financial statements.

Birkelbach & Company
Statement of Cash Flows
For the Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash Flows From Operating Activities		
Net income (loss)	\$ (24)	\$ 613
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	<u>-0-</u>	<u>-0-</u>
Total adjustments	<u>-0-</u>	<u>-0-</u>
Net Cash Provided (Used) by Operating Activities	<u>(24)</u>	<u>613</u>
 CASH AT BEGINNING OF YEAR	 <u>8,185</u>	 <u>7,572</u>
 CASH AT END OF YEAR	 <u>\$ 8,161</u>	 <u>\$ 8,185</u>

Supplemental Disclosures

Cash Paid During the Year for:

Interest	\$ <u>-0-</u>	\$ <u>-0-</u>
Income taxes	\$ <u>-0-</u>	\$ <u>-0-</u>

See auditors' report and notes to financial statements

Birkelbach & Company
Notes to the Financial Statements
September 30, 2002 and 2001

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

The Company is a member of the National Association of Securities Dealers and conducts its operations in accordance with membership requirements of that organization and the Securities and Exchange Commission. The Company does not carry customer accounts.

METHOD OF ACCOUNTING

The Company's records are maintained on the accrual basis of accounting for both financial and tax reporting purposes. Generally accepted accounting principles require management under certain circumstances to use accounting estimates. Actual results could differ from these estimates.

CASH AND EQUIVALENTS

For purposes of reporting cash flows, the Company considers cash equivalents to include cash on hand, in banks, and cash held in money market mutual funds.

B. CONCENTRATION OF CREDIT RISK FOR CASH HELD AT UNINSURED INSTITUTIONS

The Company's cash balances consist of money market mutual funds. These mutual funds are not insured.

C. RENT EXPENSE

The Company leases its facilities under the terms of an operating lease. The commencement date was September 1, 2001 and the expiration date is August 31, 2004. Future minimum lease payments are as follows:

Year ended 2003 - \$ 8,922
Year ended 2004 - \$ 8,922

See auditors' report to financial statements.

Birkelbach & Company
Notes to the Financial Statements
September 30, 2002 and 2001

D. INCOME TAXES

The company has federal and state net operating loss carryforwards of \$4,611, which are available to offset future taxable income. If not used, these credits will expire as follows:

<u>Years Ending</u> <u>September 30,</u>	<u>NOL</u>
2110	\$ 24
2111	359
2112	910
2113	1,409
2114	1,602
2115	185
2116	<u>122</u>
	<u>\$ 4,611</u>

See auditors' report to financial statements.

SUPPLEMENTARY INFORMATION

RALSTON & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
8777 SAN JOSE BOULEVARD, BUILDING E
JACKSONVILLE, FLORIDA 32217-4213

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TRACY S. CRIPE

ROBERT E. RALSTON
(1921-1986)
TELEPHONE (904) 730-0440
FAX (904) 730-0993

To the Board of Directors
Birkelbach & Company
Jacksonville, Florida

The accompanying supporting information required pursuant to Rule 17a-5(a) is presented for supplementary purposes and is not considered necessary for a fair presentation of the basic financial statements. Our examinations of the basic financial statements for the years ended September 30, 2002 and 2001, were made for the primary purpose of formulating an opinion on those statements. This supplementary data has been subjected to the applicable audit procedures we performed in our examination of the related basic financial statements.

In our opinion, all of the supporting information required by Rule 17a-5(a) is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ralston's Company
October 24, 2002

Birkelbach & Company
Supplementary Information
September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<u>1. CHANGES IN SHAREHOLDERS' EQUITY</u>		
Shareholders' equity - beginning of year	\$ 8,185	\$ 7,572
Net income (loss) for the year	<u>(24)</u>	<u>614</u>
Shareholders' equity - end of year	<u>\$ 8,161</u>	<u>\$ 8,185</u>

2. LIABILITIES SUBORDINATED TO GENERAL CREDITORS

The Company, at September 30, 2002 and 2001 , had no liabilities that were subordinate to claims of general creditors.

3. PROCEDURES FOLLOWED FOR SAFEGAURDING SECURITIES

The Company does not have possession or control over securities.

4. MATERIAL INADEQUACIES SINCE PREVIOUS AUDIT

No material inadequacies were disclosed as a result of audits for the years ending September 30, 2002 and 2001 .

5. EXEMPTION FROM RULE 15c3-3

The Company claims exemption from Rule 15c3-3 under rule section (k)(1) - Limited Business.

See auditors' report on supplementary information.

Birkelbach & Company
Computation of Net Capital
September 30, 2002

6. NET CAPITAL COMPUTATION

Total Assets.....	<u>8,161</u>
Less Total Liabilities.....	<u> </u>
Capital.....	<u>8,161</u>
Less Other Assets.....	<u> </u>
Current Capital.....	<u>8,161</u>
Less Appropriate "Haircuts".....	<u> </u>
Adjusted Net Capital.....	<u>8,161</u>
Minimum Capital Required.....	<u>5,000</u>
Excess Capital.....	<u>3,161</u>
Amount of Aggregate Indebtedness.....	<u> </u>
Ratio of Adjusted Net Capital to Aggregate Indebtedness.....	<u> </u>

See auditors' report on supplementary information.