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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: ProFinance Associates, Inc.

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

11230 Sorrento Valley Road, Suite 160

(No. and Street)

San Diego

CA

92121

(City)

(State)

(Zip Code)

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

Michael B. Jones

(858) 455-8760

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Lichter, Weil and Associates

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

9191 Towne Centre Drive, Suite 406, San Diego, CA

92122

(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 19 2004

FOR OFFICIAL USE ONLY **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)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Michael B. Jones, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ProFinance Associates, Inc., 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:

Signature of Michael B. Jones

President

Title

Signature of Cora J. Shaw, 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).

PROFINANCE ASSOCIATES, INC.
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2003 AND 2002

LICHTER, WEIL & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

9191 TOWNE CENTRE DRIVE, SUITE 406
SAN DIEGO, CA 92122
(858) 320-2850 TELEPHONE
(858) 320-2828 FACSIMILIE

LAWRENCE P. LICHTER, PARTNER (858) 320-2808
PHILIP A. WEIL, PARTNER (858) 320-2804
PETER YU, MANAGER (858) 320-2805

Independent Auditor's Report

The Board of Directors
ProFinance Associates, Inc.
San Diego, California

We have audited the accompanying statements of financial condition of ProFinance Associates, Inc. as of December 31, 2003 and 2002, and the related statements of revenue, expense and changes in stockholders' equity, and cash flows for the years 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 audits.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 evidence, on a test basis, 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 ProFinance Associates, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II and III 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 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits 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.

Lichter, Weil & Associates

San Diego, California
February 9, 2004

PROFINANCE ASSOCIATES, INC.
 STATEMENTS OF FINANCIAL CONDITION
 DECEMBER 31, 2003 AND 2002

ASSETS

	2003	2002
Current Assets		
Cash	\$82,475	\$66,031
Fees receivable	25,000	53,000
Deposits	2,172	2,172
Prepaid expenses	4,061	0
Investments	49,566	28,640
Total Current Assets	163,274	149,843
Fixed Assets		
Property and equipment, net of accumulated depreciation of \$44,098 and \$43,084	4,764	6,074
Total Fixed Assets	4,764	6,074
Total Assets	\$168,038	\$155,917

LIABILITIES and STOCKHOLDER'S EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$3,697	\$8,094
Total Current Liabilities	3,697	8,094
Stockholder's Equity		
Common stock, no par value, authorized 2,500 shares, 1,000 shares issued and outstanding	10,000	10,000
Additional paid in capital	74,750	74,750
Retained earnings	79,591	63,073
Total Stockholder's Equity	164,341	147,823
Total Liabilities and Stockholder's Equity	\$168,038	\$155,917

PROFINANCE ASSOCIATES, INC.
 STATEMENTS OF INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Revenue		
Consulting and financing fees	\$246,000	\$189,500
Reimbursed expenses	1,299	477
Total Revenue	<u>247,299</u>	<u>189,977</u>
Expense		
Advertising	55	100
Automobile expense	10	284
Bank service charges	601	0
Wages and payroll taxes	99,691	107,919
Dues and subscriptions	3,607	7,596
Insurance	26,301	22,983
Professional services	45,289	42,243
Referral fee	4,000	5,500
Rent	25,473	29,297
Telephone	7,733	7,213
Travel expenses	10,946	14,652
Other expenses	11,755	13,519
Total Expenses	<u>235,461</u>	<u>251,306</u>
Income (loss) from operations	<u>11,838</u>	<u>(61,329)</u>
Other (Income) and Expense		
Investment income	(36)	(947)
Interest income	(68)	(68)
Other income	0	(97)
Unrealized investment income	(13,926)	(3,910)
Depreciation	1,310	16,839
Total Other (Income) and Expense	<u>(12,720)</u>	<u>11,817</u>
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	24,558	(73,146)
Income tax provision	<u>40</u>	<u>3,477</u>
NET INCOME (LOSS)	<u>\$24,518</u>	<u>(\$76,623)</u>

PROFINANCE ASSOCIATES, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$24,518	(\$76,623)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,310	16,840
Unrealized investment income	(13,926)	(3,910)
Decrease (Increase) from fees receivable	28,000	(41,431)
Decrease (Increase) in prepaid expenses	(4,061)	0
(Decrease) Increase in accounts payable	<u>(4,397)</u>	<u>(13,692)</u>
Total Adjustments	<u>6,926</u>	<u>(42,193)</u>
Net cash provided by operations	<u>31,444</u>	<u>(118,816)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(15,000)</u>	<u>0</u>
Net cash (used in) investing activities	<u>(15,000)</u>	<u>0</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Stockholder's contribution of capital	0	0
Stockholder's distributions of capital	<u>0</u>	<u>(30,000)</u>
Net cash (used in) financing activities	<u>0</u>	<u>(30,000)</u>
Net change in cash	<u>16,444</u>	<u>(148,816)</u>
Cash at beginning of period	<u>66,031</u>	<u>214,847</u>
Cash at end of period	<u><u>\$82,475</u></u>	<u><u>\$66,031</u></u>

PROFINANCE ASSOCIATES, INC.
 STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
 FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
Common Stock		
Balance at beginning of year	\$10,000	\$10,000
Purchases	0	0
Sales	0	0
Balance at end of year	\$10,000	\$10,000
Additional paid in capital		
Balance at beginning of year	\$74,750	\$74,750
Contributions	0	0
Balance at end of year	\$74,750	\$74,750
Retained earnings		
Balance at beginning of year	\$63,073	\$169,696
Net income (loss)	24,518	(76,623)
Distributions from accumulated earnings	(8,000)	(30,000)
Balance at end of year	\$79,591	\$63,073

See Accompanying Notes and Auditor's Report

PROFINANCE ASSOCIATES, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. Summary of significant accounting policies and business of the Company:

Organization and Business

ProFinance Associates, Inc. (Company) was incorporated in the state of New Jersey in August 1985. The Company acts as specialized investment bankers for various service businesses throughout the United States, and is a registered broker-dealer and member of the National Association of Securities Dealers, Inc. The basic services of the Company are to assist in arranging financing for client companies and to identify and assist in negotiating merger and acquisition transactions. The Company does not carry customer accounts or handle customer securities.

Revenue and expense recognition:

Revenues are generally recognized by the Company only upon the close of a transaction and when collectibility is reasonably assured. Whether or not a transaction closes, the Company is generally entitled to a reimbursement of out-of-pocket expenses.

Expenses are recognized under the accrual method of accounting.

Cash and cash equivalents:

The Company considers all highly liquid short-term investments with maturities of three months or less to be cash equivalents.

Fixed assets:

Property and equipment are carried at cost. Depreciation is computed using the straight line method over the estimated useful lives of the assets, as follows:

Office Equipment	3 to 10 years
Furniture and Fixtures	3 to 10 years
Leasehold Improvements	Balance of lease at time of acquisition

Use of estimates:

Management uses estimates and assumptions in preparing financial statements in accordance with the accrual basis of accounting. Those estimates and assumptions affect the reported amounts of assets and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Income taxes:

The Company, with the consent of its shareholder, has elected to be treated as an S Corporation under the applicable provisions of the Internal Revenue Code. Accordingly, items of income, loss, credits and deductions are not taxed within the Corporation but are reported on the income tax return of the shareholder for federal tax purposes. Provision has been made for minimum state income taxes.

PROFINANCE ASSOCIATES, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003 AND 2002

2. Revenues from significant clients:

The nature of the Company's business is to complete a small number of transactions each year for a limited number of clients. As such, it is normal for there to be revenue concentrations from significant clients. During the year ended December 31, 2003 the Company had five clients which accounted for approximately 80% of its fee revenue. The Company had three clients which accounted for approximately 78% of fee revenue for the year ended December 31, 2002.

3. Fixed assets:

At December 31, 2003 and 2002, Furniture, Leasehold Improvements and Equipment consisted of the following:

	<u>2003</u>	<u>2002</u>
Equipment	\$ 33,266	\$ 33,562
Furniture	9,461	9,461
Leasehold Improvement	<u>6,135</u>	<u>6,135</u>
	48,862	49,158
Accumulated Depreciation	<u>(44,098)</u>	<u>(43,084)</u>
Total	<u>\$ 4,764</u>	<u>\$ 6,074</u>

4. Net capital requirement:

Pursuant to the net capital provisions of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital as defined under such provisions (SEC Rule 15c-3-1). Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2003 and 2002, the Company had net capital requirements of \$5,000 and net capital of approximately \$77,103 and \$57,144, respectively.

5. Leases:

The Company leases its office space under operating lease on a month to month basis. Total rent expenses paid for the year ending December 31, 2003 and 2002 was \$25,473 and 29,297 respectively.

6. Litigation and Contingencies:

In October 2002, the Company entered into a settlement agreement with a client in the amount of \$100,000 for advisory fees. Payments were to be made in equal monthly installments of \$10,000 commencing on January 1, 2003. In addition, the Company was given stock warrants to purchase 200,000 shares of common stock of the corporation at an option price equal to \$0.21 per share. Those warrants were subsequently distributed to the Company's shareholder. Eight payments were received in 2003 totaling \$80,000, at which point the client entered bankruptcy. The successor company agreed to make periodic payments of \$1,000 to satisfy the remaining obligation. During 2003, two such payments of \$1,000 for a total of \$2,000 were received from the successor company.

PROFINANCE ASSOCIATES, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003 AND 2002

7. K (2) (ii) Exemption:

The Company relied on Section K (2) (ii) of the Securities and Exchange Commission Rule 15c3-3 to exempt them from the provision of this rule.

PROFINANCE ASSOCIATES, INC.
 COMPUTATION OF NET CAPITAL
 AND AGGREGATE INDEBTEDNESS
 DECEMBER 31, 2003 AND 2002

SCHEDULE I

	<u>2003</u>	<u>2002</u>
EQUITY - END OF YEAR	<u>\$164,341</u>	<u>\$147,823</u>
Less Non Allowable Assets		
Receivable	25,000	53,000
Furniture and Fixtures (net of depreciation)	4,764	6,074
Investments	49,566	28,640
Deposits and Prepaid expense	<u>6,233</u>	<u>2,172</u>
Total Non Allowable Assets	<u>85,563</u>	<u>89,886</u>
Net capital before haircuts	<u>78,778</u>	<u>57,937</u>
(Increase) Decrease in Hair Cuts or Undue Concentration	<u>1,675</u>	<u>793</u>
NET CAPITAL	<u>\$77,103</u>	<u>\$57,144</u>
Total Liabilities	<u>3,697</u>	<u>8,094</u>
Aggregated Indebtedness	<u>3,697</u>	<u>8,094</u>
Net Capital Required	<u>5,000</u>	<u>5,000</u>
Minimum Net Capital Required 6 2/3% of Aggregated Indebtedness	<u>246</u>	<u>540</u>
Minimum Dollar Requirement	<u>5,000</u>	<u>5,000</u>
Net Capital Requirement (greater of the two)	<u>5,000</u>	<u>5,000</u>
Excess Net Capital	<u>72,103</u>	<u>52,144</u>
Excess Net Capital @ 100% (Net Capital - 10% of Aggregate Indebtedness)	<u>\$76,733</u>	<u>\$56,335</u>

PROFINANCE ASSOCIATES, INC.
RECONCILIATION OF NET CAPITAL COMPUTATION WITH FOCUS II
DECEMBER 31, 2003 AND 2002

SCHEDULE II

	2003	2002
NET CAPITAL PER FOCUS II REPORT	\$77,103	\$57,144
Increase (Decrease) in Income due to audit adjustments	3,512	0
(Increase) Decrease in nonallowable assets	(3,512)	0
NET CAPITAL	\$77,103	\$57,144
RECONCILIATION OF AUDIT ADJUSTMENTS:		
Record additional investment income	\$3,247	\$0
Correction to depreciation expense account	265	0
Increase (Decrease) in income due to audit adjustments	\$3,512	\$0

PROFINANCE ASSOCIATES, INC.

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
AND INFORMATION RELATING TO THE POSSESSION AND CONTROL
REQUIREMENTS UNDER RULE 15C-3-3
DECEMBER 31, 2003 AND 2002**

Schedule III

ProFinance Associates, Inc. relies on Section K (2) (ii) of the Securities and Exchange Rule 15c3-3 to exempt them from the provisions of these rules.

LICHTER, WEIL & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

9191 TOWNE CENTRE DRIVE, SUITE 406
SAN DIEGO, CA 92122
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(858) 320-2828 FACSIMILIE

LAWRENCE P. LICHTER, PARTNER (858) 320-2808
PHILIP A. WEIL, PARTNER (858) 320-2804
PETER YU, MANAGER (858) 320-2805

The Board of Directors
ProFinance Associates, Inc.
San Diego, California

In planning and performing our audit of the financial statements of ProFinance Associates, Inc. as of December 31, 2003, 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 Exchange Act of 1934, we have made a study of the practices and procedures followed by the Company including test of such practices and procedures that we considered relevant to the objectives state in Rule 17a-5(g) in making the periodic computation of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with exemptive provision of Rule 15c3-3. Because the Company does not carry security 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 in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related cost 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 preparation of financial statements in accordance with U.S. 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 controls 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 the internal control that might be material weakness 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 errors or fraud in amount 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 the internal control, including control activities for safeguarding securities, that we consider to be material weakness 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 the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, NASD, 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.

Lichter, Weil & Associates

San Diego, California
February 9, 2004