

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

AA 2/27/2004

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

SEC FILE NUMBER  
8- 47912

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 01/01/03 AND ENDING 12/31/03  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:  
KUEHL CAPITAL CORPORATION  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
9290 WEST DODGE ROAD, SUITE 303

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)

OMAHA NE 68114  
(City) (State) (Zip Code)

PROCESSED  
MAR 05 2004

MILWAUKEE FINANCIAL

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
DAVID C. KUEHL (402) 391-7977  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

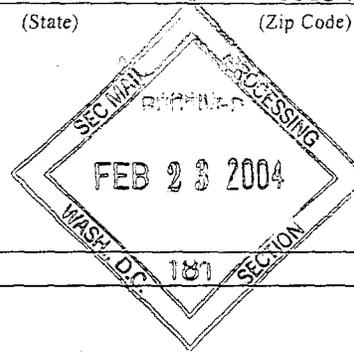
FRANKEL, ZACHARIA, ARNOLD, NISSEN, STAMP, & REINSCH, LLC

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

11404 WEST DODGE ROAD, SUITE 700 OMAHA NE 68154  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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



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 (06-02)

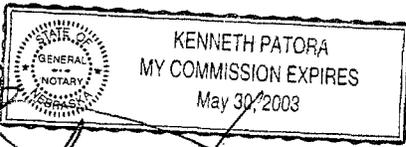
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OATH OR AFFIRMATION

I, DAVID C. KUEHL, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of KUEHL CAPITAL CORPORATION, as of DECEMBER 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:

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

David C. Kuehl  
Signature  
PRESIDENT  
Title



Kenneth Patora  
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. (CASH FLOWS)
- (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).

**KUEHL CAPITAL CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2003**  
**(WITH INDEPENDENT AUDITOR'S REPORT)**

# KUEHL CAPITAL CORPORATION

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FRANKEL, ZACHARIA, ARNOLD,  
NISSEN, STAMP & REINSCH, LLC

*Certified Public Accountants*

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Kuehl Capital Corporation  
Omaha, Nebraska

We audited the accompanying balance sheet of Kuehl Capital Corporation as of December 31, 2003, and the related statements of operations and comprehensive income, changes in stockholders' equity, cash flows and changes in liabilities subordinated to claims of general creditors for the year then ended. The financial statements are the responsibility of Company management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the U.S.A. Those standards require that we plan and perform 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 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 Kuehl Capital Corporation as of December 31, 2003, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the U.S.A.

*Frankel Zacharia Arnold Nissen Stamp & Reinsch, LLC*

January 13, 2004

**KUEHL CAPITAL CORPORATION**

**BALANCE SHEET**

**DECEMBER 31, 2003**

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**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 139,885
Investment	28,350
Warrants held	26,000
Other	10,819
Notes receivable from stockholders (Note 3)	121,500

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**TOTAL ASSETS** **\$ 326,554**

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**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Current liabilities**

Accounts payable	34,119
Accrued liabilities	26,545

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**Total current liabilities** **60,664**

Notes payable to stockholders (Note 3) 121,500

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**Total liabilities** **182,164**

Stockholders' equity 144,390

**TOTAL LIABILITIES AND  
STOCKHOLDERS' EQUITY** **\$ 326,554**

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See accompanying notes to financial statements.

**KUEHL CAPITAL CORPORATION**

**STATEMENT OF OPERATIONS AND  
COMPREHENSIVE INCOME**

**YEAR ENDED DECEMBER 31, 2003**

<b>Revenues</b>	
Bond placement fees	\$ 2,609,950
Warrant placement fees	1,426,968
Other income	158,100
<b>Total revenues</b>	<b>4,195,018</b>
<b>Costs and expenses</b>	
Salaries	608,532
Broker-dealer service	36,000
Rent	31,951
Employee benefit plans (Note 5)	98,189
Professional fees	12,050
SID processing services	42,000
Depreciation	15,550
Payroll taxes and benefits	27,086
Insurance	30,210
Office	8,947
Telephone	7,899
Licenses and fees	10,496
Charitable	22,250
Dues and subscriptions	5,284
Bank service fees/bonding	1,092
Miscellaneous	6,290
<b>Total costs and expenses</b>	<b>963,826</b>
<b>NET INCOME</b>	<b>3,231,192</b>
<b>Other comprehensive income (loss)</b>	
Unrealized loss on investment	(30,750)
<b><u>COMPREHENSIVE INCOME</u></b>	<b><u>\$ 3,200,442</u></b>

See accompanying notes to financial statements.

KUEHL CAPITAL CORPORATION

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

YEAR ENDED DECEMBER 31, 2003

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	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Unrealized Loss on Investment</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
Balance at December 31, 2002	\$ 1,000	122,442	--	85,568	209,010
Comprehensive income (loss)	--	--	(30,750)	3,231,192	3,200,442
Distributions to stockholders	--	--	--	(3,265,062)	(3,265,062)
<b>Balance at December 31, 2003</b>	<b>\$ 1,000</b>	<b>122,442</b>	<b>(30,750)</b>	<b>51,698</b>	<b>144,390</b>

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Common stock  
\$1.00 par value  
10,000 shares authorized  
1,000 shares issued and outstanding

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See accompanying notes to financial statements.

**KUEHL CAPITAL CORPORATION**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2003**

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**Increase (decrease) in cash and cash equivalents**

**Reconciliation of cash provided by operating activities**

Net income \$ 3,231,192

**Decrease in operating assets**

Warrants held 60,531

Other 14,949

**Increase (decrease) in operating liabilities**

Accounts payable (23,000)

Accrued liabilities 10,917

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**Net cash provided by operating activities** **3,294,589**

**Cash flows from financing activities**

Distributions to stockholders (3,265,062)

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**NET INCREASE IN CASH AND CASH EQUIVALENTS** **29,527**

Cash and cash equivalents at beginning of year 110,358

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**Cash and cash equivalents at end of year** **\$ 139,885**

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See accompanying notes to financial statements.

**KUEHL CAPITAL CORPORATION**

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS**

**YEAR ENDED DECEMBER 31, 2003**

Subordinated liabilities at beginning of year	\$ 121,500
Net change	--
<b><u>Subordinated liabilities at end of year</u></b>	<b><u>\$ 121,500</u></b>

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See accompanying notes to financial statements.

**KUEHL CAPITAL CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2003**

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**1. Organization and Business**

Kuehl Capital Corporation (a Nebraska corporation) is a registered broker-dealer providing services primarily related to the placement of Sanitary and Improvement District (SID) warrants and bonds.

**2. Significant Accounting and Reporting Policies**

**A. Basis of Accounting**

The Company prepares financial statements using accounting principles generally accepted in the U.S.A. Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures. Actual results could vary from the estimates used.

**B. Cash and Cash Equivalents**

The Company considers all highly liquid debt instruments with an original maturity at issuance of three months or less to be cash equivalents. The Company frequently maintains cash in excess of FDIC limits.

**C. Investment**

The investment, which consists of 3,000 shares of the National Association of Securities Dealers, Inc., is considered available-for-sale and is stated at fair market value (historical cost of \$59,100).

**D. Warrants Held**

The Company is compensated with warrants which are easily converted to cash. Related revenues are recognized when earned.

**E. Income Taxes**

The Company elected under the Internal Revenue Code to be an S corporation. Shareholders of an S corporation are required to report Company income and deductions on their income tax returns; accordingly, no provision for income taxes is included in these financial statements. The Company makes substantial distributions of such income to the stockholders.

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Continued

**KUEHL CAPITAL CORPORATION**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**DECEMBER 31, 2003**

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**3. Notes Receivable/Payable to Stockholders**

The Company's stockholders are party to a Secured Demand Note Collateral Agreement for Equity Capital in which the stockholders loaned the Company \$121,500 that is due July 20, 2010. In lieu of a cash receipt, the Company issued demand notes receivable from the stockholders. Neither the notes payable nor notes receivable bear interest.

**4. Net Capital Requirements**

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) of the Securities Exchange Act of 1934, which requires net capital of at least \$100,000. Net capital, as defined by Rule, at December 31, 2003 was \$225,681.

**5. Employee Benefit Plans**

The Company funds a money purchase pension plan and a profit-sharing plan for all eligible employees. Employees are eligible to participate in the plans if they are over 21 years of age and have been employed by the Company for at least one year. The employer contribution for the money purchase plan is 10%. Contributions to the profit sharing plan are determined from year-to-year.

**6. Commitment**

Facilities occupied by the Company are leased under an agreement that calls for annual rental payments of approximately \$24,000, and charges for common area, maintenance and taxes and expires in October 2004. Rental expenses incurred during 2003 related to this lease was \$31,951.

FRANKEL, ZACHARIA, ARNOLD,  
NISSEN, STAMP & REINSCH, LLC

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INDEPENDENT AUDITOR'S REPORT  
ON ADDITIONAL INFORMATION

To the Board of Directors of  
Kuehl Capital Corporation  
Omaha, Nebraska

We audited the accompanying financial statements of Kuehl Capital Corporation as of and for the year ended December 31, 2003, and issued our report thereon dated January 13, 2004. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of computation of aggregate indebtedness and net capital in accordance with Rule 15c3-1 under the Securities Exchange Act of 1934, and the reconciliation of net capital and aggregate indebtedness to Client's FOCUS Report are presented for purposes of additional analysis and are 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 those statements taken as a whole.

*Frankel Zacharia Arnold Nissen Stamp & Reinsch, LLC*

January 13, 2004

KUEHL CAPITAL CORPORATION

COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET  
CAPITAL IN ACCORDANCE WITH RULE 15C3-1 UNDER  
THE SECURITIES EXCHANGE ACT OF 1934

DECEMBER 31, 2003

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<b>Aggregate indebtedness</b>	
Total liabilities	\$ 182,164
Deduct nonqualifying liabilities:	
Notes payable to stockholders	121,500
Other secured liabilities	5,015
<b>Net aggregate indebtedness</b>	<b>\$ 55,649</b>
<b>Net capital</b>	
Common stock	1,000
Additional paid-in capital	122,442
Unrealized loss on investments	(30,750)
Retained earnings	51,698
	144,390
Deduct nonallowable assets:	
Investments	(28,350)
Other	(10,819)
Add nonqualifying liabilities:	
Notes payable to stockholders	121,500
Securities haircuts:	
Warrants held	(1,040)
	81,291
<b>Net capital</b>	<b>\$ 225,681</b>
<b>Capital requirements</b>	
Minimum dollar requirement	100,000
Net capital exceeding requirements	125,681
<b>Net capital</b>	<b>\$ 225,681</b>
<b>Percentage of net capital to required capital</b>	<b>225.7%</b>
<b>Percentage of aggregate indebtedness to net capital</b>	<b>24.7%</b>

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KUEHL CAPITAL CORPORATION

RECONCILIATION OF NET CAPITAL AND AGGREGATE  
INDEBTEDNESS PER AUDIT REPORT TO CLIENT'S FOCUS REPORT

**DECEMBER 31, 2003**

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Aggregate indebtedness per FOCUS Report	\$ 55,649
Reconciling items	--
<b>Aggregate indebtedness per audit report</b>	<b>\$ 55,649</b>
Net capital per FOCUS Report	225,681
Reconciling items	--
<b>Net capital per audit report</b>	<b>\$ 225,681</b>

**KUEHL CAPITAL CORPORATION**

**INFORMATION RELATING TO POSSESSION OR  
CONTROL REQUIREMENTS**

**DECEMBER 31, 2003**

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This firm claims exemption to SEC Rule 15c3-3 pursuant to subparagraph k2ii.

**KUEHL CAPITAL CORPORATION**

**COMPUTATION OF RESERVE REQUIREMENT**

**DECEMBER 31, 2003**

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This firm claims exemption to SEC Rule 15c3-3 pursuant to subparagraph k2ii.

FRANKEL, ZACHARIA, ARNOLD,  
NISSEN, STAMP & REINSCH, LLC

*Certified Public Accountants*

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

Board of Directors and Stockholders  
Kuehl Capital Corporation  
Omaha, Nebraska

In planning and performing our audit of the financial statements and additional information of Kuehl Capital Corporation for the year ended December 31, 2003, 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 the Company, including tests of such practices and procedures that we considered relevant to the objective stated in Rule 17a-5(g) in making periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining the compliance with the exemption provisions of Rule 15c3-3. Because the Company does hold securities 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 Regulations 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 above-mentioned SEC 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 losses 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 accordance 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, 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 considerations of internal control would not necessarily disclose all matters 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 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, 2003, to meet SEC objectives.

This report is intended solely for the 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 should not be used for any other purposes.

*Frankel Zachary Arnold Nissen Stang & Reinisch, LLC*

Omaha, Nebraska  
January 13, 2004