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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20540

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hours per response ... 12.00

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

RECEIVED  
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158  
SECTION

SEC FILE NUMBER  
509 73

**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 1/1/03 AND ENDING 12/31/03  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

**NAME OF BROKER-DEALER:**

TN Capital Equities, Ltd.

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

14 East 60th Street, #701

(No. and Street)

New York

NY

10022

(City)

(State)

(Zip Code)

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

John Steinmetz

212-355-6755

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Richard J. Girasole, CPA

(Name - If individual, use last, first, middle names)

1273 77th Street

Brooklyn

NY

11228

(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 30 2004

THOMSON  
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).

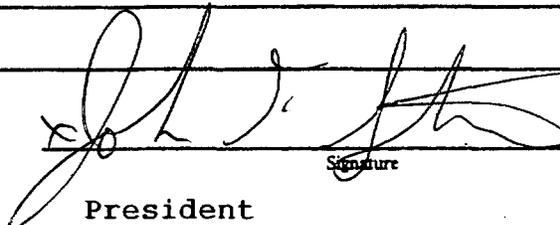
DP 3-20

OATH OR AFFIRMATION

I, John Steinmetz, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TN Capital Equities, Inc., as of

12/31/03, ~~XXXXXX~~ 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:

None

  
\_\_\_\_\_  
Signature  
President  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public

**BRUCE ROSENBLATT**  
Notary Public, State of New York  
No. 01RO4779107  
Qualified in New York County  
Commission Expires March 30, 2007

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.

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

**TN Capital Equities, Ltd.**  
**Financial Statements**  
**December 31, 2003**

**TN Capital Equities, Ltd.**

**For The Year Ended**

**December 31, 2003**

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# RICHARD J. GIRASOLE, CPA, P.C.

Certified Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

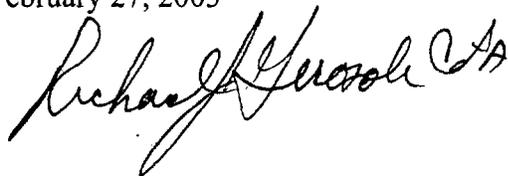
To the Board of Directors and Stockholders of  
TN Capital Equities, Ltd.:

I have audited the accompanying statements of financial condition of TN Capital Equities, Ltd. as of December 31, 2003 and 2002, and the related statements of income (loss), cash flows and changes in financial position for the years then ended which are being filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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. I believe that my audit provides reasonable basis for my opinion.

In my opinion, such financial statements present fairly, in all material respects, the financial position of TN Capital Equities, Ltd. at December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

February 27, 2003



**TN Capital Equities, Ltd.**  
**Statement of Financial Condition**  
**December 31, 2003 and 2002**

|                             | <b>Assets</b>           |                         |
|-----------------------------|-------------------------|-------------------------|
|                             | <u><b>2003</b></u>      | <u><b>2002</b></u>      |
| <b>Current Assets</b>       |                         |                         |
| Cash in Bank                | \$ 31,711               | \$ 6,714                |
| NASD Deposit Rec.           | 0                       | 8,200                   |
| Notes Receivable            | <u>23,750</u>           | <u>0</u>                |
| <b>Total Current Assets</b> | <b>55,461</b>           | <b>14,914</b>           |
| <b>Fixed Assets</b>         |                         |                         |
| Office Equipment (Net)      | <u>1,655</u>            | <u>2,327</u>            |
| <b>Total Fixed Assets</b>   | <b>\$ 1,655</b>         | <b>\$ 2,327</b>         |
| <b>Other Assets</b>         |                         |                         |
| Security Deposits           | 7,215                   | 7,215                   |
| <b>Total Other Assets</b>   | <u>\$ 7,215</u>         | <u>\$ 7,215</u>         |
| <b>Total Assets</b>         | <u><b>\$ 64,331</b></u> | <u><b>\$ 24,456</b></u> |

-See Accountant's Audit Report and Notes to Financial Statement-  
Richard J Girasole, CPA, PC

**TN Capital Equities, LTD.  
Statement of Financial Condition  
December 31, 2003 and 2002**

**Liabilities & Stockholders Equity**

|  | <b>Liabilities</b>         |                      |
|--|----------------------------|----------------------|
|  | <u><b>2003</b></u>         | <u><b>2002</b></u>   |
| <b>Current Liabilities</b>                         |                            |                      |
| Accounts Payable Other                             | \$ <u>4,589</u>            | \$ <u>5,500</u>      |
| <b>Total Current Liabilities</b>                   | <b>\$ 4,589</b>            | <b>\$ 5,500</b>      |
| <b>Long Term Liabilities</b>                       |                            |                      |
| Loans Payable - Parent (Note 5)                    | <u>55,000</u>              | <u>55,000</u>        |
| <b>Total Long Term Liabilities</b>                 | <u><b>55,000</b></u>       | <u><b>55,000</b></u> |
| <b>Total Liabilities</b>                           | <b>\$ 59,589</b>           | <b>\$ 60,500</b>     |
|  | <b>Stockholders Equity</b> |                      |
| Paid in Capital                                    | \$ 26,980                  | \$ 26,980            |
| Current Earnings                                   | 40,786                     | (23,361)             |
| Retained Earnings                                  | <u>(63,024)</u>            | <u>(39,663)</u>      |
| <b>Total Stockholders Equity</b>                   | <b>\$ 4,742</b>            | <b>\$(36,044)</b>    |
| <b>Total Liabilities &amp; Stockholders Equity</b> | <b>\$ 64,331</b>           | <b>\$ 24,456</b>     |
|  | <hr/>                      | <hr/>                |

-See Accountant's Audit Report and Notes to Financial Statement-  
Richard J Girasole, CPA, PC

**TN Capital Equities, Ltd.**  
**Statement of Income (Loss)**  
**Twelve Months Ended December 31, 2003 and 2002**

|  | <u>2003</u>             | <u>2002</u>               |
|--|-------------------------|---------------------------|
| <b>Income</b>                                |                         |                           |
| Fees & Commissions                           | \$ <u>949,968</u>       | \$ <u>107,554</u>         |
| <b>Total Income</b>                          | <b>\$ 949,968</b>       | <b>\$ 107,554</b>         |
| <b>General &amp; Administrative Expenses</b> |                         |                           |
| Bank Charges                                 | \$ 0                    | \$ 246                    |
| Business Promotion                           | 1,638                   | 1,319                     |
| Corporate Taxes                              | 750                     | 0                         |
| Depreciation                                 | 669                     | 823                       |
| Employee Benefits                            | 1,471                   | 920                       |
| Fees   | 3,955                   | 0                         |
| NASD/State Reg. Fees                         | 11,242                  | 10,954                    |
| Office                                       | 16,932                  | 2,258                     |
| Postage/Delivery                             | 1,383                   | 1,556                     |
| Professional Fees                            | 5,758                   | 9,500                     |
| Rent   | 30,881                  | 6,484                     |
| Sales Commissions                            | 819,579                 | 94,250                    |
| Telephone                                    | 7,480                   | 2,667                     |
| Travel                                       | 3,142                   | 0                         |
| Travel & Entertainment                       | <u>4,346</u>            | <u>0</u>                  |
| <b>Total G &amp; A Expenses</b>              | <b>\$ 909,226</b>       | <b>\$ 130,977</b>         |
| <b>Other Income</b>                          |                         |                           |
| Interest Income                              | <u>43</u>               | <u>62</u>                 |
| <b>Total Other Income</b>                    | <b>\$ <u>43</u></b>     | <b>\$ <u>62</u></b>       |
| <b>Net Income (Loss)</b>                     | <b>\$ <u>40,785</u></b> | <b>\$ <u>(23,361)</u></b> |

-See Accountant's Audit Report and Notes to Financial Statement-  
Richard J Girasole, CPA, PC

**TN Capital Equities, Ltd.**  
**Statement of Cash Flows**  
**Twelve Months Ended December 31, 2003**

|                                      |                 |                         |
|--------------------------------------|-----------------|-------------------------|
| <b>Cash Provided From Operations</b> |                 |                         |
| Net Income                           | \$              | 40,785                  |
| Adjustments                          |                 |                         |
| Add:                                 |                 |                         |
| Depreciation                         | 669             |                         |
| Prepaid Expenses                     | 0               |                         |
| Accounts Payable- Other              | (907)           |                         |
| Less:                                |                 |                         |
| Accounts Receivable                  | <u>(15,550)</u> |                         |
| <br>                                 |                 |                         |
| <b>Cash From Operations</b>          |                 | <b>\$ 24,997</b>        |
| <br>                                 |                 |                         |
| <b>Cash Flows - Financing</b>        |                 | <b>- 0 -</b>            |
| <br>                                 |                 |                         |
| <b>Financing Cash Flows</b>          |                 | <b>- 0 -</b>            |
| <br>                                 |                 |                         |
| <b>Cash Increase</b>                 |                 | <b>24,997</b>           |
| <br>                                 |                 |                         |
| <b>Cash - Beginning of Year</b>      |                 |                         |
| Cash in Bank                         | 218             |                         |
| Cash in Bank - Savings               | <u>6,496</u>    |                         |
| <b>Total - Beginning of Year</b>     |                 | <u><b>6,714</b></u>     |
| <br>                                 |                 |                         |
| <b>Cash on Statement Date</b>        |                 | <b>\$ <u>31,711</u></b> |

-See Accountant's Audit Report and Notes to Financial Statement-  
Richard J Girasole, CPA, PC

**TN Capital Equities, Ltd.**  
**Statement of Changes in Stockholders Equity**  
**December 31, 2003**

**STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|  | <b><u>Total</u></b><br><b><u>Capital</u></b> |
|--|--|
| Stockholders Equity<br>January 1, 2002 | \$ <u>(36,042)</u>                           |
| Net Income                             | 40,784                                       |
| Capital Contributions                  | 0  |
| Total Capital Contributions            | <u>0</u>                                     |
| Stockholders Equity                    | \$ <u>4,742</u>                              |

-See Accountant's Audit Report and Notes Financial Statement-  
Richard J Girasole, CPA, PC

**TN Capital Equities, Ltd.**  
**Change in Financial Position**  
**Twelve Months Ended December 31, 2003**

|                                   |            |                             |
|-----------------------------------|------------|-----------------------------|
| <b>Source of Funds</b>            |            |                             |
| <b>Operations:</b>                |            |                             |
| Net Profit                        | \$ 40,785  |                             |
| Add:                              |            |                             |
| Depreciation                      | <u>669</u> |                             |
| <b>Total From Operations</b>      |            | <b>\$ 41,454</b>            |
| <b>Other Sources</b>              | <b>0</b>   |                             |
| <b>Total Other Sources</b>        |            | <u><b>0</b></u>             |
| <b>Total Source of Funds</b>      |            | <b>41,454</b>               |
| <b>Application of Funds</b>       | <b>0</b>   |                             |
| <b>Total Application of Funds</b> |            | <u><b>0</b></u>             |
| <b>Change: Working Capital</b>    |            | <b>\$ 41,454</b>            |
|                                   |            | <u>                    </u> |

-See Accountant's Audit Report and Notes to Financial Statement-  
Richard J Girasole, CPA, PC

## Notes to Financial Statements

### Organization

1. TN Capital Equities, Ltd. (the "Company"), initially known as GrowVest Capital Securities, Inc. and later known as Hornblower Capital Securities, Inc., is a Delaware corporation incorporated March 18, 1998, which is registered as a broker-dealer under the Securities Exchange Act of 1934 (the "Exchange Act"), and which became a member of the National Association of Securities Dealers, Inc. ("NASD") on September 24, 1998. The Company is a wholly owned subsidiary of TerraNova Capital Partners, Inc., initially known as GrowVest Capital Partners, Inc., and later known as Hornblower Capital Partners Inc., a Delaware corporation.

### Significant Accounting Policies

2. The Company's business is limited to acting as a private placement agent and to consulting in connection with mergers and acquisitions. Company revenues are derived from commissions and fees earned in private placement transactions and merger and acquisition consulting fees. The Company does not engage in any operations requiring establishment of customer accounts, handling of customer securities or funds, retail securities transactions, securities clearing activities, margin activities or any other forms of securities business. Significant changes in the Company's business require NASD approval.

### Initial Operations

3. From the time of its incorporation until it became a NASD member, the Company engaged in planning, organization and other activities preliminary to its becoming authorized to do business as a broker-dealer. From the date of its NASD admission until December 31, 2003, the Company applied to and is registered as a broker-dealer in various states and seeks to obtain business opportunities as a private placement agent and merger and acquisition consultant.

### Net Capital Requirement

4. As a registered broker-dealer, the Company is subject to Rule 15c3-1 (the Net Capital Rule) promulgated under the Exchange Act, and to comparable rules of the NASD relating to net capital. Pursuant to such rules, the Company is required to maintain net capital of at least \$ 5,000. At December 31, 2003 the company had net capital of \$27,122. This amount exceeded such requirements for 2003 by \$22,122. At December 31, 2002 the Company had net capital of \$1,216. This amount was less than the \$5,000 minimum by \$(3,784). This deficiency was corrected on January 27, 2003 by the receipt of the \$8,200 overpayment of fees to NASD.
5. The NASD has approved, for purposes of computing net capital, a \$ 55,000 subordinated loan to the Company from the Parent Company for a period of five years.

**TN Capital Equities, Ltd.**  
**Computation of Net Capital For Brokers and Dealers**  
**December 31, 2003**

**COMPUTATION OF NET CAPITAL FOR BROKERS AND DEALERS**  
**PURSUANT TO RULE 15c3-1 UNDER THE SECURITIES EXCHANGE ACT OF 1934**

|                                 |    |                  |
|---------------------------------|----|------------------|
| NET CAPITAL                     | \$ | 4,742            |
| Add: Subordinated Loan          |    | <u>55,000</u>    |
| TOTAL CAPITAL                   |    | 59,742           |
| DEDUCTIONS                      |    | (32,620)         |
| HAIRCUTS ON SECURITIES          |    | <u>    0</u>     |
| NET CAPITAL                     | \$ | 27,122           |
| MINIMUM NET CAPITAL REQUIREMENT |    | <u>    5,000</u> |
| EXCESS NET CAPITAL              | \$ | <u>  22,122</u>  |
| AGGREGATE INDEBTEDNESS          |    | N/A              |

No material differences exist between the above computation and the computation included in the company's corresponding un-audited Part II of Form X-17A-5 as of December 31, 2003.

**TN Capital Equities, Ltd.  
Computation of Reserve Requirements  
December 31, 2003**

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3  
UNDER THE SECURITIES EXCHANGE ACT OF 1934  
AS OF DECEMBER 31, 2003**

EXEMPTION UNDER SECTION (k)(2)(i) IS CLAIMED:

The company is exempt from the provision of Rule 15c3-3 under the Exchange Act in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(i) of the Rule.