

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

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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 9/01/02 AND ENDING 8/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Stephen Dvorak & Company

OFFICIAL USE ONLY
FIRM I.D. NO.

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

638 Shadowlawn Drive

Westfield NJ 07090
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Stephen Dvorak 908-232-0697
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Redfield, Blonsky & Co., LLC

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

15 North Union Avenue Cranford NJ 07016
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

FEB 09 2004

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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)

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.

OATH OR AFFIRMATION

I, Stephen C. Dvorak, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Stephen Dvorak & Company, as of August 31, 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:

Stephen C Dvorak
Signature

Sole Proprietor
Title

Donna Mann
Notary Public

DONNA MANN
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 3/6/2008

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).

Stephen Dvorak & Company

Financial Statements and Supplemental Information

Year Ended August 31, 2003

STEPHEN DVORAK & COMPANY

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Redfield,
Blonsky &
Co., LLC

CERTIFIED PUBLIC ACCOUNTANTS

RONALD R. REDFIELD, CPA, PFS (NJ, NY)
ALAN B. STARINSKY, CPA, PFS (NJ, NY)
EDWARD L. LIEBMAN

15 North Union Avenue • PO Box 1103 • Cranford, New Jersey 07016-1103
(908) 276-7226 • Fax (908) 276-7274 • www.rbcpa.com

INDEPENDENT AUDITOR'S REPORT

Mr. Stephen C. Dvorak
Stephen Dvorak & Company
Westfield, N.J. 07090

We have audited the accompanying statement of financial condition of Stephen Dvorak & Company as of August 31, 2003, and the related statement of income, changes in sole proprietor's equity, 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 generally accepted auditing standards 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 Stephen Dvorak & Company at August 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles 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 the schedules of computation of net capital, reconciliation of focus report and claim for exemption under rule 15c 3-3 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.

October 3, 2003

Members of

American Institute of
Certified Public Accountants

New Jersey Society of
Certified Public Accountants

-1-

New York Society of
Certified Public Accountants

California Society of
Certified Public Accountants

STEPHEN DVORAK & COMPANY
STATEMENT OF FINANCIAL CONDITION
AUGUST 31, 2003

Assets

Cash (note 2)	\$ 17,372
Dividends receivable	82
Accounts receivable	1,090
Securities - at market value (note 2) (Cost of \$204,163)	<u>242,437</u>
Total assets	\$ <u>260,981</u>

Liabilities and sole proprietorship equity

Sole proprietorship equity (note 3)	\$ <u>260,981</u>
Total liabilities and sole proprietorship equity	\$ <u>260,981</u>

The accompanying auditor's report and notes are an integral part of the financial statements.

STEPHEN DVORAK & COMPANY
STATEMENT OF INCOME
FOR THE YEAR ENDED AUGUST 31, 2003

Commission income	\$ 4,845
Dividend income	3,436
Interest income	153
Trading gains (notes 2 and 4)	<u>21,461</u>
Total gain	29,895
Operating expenses	5,916
Foreign taxes withheld	<u>8</u>
Net profit	\$ <u>23,971</u>

The accompanying auditor's report and notes are an integral part of the financial statements.

STEPHEN DVORAK & COMPANY
STATEMENT OF CHANGES IN SOLE PROPRIETOR'S EQUITY
FOR THE YEAR ENDED AUGUST 31, 2003

Balance - at September 1, 2002	\$ 237,010
Net profit	<u>23,971</u>
Balance - at August 31, 2003	<u>\$ 260,981</u>

The accompanying auditor's report and notes are an integral part of the financial statements.

STEPHEN DVORAK & COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2003

Cash flows from operating activities:

Net profit \$ 23,971

Adjustments to reconcile net income to net cash
provided by (used in) operating activities:

(Increase) decrease in:

Dividends receivable (46)

Trade accounts receivable (1,090)

Net cash used in operating activities (1,136)

Cash flows from investing activities:

Increase in market value of securities (21,905)

Net cash provided by investing activities (21,905)

Net increase in cash 930

Cash at beginning of year 16,442

Cash at end of year \$ 17,372

The accompanying auditor's report and notes are an integral part of the financial statements.

STEPHEN DVORAK & COMPANY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2003

Note 1 Organization and Nature Of Business

Stephen Dvorak & Company (a sole proprietorship) conducts business primarily in the greater New York Metropolitan area as a Broker/Dealer in Securities and is a registered member of the National Association of Security Dealers.

Note 2 Summary Of Significant Accounting Policies

Method of Accounting

The significant accounting policies of Stephen Dvorak & Co. do conform with generally accepted accounting principles. The policies reflect practices appropriate to the business in which the Company operates which is governed by the Security and Exchange Commission.

Cash and Cash Equivalent

Cash and cash equivalents include cash on hand, cash in banks and all highly liquid investments. For purposes of reporting cash flows, the Company considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Marketable Equity Securities

Stephen Dvorak and Company invests in marketable equity securities that consist of common stocks and mutual funds. The investments in these securities are being held for an indefinite period and, in accordance with the Financial Accounting Standards Board's Statement 115 (FASB 115), and are classified as available for sale and are recorded at fair value or amortized cost. The unrealized gains and losses are reported as part of trading gains and (losses) (see note 4).

Income Taxes

These financial statements contain no provision for income taxes since all income tax liabilities and/or benefits of the proprietorship are passed through to the sole proprietor and are computed on the total from all sources.

Concentration of Credit Risk

Stephen Dvorak and Company is a Broker/Dealer doing business in the New York Metropolitan area. The Company is highly dependent on the stock market and on the industry in which it operates.

STEPHEN DVORAK & COMPANY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2003
(Continued)

Note 2 Summary Of Significant Accounting Policies (continued)

Concentration in Revenue

Stephen Dvorak and Company earns a majority of its revenues from the marketable equity securities that it holds. The income it earns on these securities is highly dependent on the stock market.

Security Haircut

All securities are subject to a 15% haircut as defined under the provisions of SEC. Rule 15c3-1.

Use of Estimates

The preparation of the 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 contingencies 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.

Undue Concentration

Securities in a single class and that have a market value of more than ten percent (10%) of the net capital of broker/dealer before the application of the security haircut, shall be subject to an additional fifty percent (50%) of the percentage deduction of the security haircut, on the portion of the security position in excess of ten percent (10%) of the net capital. This percentage will be a total of 7.5%.

Note 3 Minimum Net Capital Requirements

Under SEC Rule 15c3-1, the Company is required to maintain net capital of not less than \$5,000 as of August 31, 2003.

Note 4 Trading Gains and (Losses)

Trading gains and (losses) for the year ended August 31, 2003, consist of the following:

Actual gains	\$ 4,007
Unrealized gains (note 2)	<u>17,454</u>
Trading gains	\$ <u>21,461</u>

The accompanying auditor's report is an integral part of the financial statements.

STEPHEN DVORAK & COMPANY
SCHEDULE OF COMPUTATION OF NET CAPITAL
PURSUANT TO SEC RULE 15c 3-1
AUGUST 31, 2003

Total ownership equity from statement of financial condition	\$ 260,981
Less 7.5% reduction for undue concentrations (note 2)	7,071
Less 15% reduction in market value of securities (note 2)	<u>36,366</u>
Net capital	217,544
Minimum net capital required (note 3)	<u>5,000</u>
Excess net capital	\$ <u><u>212,544</u></u>

The accompanying auditor's report and notes are an integral part of the financial statements.

STEPHEN DVORAK & COMPANY
SCHEDULE OF RECONCILIATION OF FOCUS REPORT
TO COMPUTATION OF NET CAPITAL
AUGUST 31, 2003

Net capital, as reported in the (unaudited) broker dealer Focus Report, Part II A, as of August 31, 2003	\$ 213,452
Decrease in fair market value of securities owned - due to addition errors	(8,871)
Increase in dividends receivable	82
Increase in accounts receivable	1,090
Re-calculation of 15% securities haircut on market value of \$242,437	1,330
Audit adjustment to reverse accounts payable	1,500
Audit adjustment for undue concentrations	<u>8,961</u>
Net capital	<u>\$ 217,544</u>

The accompanying auditor's report and notes are an integral part of the financial statements.

STEPHEN DVORAK & COMPANY
SCHEDULE OF CLAIM FOR EXEMPTION UNDER RULE 15c3-3
AUGUST 31, 2003

Exemption from Rule 15c3-3 is claimed under Section (k) (1).



Redfield,
Blonsky &
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RONALD R. REDFIELD, CPA, PFS (NJ, NY)
ALAN B. STARINSKY, CPA, PFS (NJ, NY)

EDWARD L. LIEBMAN

October 3, 2003

Securities and Exchange Commission
Washington, DC. 20549

Gentlemen:

Stephen Dvorak & Company claim exemption from membership in the Securities Investor Protection Corporation under Section 3(A) (2) of the Act. The income reported is consistent with this exemption.

The sole proprietor did not have an excess of personal liabilities which have not been incurred in the course of business as a broker or dealer over personal assets not used in the business.

Our review of the accounting system, the internal accounting control and procedures for safeguarding securities did not disclose any material inadequacies under Rule 17A-5(g)(3).

Very truly yours,


REDFIELD, BLONSKY & CO., LLC

Members of

American Institute of
Certified Public Accountants

New Jersey Society of
Certified Public Accountants

New York Society of
Certified Public Accountants

California Society of
Certified Public Accountants