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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

MISSION

23-6

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

SEC MAIL RECEIVED  
FEB 27 2003  
WASH. D.C. 181 SECTION

SEC FILE NUMBER  
8-52030

**FACING PACE**

**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 1/1/02 AND ENDING 12/31/02  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Pritchard Capital Partners, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY  
100480  
FIRM ID. NO.

328 N. Columbia Street

(No. and Street)

Covington  
(City)

LA  
(State)

70433  
(Zip Code)

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

Thomas W. Pritchard

985-809-7000

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

LaPorte, Sehart, Romig & Hand

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

110 Veterans Blvd., Suite 200  
(Address)

Metairie  
(City)

LA  
(State)

70005  
(Zip Code)

CHECK ONE:

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

**PROCESSED**

**MAR 13 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 (3-91)

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.

MAR 12 2003

OATH OR AFFIRMATION

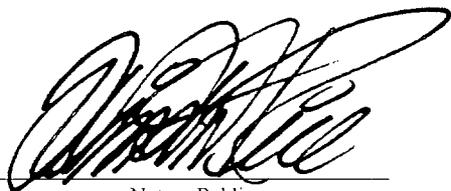
I, Thomas W. Pritchard, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pritchard Capital Partners, LLC as of December 31, 2002, are true and correct. I further swear (or affirm) that neither the company 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:



Signature

Managing Director

Title



Notary Public  
**WINSTON EDWARD RICE**  
**NOTARY PUBLIC**  
**STATE OF LOUISIANA**  
My Commission is Issued for Life

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).

**PRITCHARD CAPITAL PARTNERS, LLC**

**December 31, 2002**

Audit of Financial Statements

December 31, 2002

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The Board of Managers  
**Pritchard Capital Partners, LLC**

Independent Auditor's Report

We have audited the accompanying statement of financial condition of **Pritchard Capital Partners, LLC** as of December 31, 2002 and the related statements of income, changes in members' equity, changes in liabilities subordinated to claims of general creditors, 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 **Pritchard Capital Partners, LLC** as of December 31, 2002, and the results of its operations and its 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 Schedules I, II, III and IV 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.

*LaPorte, Sehrt, Romig & Hand*  
A Professional Accounting Corporation

Metairie, LA  
February 4, 2003

**PRITCHARD CAPITAL PARTNERS, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**December 31, 2002**

**ASSETS**

Cash	\$ 435,281
Compensating Balance Held at Clearing Organization	251,101
Receivable from Brokers or Dealers	438,568
Trading Securities, at Fair Value	57,300
Furniture, Equipment, and Leasehold Improvements at Cost, Less Accumulated Depreciation and Amortization of \$39,890	62,926
Other Assets	<u>138,737</u>
	<u>\$ 1,383,913</u>

**LIABILITIES AND MEMBERS' EQUITY**

**LIABILITIES**

Accounts Payable	\$ 57,236
Securities Sold, Not Yet Purchased, At Fair Value	17,520
Due to Members	12,080
Accrued Expenses	<u>465,396</u>
Total Liabilities	552,232

**MEMBERS' EQUITY**

Members' Capital	917,524
Accumulated Deficit	<u>(85,843)</u>
Total Members' Equity	<u>831,681</u>
	<u>\$ 1,383,913</u>

The accompanying notes are an integral part of these financial statements.

**PRITCHARD CAPITAL PARTNERS, LLC**  
**STATEMENT OF INCOME**  
**For The Year Ended December 31, 2002**

**REVENUES**

Commission Income	\$ 3,162,585
Interest Income	84,483
Other Income	<u>586,920</u>
Total Revenues	<u>3,833,988</u>

**EXPENSES**

Employee Compensation and Benefits	2,356,844
Brokerage Commissions and Fees	416,661
Other Expenses	251,814
Occupancy	208,951
Research and Market Services	97,966
Regulatory Fees and Expenses	19,622
Investment Losses	<u>13,111</u>
Total Expenses	<u>3,364,969</u>

**NET INCOME**

\$ 469,019

The accompanying notes are an integral part of these financial statements.

**PRITCHARD CAPITAL PARTNERS, LLC**  
**STATEMENT OF CHANGES IN MEMBERS' EQUITY**

	<u>Members'</u> <u>Capital</u>	<u>Accumulated</u> <u>Deficit</u>	<u>Total</u>
<b>BALANCE - DECEMBER 31, 2001</b>	\$ 793,833	\$ (554,862)	\$ 238,971
Net Income for the Year 2002	-	469,019	469,019
Members' Contributions	<u>123,691</u>	<u>-</u>	<u>123,691</u>
<b>BALANCE - DECEMBER 31, 2002</b>	<u>\$ 917,524</u>	<u>\$ (85,843)</u>	<u>\$ 831,681</u>

The accompanying notes are an integral part of these financial statements.

**PRITCHARD CAPITAL PARTNERS, LLC**  
**STATEMENT OF CHANGES IN LIABILITIES**  
**SUBORDINATED TO CLAIMS OF GENERAL CREDITORS**  
**For The Year Ended December 31, 2002**

Subordinated Liabilities - Beginning of Year	\$ -
Increases	-
Decreases	<u>-</u>
Subordinated Liabilities - End of Year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

**PRITCHARD CAPITAL PARTNERS, LLC**  
**STATEMENT OF CASH FLOWS**  
**For The Year Ended December 31, 2002**

**OPERATING ACTIVITIES**

Net Income	\$ 469,019
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	17,318
Decrease in Receivable from Customers and Employees	47,297
Increase in Receivable from Brokers or Dealers	(428,871)
Purchases of Company Owned Trading Securities	(57,300)
Increase in Other Assets	(111,411)
Decrease in Accounts Payable	(46,938)
Increase in Accrued Expenses	459,420
Decrease in Due to Members	<u>(1,920)</u>
Net Cash Provided by Operating Activities	<u>346,614</u>

**INVESTING ACTIVITIES**

Purchases of Furniture and Equipment	(15,971)
Increase in Deposits	<u>(9,849)</u>
Net Cash Used In Investing Activities	<u>(25,820)</u>

**FINANCING ACTIVITIES**

Proceeds from Capital Contributions	200,000
Distributions to Members	<u>(76,309)</u>
Net Cash Provided By Financing Activities	<u>123,691</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 444,485

**CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR** 241,897

**CASH AND CASH EQUIVALENTS - END OF YEAR** \$ 686,382

**SUPPLEMENTARY CASH FLOW INFORMATION:**

Cash Paid for Interest	<u>\$ 1,380</u>
------------------------	-----------------

The accompanying notes are an integral part of these financial statements.

**PRITCHARD CAPITAL PARTNERS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BUSINESS OF THE COMPANY**

PRITCHARD CAPITAL PARTNERS, LLC is registered as a broker/dealer with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers. The Company performs as an introducing broker and provides investment banking and investment advisory services.

**FURNITURE AND EQUIPMENT**

Furniture, equipment, and leasehold improvements are stated at cost, less accumulated depreciation computed on accelerated methods over the estimated useful lives of the assets. Depreciation charged to operations amounted to \$17,318 for the year ended December 31, 2002.

**INCOME TAXES**

The Company is a limited liability company for income tax purposes. Under this election, taxable income or loss of the Company is included in the tax returns of its' members.

**CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**USE OF 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 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.

**ADVERTISING**

The Company expenses the costs of advertising as they are incurred. Advertising expense was \$112 for the year ended December 31, 2002.

**INVESTMENT SECURITIES**

Marketable securities are valued at market value and securities not readily marketable are valued at fair value as determined by the Board of Managers. The resulting difference between cost and market (or fair value) is included in income.

**SECURITIES TRANSACTIONS**

Commission income and expenses related to Customers' securities transactions are reported on the settlement date basis.

**PRITCHARD CAPITAL PARTNERS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B**

**RECEIVABLE FROM BROKERS OR DEALERS**

Accounts receivable from brokers or dealers represents uncollected commissions and fees due from other brokers.

**NOTE C**

**AGREEMENTS WITH CLEARING ORGANIZATIONS**

The Company utilizes Banc of America Securities as its clearing broker. Terms of the agreement with the clearing organization call for the Company to maintain compensating balances of \$250,000. At December 31, 2002, \$250,000 of cash is restricted for that purpose. In addition, terms of the agreement require the Company to maintain net capital equal to the greater of the amount required by the SEC net capital rules applicable to a correspondent introducing broker or \$400,000. At December 31, 2002, the Company had net capital of \$332,951, which was \$67,049 less than its Banc of America required net capital of \$400,000. It is not presently determinable what actions, if any, the clearing organization will take, in periods where net capital falls below the threshold.

**NOTE D**

**RELATED PARTY COMMITMENTS AND CONTINGENCIES**

The Company leases office space from an affiliate on a month-to-month basis. Rent expense paid to affiliates for the year ended December 31, 2002 totaled \$28,000. Accrued commissions payable to shareholders as of December 31, 2002 totaled \$12,080. There is no stated interest rate and there are no set terms of repayment.

At December 31, 2002, \$100,000 in cash and cash equivalents was pledged to secure an obligation of one of the Company's members.

**NOTE E**

**NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2002, the Company had net capital of \$332,951, which was \$232,951 in excess of its required net capital of \$100,000. The Company's net capital ratio was 1.61 to 1 at December 31, 2002.

**PRITCHARD CAPITAL PARTNERS, LLC**  
**SUPPLEMENTARY INFORMATION**  
**For The Year Ended December 31, 2002**

**SCHEDULE I**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF**  
**THE SECURITIES AND EXCHANGE COMMISSION**

**NET CAPITAL**

Total Members' Equity	\$ 831,681
Deductions and/or Charges	
Non-Allowable Cash	(100,000)
Furniture and Equipment	(62,926)
Receivables Not Held in Control Accounts	(283,993)
Other Assets	(38,737)
Other Deductions or Charges	(4,000)
Net Capital Before Haircuts on Securities Positions	342,025
Haircuts on Securities	(9,074)
Net Capital	\$ 332,951

**AGGREGATE INDEBTEDNESS** \$ 534,712

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Net Capital Required	<u>\$ 100,000</u>
Excess of Net Capital	<u>\$ 232,951</u>
Excess Net Capital at 1,000%	<u>\$ 279,479</u>
Ratio: Aggregate Indebtedness to Net Capital	<u>1.61 to 1</u>

**RECONCILIATION WITH COMPANY'S COMPUTATION**

(included in Part II of Form X-17A-5 as of December 31)

Net Capital, as Reported in Company's Part II (Unaudited)	
FOCUS Report	\$ 332,951
Other Adjustments	-
Net Capital Per Above	\$ 332,951

**PRITCHARD CAPITAL PARTNERS, LLC  
SUPPLEMENTARY INFORMATION**

**SCHEDULE II  
COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENTS UNDER RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION**

Pritchard Capital Partners, LLC is exempt from the reserve requirements and the related computations for the determination thereof under paragraph k(2)(ii) of Rule 15c3-3 under the Securities and Exchange Act of 1934 as Pritchard Capital Partners, LLC carries no margin accounts in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to customers.

During the year ended December 31, 2002, Pritchard Capital Partners, LLC has maintained its compliance with the conditions for exemption specified in paragraph k(2)(ii) of Rule 15c3-3.

**SCHEDULE III  
INFORMATION RELATING TO POSSESSION OR CONTROL  
REQUIREMENTS UNDER RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION**

Pritchard Capital Partners, LLC is exempt from the reserve requirements and the related computations for the determination thereof under paragraph k(2)(ii) of Rule 15c3-3 under the Securities and Exchange Act of 1934 as Pritchard Capital Partners, LLC carries no margin accounts in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to customers.

During the year ended December 31, 2002, Pritchard Capital Partners, LLC has maintained its compliance with the conditions for exemption specified in paragraph k(2)(ii) of Rule 15c3-3.

**SCHEDULE IV  
SCHEDULE OF SEGREGATION REQUIREMENTS  
AND FUNDS IN SEGREGATION FOR CUSTOMERS' REGULATED  
COMMODITY FUTURES AND OPTIONS ACCOUNTS**

Pritchard Capital Partners, LLC is exempt from the reserve requirements and the related computations for the determination thereof under paragraph k(2)(ii) of Rule 15c3-3 under the Securities and Exchange Act of 1934 as Pritchard Capital Partners, LLC carries no margin accounts in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to customers.

During the year ended December 31, 2002, Pritchard Capital Partners, LLC has maintained its compliance with the conditions for exemption specified in paragraph k(2)(ii) of Rule 15c3-3.



The Board of Managers  
**Pritchard Capital Partners, LLC**

Independent Auditor's Report on Internal Control

In planning and performing our audit of the financial statements of **Pritchard Capital Partners, LLC** for the year ended December 31, 2002, 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 and Exchange Commission (SEC), we have made a study of the practices and procedures followed by **Pritchard Capital Partners, LLC** 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 and net capital under rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3. We did not review the practices and procedures followed by the company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

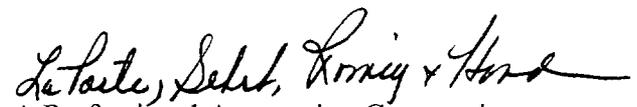
The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs 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 the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors 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 the 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 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, 2002, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers, 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.

  
A Professional Accounting Corporation

Metairie, LA  
February 4, 2003