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

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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

ORENSTEIN SECURITIES, INC.

OFFICIAL USE ONLY  
FIRM ID. NO.

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

648 N. PLANKINTON AVE., SUITE 418

(No. and Street)

MILWAUKEE

WI

53203

(City)

(State)

(Zip Code)

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

WILLIAM ORENSTEIN

(414) 272-7700

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

RITZ, HOLMAN, BUTALA, FINE, LLP

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

330 EAST KILBOURN AVENUE SUITE 550

MILWAUKEE

WI

53202

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

FOR OFFICIAL USE ONLY  
MAR 06 2003  
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).

OATH OR AFFIRMATION

I, WILLIAM ORENSTEIN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ORENSTEIN SECURITIES, 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:

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

*William Orenstein*  
Signature  
PRESIDENT  
Title

*Joyce G. Barnes*  
Notary Public  
Joyce G. Barnes  
My Commission Expires June 19, 2005

- This report\*\* contains (check all applicable boxes):
[X] (a) Facing page.
[X] (b) Statement of Financial Condition.
[X] (c) Statement of Income (Loss).
[X] (d) Statement of Changes in Financial Condition.
[X] (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
[X] (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
[X] (g) Computation of Net Capital
[X] (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.
[X] (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.
[X] (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).

**ORENSTEIN SECURITIES, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2002**

**(With Summarized Totals for the Year Ended December 31, 2001)**

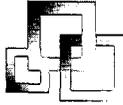


**RITZ, HOLMAN, BUTALA, FINE LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**ORENSTEIN SECURITIES, INC.**

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# RITZ, HOLMAN, BUTALA, FINE LLP

TWO PLAZA EAST, SUITE 550  
330 EAST KILBOURN AVENUE  
MILWAUKEE, WI 53202-3144  
(414) 271-1451  
FAX (414) 271-7464

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Orenstein Securities, Inc.  
Milwaukee, Wisconsin

We have audited the accompanying balance sheet of Orenstein Securities, Inc. as of December 31, 2002, and the related statements of income, 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 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 Orenstein Securities, Inc. as of December 31, 2002, 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.

*Ritz, Holman, Butala, Fine LLP*

RITZ, HOLMAN, BUTALA, FINE LLP

January 16, 2003



The CPA. Never Underestimate The Value.<sup>SM</sup>

**ORENSTEIN SECURITIES, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2002**  
(With Summarized Totals for December 31, 2001)

	2002	2001
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 399	\$ 274
Cash - Money Market	12,698	15,258
Cash - Customer Account	382	380
Investments	16,300	16,300
Prepaid Taxes	1,460	3,815
Total Current Assets	\$ 31,239	\$ 36,027
 <b>TOTAL ASSETS</b>	<b>\$ 31,239</b>	<b>\$ 36,027</b>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>	\$ ---	\$ ---
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock-\$.10 Par Value-560,000 Shares Authorized; 5,000 Shares Issued and Outstanding	\$ 500	\$ 500
Additional Paid-In Capital	16,500	16,500
Retained Earnings	14,239	19,027
Total Stockholders' Equity	\$ 31,239	\$ 36,027
 <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 31,239</b>	<b>\$ 36,027</b>

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

**ORENSTEIN SECURITIES, INC.**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**  
(With Summarized Totals for the Year Ended December 31, 2001)

	<u>2002</u>	<u>2001</u>
<b>INCOME</b>		
Interest Income	\$ 142	\$ 332
Total Income	<u>\$ 142</u>	<u>\$ 332</u>
 <b>EXPENSES</b>		
Bank Charges	\$ 185	\$ 164
Filing Fees	194	400
Insurance	369	362
Postage	61	---
Professional Fees	3,844	2,200
Protection Assessment	150	150
NASD Assessments	739	731
Publications	233	425
Total Expenses	<u>\$ 5,775</u>	<u>\$ 4,432</u>
 Net Income (Loss) Before Taxes	 \$ (5,633)	 \$ (4,100)
 Taxes		
Federal Taxes (Refund)	<u>(845)</u>	<u>(615)</u>
 NET INCOME (LOSS)	 <u>\$ (4,788)</u>	 <u>\$ (3,485)</u>

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

**ORENSTEIN SECURITIES, INC.**  
**STATEMENT OF RETAINED EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**  
**(With Summarized Totals for the Year Ended December 31, 2001)**

	<u>2002</u>	<u>2001</u>
Retained Earnings - Beginning Balance	\$ 19,027	\$ 22,512
Net Income (Loss)	<u>(4,788)</u>	<u>(3,485)</u>
RETAINED EARNINGS - ENDING BALANCE	<u>\$ 14,239</u>	<u>\$ 19,027</u>

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

**ORENSTEIN SECURITIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**  
(With Summarized Totals for the Year Ended December 31, 2001)

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (4,788)	\$ (3,485)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
(Increase) Decrease in Prepaid Expenses	2,355	(3,815)
Increase (Decrease) in Accrued Expense - Income Taxes Payable	<u>---</u>	<u>(2,677)</u>
Net Cash Used by Operating Activities	<u>\$ (2,433)</u>	<u>\$ (9,977)</u>
Net Decrease in Cash	\$ (2,433)	\$ (9,977)
CASH AT BEGINNING OF YEAR	<u>15,912</u>	<u>25,889</u>
CASH AT END OF YEAR	<u><u>\$ 13,479</u></u>	<u><u>\$ 15,912</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year For:		
Interest	\$ ---	\$ ---
Income Tax	---	2,677

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

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**ORENSTEIN SECURITIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

**ORENSTEIN SECURITIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

**NOTE A - Summary of Significant Accounting Policies**

**Business Activity**

The Corporation is a licensed broker dealer and a member of the National Association of Securities Dealers, Inc. The Corporation's principal activity is to sell limited partnership interests in commercial and residential real estate. No cash was collected from customers for the year ended December 31, 2002. Cash is paid by customers directly to issuing partnerships. To conform to the exemption provisions under Rule 15c3-3, the Corporation has established a segregated cash account for the exclusive benefit of customers.

**Basis of Accounting**

The financial statements for Orenstein Securities, Inc. have been prepared on the accrual basis of accounting.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**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.

**NOTE B - Comparative Financial Information**

The financial information shown for 2001 in the accompanying financial statements is included to provide a basis for comparison with 2002 and presents summarized totals only.

**NOTE C - Current Year Activity**

**Commission Income**

For the year ended December 31, 2002, the Corporation received no commission income.

**Minimum Capital**

For the year ended December 31, 2002, the Corporation maintained the required minimum balance of \$5,000 under the exemption provisions of Rule 15c3-3.

**ORENSTEIN SECURITIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

**NOTE C - Current Year Activity (continued)**

Net Capital	\$13,479
Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed	\$ 5,000
Net Capital Requirement	\$ 5,000
Excess Net Capital	<u>\$ 8,479</u>
Excess Net Capital at 1000%	<u>\$13,479</u>

Board of Directors  
Orenstein Securities, Inc.  
Milwaukee, Wisconsin

We have examined management's assertions included in its representation letter dated January 16, 2003. The representation letter stated that "There has been no -

- a. Fraud involving management or employees who have significant roles in the internal control structure.
- b. Fraud involving other employees that could have a material effect on the financial statements.
- c. Communication from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements."

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the internal control structure over financial reporting, testing, and evaluating the design and operating effectiveness of the internal control structure, and such other procedures that we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in any internal control, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control over financial reporting to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We understand that the agency considers the controls over financial reporting that meet the criteria referred to in the first paragraph of this report adequate for its purpose. In our opinion, based on this understanding and on our examination, management's assertions are fairly stated, in all material respects, based upon such criteria.

This report is intended for the information and use of the board of directors and management of Orenstein Securities, Inc. and the National Association of Securities Dealers, Incorporated, and should not be used for any other purpose.

*Ritz, Holman, Butala, Fine LLP*

RITZ, HOLMAN, BUTALA, FINE LLP

January 16, 2003  
Milwaukee, Wisconsin