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

SEC FILE NUMBER
8-27120

**FACING PAGE**

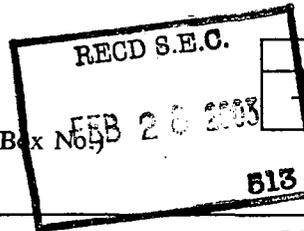
**Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/01/02 AND ENDING 12/31/02  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

Robert A. Stanger & Co., Inc.



OFFICIAL USE ONLY
FIRM ID. NO.

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

1129 Broad Street

Shrewsbury

(No. and Street)  
NJ

07702

(City)

(State)

(Zip Code)

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

Robert A. Stanger

(732) 389-3600

(Area Code — Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

The Curchin Group, LLC

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

125 Half Mile Road

Red Bank

NJ

07701-6749

(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 18 2003

TRIMSON 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).

## OATH OR AFFIRMATION

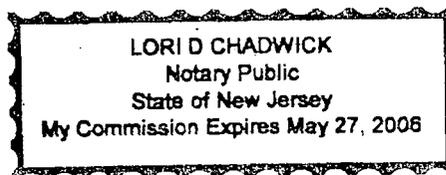
I, Robert A. Stanger, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm Robert A. Stanger & Co., Inc., as of December 31, ~~19~~<sup>xx</sup>2002, are true and correct. I further swear (or affirm) that neither 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:

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

X Robert A. Stanger  
Signature

President  
Title

Lori D Chadwick  
Notary Public



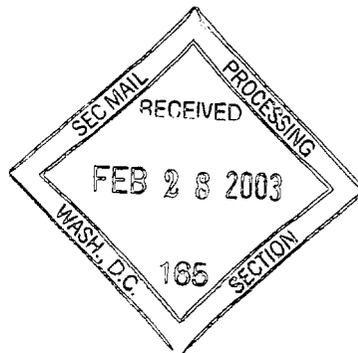
This report\*\* contains (check all applicable boxes):

- (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.
- (o) Independent auditor's report on financial statements and supplemental report on internal control structure.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**ROBERT A. STANGER & COMPANY, INC.**

**FINANCIAL REPORT  
DECEMBER 31, 2002**



**ROBERT A. STANGER & COMPANY, INC.**

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**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders  
Robert A. Stanger & Company, Inc.  
Shrewsbury, New Jersey

We have audited the accompanying balance sheets of Robert A. Stanger & Company, Inc. as of December 31, 2002 and the related statement of income and retained earnings and cash flows for the year 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 audits. The financial statements of Robert A. Stanger & Company, Inc. as of December 31, 2001 were audited by other auditors, whose report dated February 20, 2002 expressed an unqualified opinion.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Robert A. Stanger & Company, Inc. 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 audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information contained on Page 8 in the Supplemental Schedules of the Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission at December 31, 2002 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplemental information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audits 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.

  
THE CURCHIN GROUP, LLC

February 14, 2003  
Red Bank, NJ

**ROBERT A. STANGER & COMPANY, INC.**

**BALANCE SHEETS**

<b>ASSETS</b>	<b>December 31</b>	
	<b>2002</b>	<b>2001</b>
<b>CURRENT ASSETS:</b>		
Cash	\$ 284,240	\$ 318,677
Investments in limited partnerships	24,766	56,743
Accounts receivable - trade	1,076,805	1,238,055
Accounts receivable - other	162,849	91,017
State income taxes receivable	890	-
Deferred state tax asset	10,700	10,700
	<u>1,560,250</u>	<u>1,715,192</u>
<b>LONG TERM ASSETS:</b>		
Furniture and equipment, net of accumulated depreciation	<u>6,326</u>	<u>16,714</u>
<b>TOTAL ASSETS</b>	<b><u>\$1,566,576</u></b>	<b><u>\$1,731,906</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable - trade	<u>\$ 98,368</u>	<u>\$ 164,775</u>
<b>COMMITMENTS</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, no par value, 100 shares authorized, issued and outstanding	1,500	1,500
Retained earnings	<u>1,466,708</u>	<u>1,565,631</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>1,468,208</u>	<u>1,567,131</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>\$1,566,576</u></b>	<b><u>\$1,731,906</u></b>

*See accompanying notes to financial statements.*

**ROBERT A. STANGER & COMPANY, INC.**

**STATEMENTS OF INCOME AND RETAINED EARNINGS**

	Year Ended December 31,	
	2002	2001
<b>REVENUE:</b>		
Consulting and related services	\$ 3,946,209	\$ 4,018,877
Interest income	5,379	10,725
Total revenue	3,951,588	4,029,602
<b>COSTS AND EXPENSES:</b>		
Salaries	2,642,519	2,267,902
Employee benefits	255,935	224,326
Consultants	500,286	474,062
Office rent	140,296	134,201
Insurance	39,652	44,706
Legal fees	38,833	53,899
Accounting fees	10,750	14,875
Payroll processing fees	4,854	4,444
Travel and conference	39,151	74,087
Telephone	35,041	37,734
Postage	17,408	22,611
Automobile	31,131	28,157
Publications, dues and subscriptions	24,460	31,887
Utilities	10,738	12,282
Office maintenance and supplies	96,299	96,615
Contributions	5,100	2,850
Depreciation	10,389	21,034
Website	3,684	-
Advertising	-	11,086
Total costs and expenses	3,906,526	3,556,758
<b>NET INCOME FROM OPERATIONS BEFORE PROVISION FOR STATE INCOME TAXES</b>	45,062	472,844
<b>PROVISION FOR STATE INCOME TAXES</b>	850	17,010
<b>NET INCOME</b>	44,212	455,834
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	1,565,631	1,174,797
<b>SHAREHOLDERS' CONTRIBUTION</b>	1,128	-
<b>SHAREHOLDERS' DISTRIBUTION</b>	(144,263)	(65,000)
<b>RETAINED EARNINGS, END OF YEAR</b>	\$ 1,466,708	\$ 1,565,631

*See accompanying notes to financial statements.*

**ROBERT A. STANGER & COMPANY, INC.**

**STATEMENTS OF CASH FLOWS**

	<u>Year Ended December 31,</u>	
	<u>2002</u>	<u>2001</u>
<b>RECONCILIATION OF NET INCOME TO NET</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>\$ 44,212</b>	<b>\$ 455,834</b>
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	10,389	21,034
Deferred taxes	-	9,300
Changes in operating assets and liabilities:		
Accounts receivable - trade	161,250	(456,663)
Accounts receivable - other	(71,832)	43,518
State income taxes receivable	(890)	7,710
Accounts payable	<u>(66,408)</u>	<u>150,279</u>
Net cash flows from operating activities	<u>76,721</u>	<u>231,012</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of furniture and equipment	-	(14,031)
Change in investments in limited partnerships	<u>31,977</u>	<u>(17,477)</u>
Net cash flows from investing activities	<u>31,977</u>	<u>(31,508)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Shareholders' contributions	1,128	-
Shareholders' distributions	<u>(144,263)</u>	<u>(65,000)</u>
Net cash flows from financing activities	<u>(143,135)</u>	<u>(65,000)</u>
<b>NET CHANGE IN CASH</b>	<b>(34,437)</b>	<b>134,504</b>
<b>CASH, BEGINNING OF YEAR</b>	<b><u>318,677</u></b>	<b><u>184,173</u></b>
<b>CASH, END OF YEAR</b>	<b><u>\$ 284,240</u></b>	<b><u>\$ 318,677</u></b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Taxes Paid	<u>\$ 1,740</u>	<u>\$ -</u>

*See accompanying notes to financial statements.*

**ROBERT A. STANGER & COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

*Nature of the Organization* - Robert A. Stanger & Company, Inc. (the "Company") was incorporated in the State of New Jersey in August of 1985. The Company provides services to the public, which includes acting as an agent in mergers and acquisitions, preparing fairness opinions, valuing securities and businesses and performing financial advisory services.

The Company also is registered as a broker-dealer with the Securities and Exchange Commission.

*Income Taxes* - The Company, at the consent of its shareholder, has elected "S" Corporation status under the Internal Revenue Code. Instead of paying federal corporate income taxes, the shareholder is taxed individually on the Company's taxable income. No provision or liability for federal income taxes has been made.

In addition, the Company elected "S" Corporation status under the laws of the State of New Jersey. State income taxes are provided for on the excess of the corporate tax rate over the shareholder's individual tax rate.

Deferred state income taxes arise primarily from the fact that the Company prepares its financial statements on the accrual basis of accounting and prepares its tax return on the cash basis of accounting.

*Investments in Limited Partnerships* - The Company records its investments in limited partnerships at cost adjusted for earnings and distributions.

*Furniture and Equipment* - Furniture and equipment are recorded at cost. Depreciation is provided using accelerated methods.

*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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**NOTE 2 - FURNITURE AND EQUIPMENT:**

Furniture and equipment consists of the following at December 31:

	<u>2002</u>	<u>2001</u>
Furniture and equipment	\$250,768	\$250,768
Less: accumulated depreciation	<u>244,441</u>	<u>234,052</u>
	<u>\$ 6,326</u>	<u>\$ 16,714</u>

ROBERT A. STANGER & COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INCOME TAXES:

The provision (credit) for income taxes consists of the following components:

	<u>2002</u>	<u>2001</u>
Current taxes	\$ 850	\$ 7,700
Deferred taxes	<u>-</u>	<u>9,300</u>
	<u>\$ 850</u>	<u>\$ 17,010</u>

NOTE 4 - DEFINED CONTRIBUTION PLAN:

The Company sponsors a Simplified Employee Pension Plan covering substantially all employees. The Company made no contributions to the plan for the years ended December 31, 2002 and 2001.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK:

Financial instruments which potentially subject the Company to significant concentrations of credit risk consists principally of cash and accounts receivable.

The Company maintains cash with various financial institutions, which limits exposure to any one institution. At times, cash balances may exceed insured limits.

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of individuals comprising the customers of the Company. No allowance for uncollectible accounts has been provided, as management believes the balance of accounts receivable to be fully collectible.

NOTE 6 - COMMITMENTS AND CONTINGENCIES:

*Concentrations* - Approximately 12% of the Company's revenues were generated by contracts from one customer, and 47% of the Company's receivables were owed from two customers at December 31, 2002.

*Lease Commitment* - The Company has entered into a commitment to lease office space from February 1, 2000 on a five-year lease at \$126,473 per annum. The lease expires January 31, 2005. The lease agreement allows for an annual rent increase based upon the Consumer Price Index at the end of each yearly anniversary for the term of the lease. The increase in rent shall never be less than 4% or greater than 7%.

The future minimum lease payments required under the lease is as follows:

<u>December 31,</u>	
2003	\$142,265
2004	147,955
2005	<u>12,330</u>
	<u>\$302,550</u>

**ROBERT A. STANGER & COMPANY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - 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. The following sets forth the Company's net capital status at December 31:

	<u>2002</u>	<u>2001</u>
Net capital	<u>\$183,682</u>	<u>\$152,902</u>
Required net capital	<u>\$ 6,560</u>	<u>\$ 10,990</u>
Net capital in excess of minimum required	<u>\$177,122</u>	<u>\$141,913</u>
Aggregate indebtedness	<u>\$ 98,368</u>	<u>\$164,775</u>
Net capital ratio	<u>0.54 to 1</u>	<u>1.08 to 1</u>

Regulations of the State of New Jersey require minimum net capital of \$10,000.

ROBERT A. STANGER & COMPANY, INC.

SUPPLEMENTAL SCHEDULES OF THE COMPUTATION OF NET CAPITAL  
(DEFICIENCY) UNDER RULE 15c3-1 OF THE SECURITIES AND  
EXCHANGE COMMISSION

	December 31,	
	<u>2002</u>	<u>2001</u>
COMPUTATION OF NET CAPITAL:		
Total capital	\$ 1,468,208	\$ 1,567,131
Less: non-allowable assets	(1,284,526)	(1,414,228)
Haircuts	<u>-</u>	<u>-</u>
Net capital	<u>\$ 183,682</u>	<u>\$ 152,903</u>
AGGREGATE INDEBTEDNESS	<u>\$ 98,368</u>	<u>\$ 164,775</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:		
Minimum net capital required (6 2/3% of aggregate indebtedness)	<u>\$ 6,560</u>	<u>\$ 10,990</u>
Excess net capital	<u>\$ 177,122</u>	<u>\$ 141,913</u>
Excess net capital at 1000%	<u>\$ 173,845</u>	<u>\$ 136,426</u>
Ratio: Aggregate indebtedness to net capital	<u>0.54</u>	<u>1.08</u>

**SUPPLEMENTAL REPORT ON INTERNAL CONTROL**

To the Shareholders  
Robert A. Stanger & Company, Inc.  
Shrewsbury, New Jersey

In planning and performing our audit of the financial statement of Robert A. Stanger & Company, Inc. (the "Company") for the year ended December 31, 2002 we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the Commission), we have made a study of the practices and procedures followed by the Company, Inc., including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g)(1) 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 (1) in making the quarterly securities examinations, counts, verifications and comparisons, (2) the recordation of differences required by Rule 17a-13; or (3) complying with the requirements for prompt payment of securities under Section 8 of Federal Reserve 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 an 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 internal control polices and procedures 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 Commission'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 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 policies referred to above, errors or irregularities 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 elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control that we consider to be material weakness 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 Commission to be adequate for its purposes in accordance with the Securities and 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 Commission's objectives

This report is intended solely for the information and use of the shareholders, the Commission and other regulatory agencies that rely on Rule 17a-5(g) under Securities and 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.

  
THE CURCHIN GROUP, LLC

February 14, 2003  
Red Bank, New Jersey