

SECURITIES AND EXCHANGE COMMISSION  
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DIVISION OF MARKET REGULATION



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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER  
8- 11700

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 09/01/01 AND ENDING 12/31/02  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: COOMBE FINANCIAL SERVICES, INC.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

MARTIN S. TULLY

(845) 647-7900

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

LEVY & TULLY, CPA'S

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

2 ELTING COURT-4th FLOOR

ELLENVILLE

NEW YORK

12428

(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 21 2003  
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)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

PS  
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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 DECEMBER 31, 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:

Philip Coombe
Signature
Pres.
Title

Catherine Coombe Bender
Notary Public

CATHERINE COOMBE BENDER
Notary Public, State of New York
No. 01BE5049653
Qualified in Sullivan County
Commission Expires Sept. 18, 2005

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).



# 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 December 31, 2002 and have prepared a response to the Securities and Exchange Commission questionnaire Form X-17A-5-Part 11A.

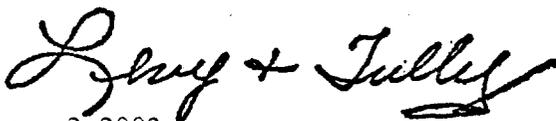
We conducted our audit in accordance with generally accepted auditing standards, including a review of the accounting system, internal controls and procedures for safe-guarding securities. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial 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, 2001 and ending December 31, 2002.

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 December 31, 2002 and the results of its operations and its cash flows for the period September 1, 2001 to December 31, 2002 in conformity on the basis of accounting described in Note 1.

LEVY & TULLY



February 3, 2003

Coombe Financial Services, Inc.

Balance Sheet

As of December 31, 2002

ASSETS

Current assets

Cash \$ 27,208

Other assets

Investment NASDAQ Common Stock 9,800

Deposit Receivable 73

Total other assets 9,873

Total assets \$ 37,081

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Notes payable 3,300

Stockholders' equity

Capital stock 5,000

Paid-in surplus 24,163

Retained earnings 4,618

Total stockholders' equity 33,781

Total liabilities and stockholders' equity \$ 37,081

See accountants' audit report

Coombe Financial Services, Inc.  
Statements of Changes in Retained Earnings  
For the Period September 1, 2001 to December 31, 2002

Retained earnings - as of September 1, 2001	\$ 1,405
Net profit for the year - Exhibit "C"	<u>3,213</u>
Retained earnings - as of December 31, 2002	<u>\$ 4,618</u>

See accountants' audit report

Coombe Financial Services, Inc.

Income Statement

For the Period September 1, 2001 to December 31, 2002

Income

Revenue from sale of investment shares	258,973
Fees for account supervision	350
Other revenue	<u>150,701</u>

Total Income \$ 410,024

Expense

Salaries and costs for officers	\$ 99,086
Other employee compensation and benefits	162,242
Regulatory fees and expenses	3,392
Other expenses	<u>142,091</u>

Total expenses 406,811

Net Income \$ 3,213

See accountants' audit report

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**Coombe Financial Services, Inc.**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2002**

**Operating activities:**

Net income \$ 3,213

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

Increase in assets -0-

Increase in liabilities -0-

Net cash provided by operating activities 3,213

**Investing Activities:** -0-

**Financing Activities:** -0-

Increase in cash and cash equivalents 3,213

Cash and cash equivalents at beginning of year 23,995

Cash and cash equivalents at end of year \$ 27,208

See accountants' audit report

**Coombe Financial Services, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2002**

**NOTE 1     Summary of Significant Accounting Policies**

**General**

Coombe Financial Services, Inc. ("the Company") is registered as a broker and dealer of securities pursuant to Section 17 of the Securities Exchange Act of 1934.

**Revenue Recognition**

The Company records commissions and the related expenses from mutual fund transactions on a cash basis.

**Modified Cash-Basis Financial Statements**

The Company prepares its financial statements on the cash basis. Under this basis, revenues are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. Consequently, accounts receivable due for commissions and amounts due vendors and suppliers at December 31, 2002 are not included in the financial statements.

**Investments**

Investments are carried at the lower of cost or market.

**Fixed Assets**

Fixed assets are recorded at cost, and depreciation is provided on the straight-line basis over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense as incurred.

**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 disclosure 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 could differ from those estimates.

**Coombe Financial Services, Inc.**  
**Notes to the Financial Statements**  
**December 31, 2002**

**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      Notes Payable**

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

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ELLENVILLE, NEW YORK 12428-0248

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FAX (845) 647-9881

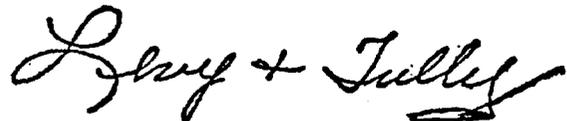
February 3, 2003

To Whom It May Concern:

Pursuant to Paragraph (D) (4) of SEC 17a-5, we the undersigned have compared the computation of Net Capital with the corresponding computation prepared by Coombe Financial Services, Inc. and included in the unaudited Part 11A FOCUS Report as of December 31, 2002.

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 black ink and is positioned to the right of the typed name "LEVY & TULLY".