



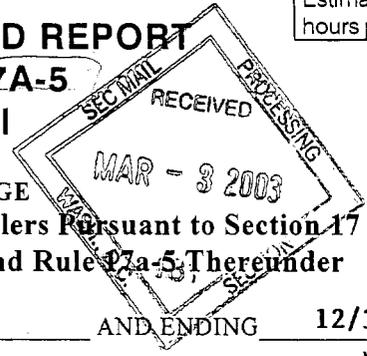
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- **65164**



**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: **PriMuni LLC**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

One Gateway Center, 4th Floor

(No. and Street)

Pittsburgh

PA

15222

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Maura T. Weis 412-325-3063

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Grossman Yanak & Ford LLP

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

Three Gateway Center, Suite 1800

Pittsburgh

PA

15222

(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

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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)

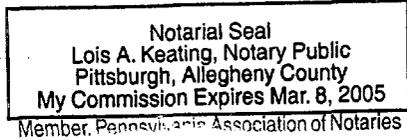
Handwritten signature/initials

OATH OR AFFIRMATION

I, Maura T. Weis, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Primuni LLC, as of FEBRUARY 25, 2003, 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:

Maura T. Weis
Signature
VP operations
Title

Lois A. Keating
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 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).

**Grossman
Yanak &
Ford**
LLP

Certified Public Accountants

**PriMuni LLC
(A Development State Enterprise)**

**Financial Statements For the Year Ended
December 31, 2002 and the Period June 25,
2001 (Date of Inception) to December 31, 2001
and Independent Auditors' Report**

PriMuni LLC

TABLE OF CONTENTS

Independent Auditors' Report	1
Statements of Financial Condition	2
Statements of Operations	3
Statements of Members' Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6

**Grossman
Yanak &
Ford**
LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of
PriMuni LLC

We have audited the accompanying statement of financial condition of PriMuni LLC (a development stage enterprise) as of December 31, 2002 and 2001 and the related statements of operations, members' equity and cash flows for the year ended December 31, 2002 and the period from inception (June 25, 2001) to December 31, 2001. These financial statements are the responsibility of PriMuni LLC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 PriMuni LLC as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the year ended December 31, 2002 and the initial period ended December 31, 2001 in conformity with U.S. generally accepted accounting principles.

Grossman Yanak & Ford LLP

January 10, 2003

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PriMuni LLC (A Development State Enterprise)

**STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2002 and 2001**

	<u>NOTES</u>	<u>2002</u>	<u>2001</u>
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	1	\$ 429,042	\$ 132,424
Short-term investments	1,6	42,671	-
Prepaid expenses		<u>21,398</u>	<u>-</u>
Total current assets		493,111	132,424
PROPERTY & EQUIPMENT, NET	1,2	323,555	85,312
DEPOSITS		<u>-</u>	<u>11,100</u>
TOTAL		<u>\$ 816,666</u>	<u>\$ 228,836</u>
LIABILITIES AND MEMBERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable		\$ 29,979	\$ 15,000
Accrued expenses		<u>-</u>	<u>6,000</u>
Total current liabilities		<u>29,979</u>	<u>21,000</u>
MEMBERS' EQUITY, including deficits accumulated during the development stage of \$2,061,239 and \$293,209, respectively	4	<u>786,687</u>	<u>207,836</u>
TOTAL		<u>\$ 816,666</u>	<u>\$ 228,836</u>

See notes to financial statements.

PriMuni LLC (A Development State Enterprise)

STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2002, FOR THE PERIOD
FROM JUNE 25, 2001 (DATE OF INCEPTION) TO DECEMBER 31, 2001 AND
FOR THE PERIOD FROM JUNE 25, 2001 (DATE OF INCEPTION) TO
DECEMBER 31, 2002

	<u>NOTES</u>	<u>2002</u>	<u>2001</u>	<u>From Inception</u>
REVENUE				
Interest income		\$ <u>11,508</u>	<u>-</u>	\$ <u>11,508</u>
EXPENSES				
Payroll		315,968	\$ 6,000	321,968
Benefits		2,346	-	2,346
Legal and professional		220,338	69,793	290,131
Insurance		21,376	-	21,376
Rent	5	39,359	3,000	42,359
Depreciation	2	85,372	120	85,492
Travel and entertainment		35,644	10,079	45,723
Marketing		127,330	16,861	144,191
Technology development		324,964	160,400	485,364
Telephone		10,062	-	10,062
Office expense		9,842	157	9,999
Research		31,869	25,382	57,251
Regulatory expenses		24,590	-	24,590
Loss on disposition of software	2	448,165	-	448,165
Miscellaneous		<u>7,313</u>	<u>1,417</u>	<u>8,730</u>
Total		<u>1,704,538</u>	<u>293,209</u>	<u>1,997,747</u>
NET LOSS		<u>\$(1,693,030)</u>	<u>\$(293,209)</u>	<u>\$(1,986,239)</u>

See notes to financial statements.

PriMuni LLC (A Development Stage Enterprise)

**STATEMENTS OF MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2002 AND FOR THE PERIOD
JUNE 25, 2001 (DATE OF INCEPTION) TO DECEMBER 31, 2001**

	<u>Common</u>	<u>Preferred</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Capital contributions - July 2001; 163,500 units	\$ 163,500	-	-	\$ 163,500
Capital contributions - August 2001; 28,850 units	337,545	-	-	337,545
Net loss	<u>-</u>	<u>-</u>	\$ <u>(293,209)</u>	<u>(293,209)</u>
Members' equity at December 31, 2001	501,045	-	(293,209)	207,836
Capital contribution - April 2002; 141,339 units	-	\$ 2,351,881	-	2,351,881
Redemption of 5,000 units	(5,000)	-	(75,000)	(80,000)
Net loss	<u>-</u>	<u>-</u>	<u>(1,693,030)</u>	<u>(1,693,030)</u>
Members' equity at December 31, 2002	<u>\$ 496,045</u>	<u>\$ 2,351,881</u>	<u>\$ (2,061,239)</u>	<u>\$ 786,687</u>

See notes to financial statements.

PriMuni LLC (A Development Stage Enterprise)

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002 FOR THE PERIOD
JUNE 25, 2001 (DATE OF INCEPTION) TO DECEMBER 31, 2001 AND
FOR THE PERIOD JUNE 25, 2001 (DATE OF INCEPTION) TO
DECEMBER 31, 2002**

	<u>2002</u>	<u>2001</u>	<u>From Inception</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (1,693,030)	\$ (293,209)	\$ (1,986,239)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	85,372	120	85,492
Loss on disposition of software	448,165	-	448,165
(Increase) decrease in:			
Prepaid expenses	(21,398)	-	(21,398)
Increase (decrease) in:			
Accounts payable	14,979	15,000	29,979
Accrued expenses	(6,000)	6,000	-
Net cash used in operating activities	<u>(1,171,912)</u>	<u>(272,089)</u>	<u>(1,444,001)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(172,415)	(4,232)	(176,647)
Purchases of short-term investments	(42,671)	-	(42,671)
Deposits received (paid)	11,100	(11,100)	-
Development of internal use software	<u>(599,365)</u>	<u>(81,200)</u>	<u>(680,565)</u>
Net cash used in investing activities	<u>(803,351)</u>	<u>(96,532)</u>	<u>(899,883)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Redemption of common units	(80,000)	-	(80,000)
Capital contributions	<u>2,351,881</u>	<u>501,045</u>	<u>2,852,926</u>
Net cash provided by financing activities	<u>2,271,881</u>	<u>501,045</u>	<u>2,772,926</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	296,618	132,424	429,042
CASH AND CASH EQUIVALENTS, BEGINNING	<u>132,424</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 429,042</u>	<u>\$ 132,424</u>	<u>\$ 429,042</u>

See notes to financial statements.

PriMuni LLC (A Development Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activity - PriMuni LLC (the "Company") was formed on June 25, 2001 as a Pennsylvania limited liability company taxable as a partnership. The Company was formed to provide broker/dealers and issuers with an improved process for municipal bond distribution in the primary market.

In anticipation of providing services to broker/dealers and issuers, the Company registered as a member of the National Association of Securities Dealers, Inc. ("NASD") during 2002. The Company, however, will not hold customer funds or safekeep customer securities and, thus, is exempt from certain recordkeeping and reporting requirements common to broker/dealers.

Currently, the Company is considered to be a development stage enterprise as the planned principal operations have not commenced. The Company expects to commence planned principal operations and to generate more significant revenues in 2003.

Since its inception, the Company has developed a process and technology that underwriters will use to improve direct retail distribution for issuers in the primary market. The Company has filed a patent application to protect this intellectual property.

The members generally share in the net income or loss and distributions in proportion to their respective participation percentages not to exceed the amount of losses that can be so allocated without causing any member to have an adjusted capital account deficit at the end of any taxable year. Distributions are made at the sole discretion of the Members' Board, subject to distribution restrictions by the Company's operating agreement.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Comprehensive Income - Statement of Financial Accounting Standards ("SFAS") No. 130, *Reporting Comprehensive Income*, establishes standards for the reporting and display of comprehensive income and its components. Comprehensive income consists of net income plus changes in other equity accounts. The Company had no comprehensive income beyond its net loss for the year ended December 31, 2002 or the period from inception to December 31, 2001.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The Company maintains cash and cash equivalents at financial institutions which may at times exceed federally insured amounts and which may at times exceed balance sheet amounts due to outstanding checks.

Short-term Investments - Short-term investments, which consist of bank certificates of deposit maturing within twelve months with original maturities in excess of three months, are stated at cost, plus accrued interest earned.

Property and Equipment - Property and equipment are stated at cost. Certain costs to develop internal use software are capitalized in accordance with Statement of Position ("SOP") 98-1, "Accounting for Costs of Computer Software Developed or Obtained for Internal Use." Depreciation is provided using the straight-line method based on the estimated useful lives of the related assets ranging from two to seven years.

Income Taxes - The Company is treated as a partnership for federal and state income tax purposes. Consequently, the Company is not subject to income taxes; the members are taxed on their share of Company earnings.

Reclassifications - Certain amounts previously reported in the 2001 financial statements have been reclassified to conform to the 2002 presentation.

2. PROPERTY AND EQUIPMENT

At December 31, 2002 and 2001, property and equipment consisted of the following:

	<u>2002</u>	<u>2001</u>
Computer equipment	\$ 69,229	\$ 4,232
Software	274,796	81,200
Office furniture & equipment	<u>26,987</u>	<u>-</u>
Total	371,012	85,432
Less accumulated depreciation	<u>47,457</u>	<u>120</u>
Fixed assets, net	<u>\$ 323,555</u>	<u>\$ 85,312</u>

Depreciation expense for the year ended December 31, 2002 and the period from inception to December 31, 2001 was \$85,372 and \$120, respectively.

During 2002, it was determined that a portion of the software capitalized by the Company, with a net carrying value of \$448,665 at that time, needed to be replaced. Accordingly, the related software was written off during 2002 with the resulting loss of \$448,665 reflected as a loss on disposition of software.

3. RETIREMENT PLAN

During 2002, the Company adopted a 401(k) retirement savings plan covering substantially all of its employees whereby participants may defer up to 75% of their earnings, subject to limits established by the Internal Revenue Service. Company contributions may be provided on a discretionary basis. The Company made no contributions to the plan for the year ended December 31, 2002.

4. MEMBERS' EQUITY

During 2001 the Company had two offerings of common units at prices ranging from \$1 to \$11.70. At December 31, 2001, 192,350 common units were issued and outstanding. During 2002, the Company redeemed and retired 5,000 common units. At December 31, 2002, 187,350 common units were issued and outstanding.

During 2002, the Company issued 141,339 Series A Preferred Units at \$16.64 per unit representing a capital contribution of \$2,351,881. These units are entitled to dividends or other distributions equal to any distributed to holders of the common units. In addition, in the event of liquidation or dissolution of the Company, the holders of the Series A Preferred Units have preference to any assets or surplus funds of the Company over the holders of the common units. The Series A Preferred Units have conversion privileges that provide for conversion to common units in accordance with the terms of the operating agreement.

Both the common units and the Series A Preferred Units have voting privileges equal to one vote per unit. However, no changes to the rights, preferences or privileges of the Series A Preferred Units can be made without written consent of two thirds of the outstanding Series A Preferred Units.

5. OPERATING LEASES

The Company leases office space under an operating lease that expires in April 2003. Rent expense for the year ended December 31, 2002 and the initial period ended December 31, 2001 totalled \$39,359 and \$3,000, respectively.

6. COMMITMENT

The Company has an outstanding letter of credit in the amount of \$31,000 in favor of a vendor at December 31, 2002. The letter may be exercised by the vendor in the event that the Company is past due on its account balance. The letter of credit is secured by short-term investments and expires on May 1, 2003; no amounts were drawn against the letter of credit as of December 31, 2002.

**Grossman
Yanak &
Ford**
LLP

Certified Public Accountants

Board of Directors
PriMuni LLC

In planning and performing our audit of the financial statements and supplemental schedules of PriMuni LLC (the "Company"), for the year ended December 31, 2002, we considered its internal control, including 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 the Company 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 (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliances with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

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.

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Because of the inherent limitations in internal control or the practices and procedures referred to above, error 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 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 error 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 SEC, and other regulatory agencies that 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.

Grossman Yanak & Ford LLP

Grossman Yanak & Ford LLP
Pittsburgh, Pennsylvania
January 10, 2003

Primuni LLC

Net Capital Computation for FY 2002

as of 12/31/2002

Trial Balance	Allowable Assets	Non-Allowable Assets	Aggregate Indebtedness	Other Liabilities	Capital Accounts
Checking CD for LOC Money Market Plus Plan Prepaid Expense Interest Receivable Computer HW Depreciations Computer HW Computer SW & Dev Office Furn & Equipment Accounts Payable Credit Cards	93,648 42,000 334,894 500 671	21,398 (47,457) 69,229 274,796 26,987	27,570 2,409	0	207,836 2,351,881 (80,000) (1,693,030)
TOTALS	471,713	344,953	29,979	0	786,687

Prior Month P(L)	INCOME	Expense
Income		
Expenses		
Other Income	\$ 11,508.00	\$ (1,704,538)
Own. Draw YTD		
Out of Balance		
(+) pd in Capital		
Month TOTAL	\$ 11,508	\$ (1,704,538)

Month P(L)	YTD P(L)	(1,693,030)
Month P(L)		
YTD P(L)		

Check Totals	Out of balance:
Total Assets	816,666
Total Liabilities	29,979
Total Equity	786,687
	816,666
	0

PRIMUNI LLC
Net Capital Computation for

December 31, 2002

NET CAPITAL COMPUTATION

Total Assets	\$816,666
Total Liabilities	(\$29,979)
Net Worth	\$786,687
Subordinated Loans (approved)	\$0
Adjusted Net Worth	\$786,687
Non-Allowable Assets	(\$344,953)
Tentative Net Capital	\$441,734
Haircuts	(\$569)
Undue Concentration haircuts	-
NET CAPITAL	\$441,165
Minimum Required Net Capital	(\$5,000)
EXCESS NET CAPITAL	\$436,165

CALCULATION OF REQUIRED MINIMUM NET CAPITAL

Aggregate Indebtedness	\$	X	29,979.00
X 6.23% (12.5% w/ first year)			0.125
Calculated Required Minimum	\$		3,747.38
Net Capital			5,000.00
Required Minimum Net Capital per SEC Rule 15c3-1			\$
(use > of MIMC or calc. MIMC)			5,000.00

RATIOS AND CALCULATIONS

A.I. to Net Capital Ratio	0.068
(may not exceed a ratio of 12 : 1)	to 1
Debt to Debt/Equity Test	4%
(may not exceed 70% for 90 days)	

MARK-TO-THE-MARKET and HAIRCUT SCHEDULE

Positions- Common Stock	Quantity	Price	Market Value	Haircut %	Haircut \$	Undue Concn
Positions - All Other						
PNCBank CD	42,000.00	\$ 1.00	\$ 42,000.00	2.71%	\$ 569.10	-
Totals			\$ 42,000.00		\$ 569.10	-

Attach an additional haircut schedule if necessary