

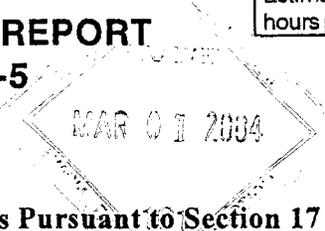


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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III



SEC FILE NUMBER
8-50146

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: ^{dba} Discount MuniBrokers ^{D.M. Reck & Co., Inc.}

OFFICIAL USE ONLY
FIRM I.D. NO.

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

210 Lake Drive East, Suite 100

(No. and Street)

Cherry Hill NJ 08002

(City)

(State)

(Zip Code)

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

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Woodworth & St. John

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

704C East Main Street Moorestown NJ 08057

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

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THOMSON
FINANCIAL

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*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, Patricia Keck, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Discount MuniBrokers, 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:

Patricia Keck
Signature

Senior Vice-President
Title

Michael E. Tommasino
Notary Public

MICHAEL E. TOMMASINO
Notary Public, State of New York
No. 43-4960091
Qualified in Richmond County
Commission Expires 12/18/05

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).

D. M. KECK & COMPANY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2003

Prepared by:

Woodworth & St. John, LLC

Certified Public Accountants

704-C East Main Street

Moorestown, New Jersey 08057

(856) 235-0600

D. M. KECK & COMPANY, INC.
TABLE OF CONTENTS
DECEMBER 31, 2003

	<u>PAGE</u>
Independent Auditors' Report	1
Balance Sheet	2
Statement of Income	3
Statement of Changes in Stockholders' Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 8
<i>Supplementary Information –</i>	
Report on Supplementary Schedules	9
Computation of Net Capital – Schedule I	10
Computation of Net Capital – Schedule II	11
Independent Auditors' Report on Internal Accounting Controls	12 & 13

WOODWORTH & ST. JOHN L.L.C.

Certified Public Accountants

704-C EAST MAIN STREET ♦ MOORESTOWN, N.J. 08057 ♦ (856) 235-0600 ♦ FAX (856) 778-5451

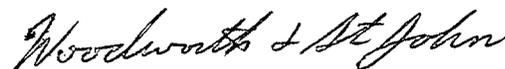
To the Board of Directors
D. M. Keck & Company, Inc.
Cherry Hill, New Jersey

We have audited the accompanying balance sheet of D. M. Keck & Company, Inc. d/b/a Discount Muni Brokers as of December 31, 2003 and the related statements of income, stockholders' equity and cash flows for the year ended December 31, 2003. 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 generally 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 respect, the financial position of D. M. Keck & Company, Inc. as of December 31, 2003 and the results of its operations and its cash flows for the period then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II 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 15C3-1 of the Securities and Exchange Commission. 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.



Woodworth & St. John, L.L.C.
Certified Public Accountants

February 24, 2004

D. M. KECK & COMPANY, INC
BALANCE SHEET
DECEMBER 31, 2003

ASSETS

CURRENT ASSETS

Cash	226,487
Commissions receivable - clearing broker	134,135
Other receivable	15,822
Interest receivable	1,246
Loan to officer	15,521
Loan to employees	4,280
Prepaid expenses	13,335
Prepaid corporation taxes	2,471
	413,297

PROPERTY AND EQUIPMENT

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	
Office equipment	13,524	13,524	0	
Furniture and fixtures	12,371	11,519	852	
Equipment under capital lease	78,630	50,104	28,526	
Data processing equipment	57,530	54,421	3,109	
	162,054	129,568		32,486

OTHER ASSETS

Lease deposits		969	
Security deposit		4,309	5,278
			451,061

LIABILITIES AND STOCKHOLDERS EQUITY

CURRENT LIABILITIES

Capital lease obligations	17,870
Accounts payable	72,725
Accrued payroll	48,800
Accrued corporate income taxes	5,595
Accrued expenses	237
	145,227

NON CURRENT LIABILITIES

Capital lease obligations	30,958
---------------------------	--------

STOCKHOLDERS EQUITY

Common stock (10,000 shares authorized, 2,006 issued and outstanding)		284,719	
Less, treasury stock		(12,500)	
Retained earnings		2,657	274,876
			451,061

D. M. KECK & COMPANY, INC.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2003

REVENUES

Principal transactions	2,732,237
------------------------	-----------

OPERATING EXPENSES

Group insurance	65,433
Clearing fees	237,644
Salaries	1,721,489
Payroll taxes	92,405
Regulatory fees	19,532
	2,136,503

GENERAL AND ADMINISTRATIVE EXPENSES

Advertising and promotion	13,064
Bank charges	5,427
Cable and internet expense	25,051
Communications and data processing	111,616
Consulting	1,500
Depreciation	22,694
Dues and subscriptions	1,345
Equipment leasing	1,572
Insurance	15,669
Maintenance and repairs	2,188
Meals and entertainment	83,028
Office expense	11,780
Payroll processing	2,103
Professional fees	8,455
Rent	68,111
Supplies	17,264
Telephone	65,938
Travel and lodging	27,012
Utilities	5,188
	489,005

INCOME FROM OPERATIONS

106,729

OTHER INCOME (EXPENSE)

Interest income	2,297
Other income	4,249
Interest expense	(9,222)
Contributions	(505)
	(3,281)

INCOME BEFORE TAXES

103,548

INCOME TAXES

Federal	29,455
State	11,436
	40,891

NET INCOME FOR THE YEAR

62,657

"The Accompanying Notes Are An Integral Part of This Financial Statement"

D. M. KECK & COMPANY, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
DECEMBER 31, 2003

	<i>Common Stock</i>	<i>Additional Paid In Capital</i>	<i>Retained Earnings</i>
<u>BALANCE</u> - January 1, 2003	284,719	0	0
Net Income for the year	0	0	62,657
Dividends	<u>0</u>	<u>0</u>	<u>(60,000)</u>
<u>BALANCE</u> - December 31, 2003	<u>284,719</u>	<u>0</u>	<u>2,657</u>

D. M. KECK & COMPANY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

OPERATING ACTIVITIES

Net income for the year	62,657
<i>Adjustments to reconcile net income for the year to cash provided by operating activities -</i>	
Depreciation	22,694
Change in other receivable	(15,822)
Change in prepaid expenses	5,386
Change in accounts payable	9,149
Change in commissions receivable - clearing broker	(63,673)
Change in accrued expenses	7,252
Change in accrued corporate income taxes	(8,165)
Change in interest receivable	(699)
Change in prepaid corporate income taxes	(2,391)
Cash provided by operating activities	<u>16,388</u>

INVESTING ACTIVITIES

Loan to officer	(3,512)
Acquisition of equipment	(2,617)
Proceeds from notes receivable - officers	8,563
Loans to employees	(99)
Proceeds from security deposits	<u>4,695</u>
Cash provided by investing activities	7,030

FINANCING ACTIVITIES

Dividends	(60,000)
Payments on capital leases	<u>(14,868)</u>
Cash expended for financing activities	<u>(74,868)</u>

DECREASE IN CASH AND CASH EQUIVALENTS (51,450)

CASH AND CASH EQUIVALENTS - January 1, 2003 277,937

CASH AND CASH EQUIVALENTS - December 31, 2003 226,487

Supplemental Disclosure of Cash Flow Information:

Cash paid for interest	9,222
Cash paid for taxes	53,624

"The Accompanying Notes Are An Integral Part of This Financial Statement"

D. M. KECK & COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

1) NATURE OF OPERATIONS

The Company is registered with the Securities and Exchange Commission as a Municipal Securities Broker - Dealer pursuant to Section 15(b) Securities Exchange Act of 1934. A municipal securities broker - dealer acts as principal or agent in the purchase or sale of municipal securities.

The Company will be known as an "Introducing Broker" to its clearing agent, First Clearing Corporation, Richmond, VA. Therefore, the Company will not hold any securities or customer funds. All of these actions will be done by First Clearing Corporation as pursuant to the clearing agreement between D. M. Keck & Company, Inc., and First Clearing Corporation signed June 25, 1997.

2) SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The Company recognizes income using the accrual method of accounting for income tax and financial statements purposes

Accounting Estimates

The preparation of 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 contingent assets and liabilities 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.

Property and Equipment

Property and equipment are stated at cost. Maintenance, repairs and minor renewals are charged to operations as incurred. Depreciation is provided over the estimated useful lives of the assets on an accelerated method. The estimated useful lives of the various classes of assets are:

	<u>Range in Years</u>
Equipment	5
Furniture and fixtures	7

Compensated Absences

Employees of the Company are entitled to paid vacations, paid sick days and personal days off, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when actually paid to employees.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

3) RELATED PARTY TRANSACTIONS

The Company has a loan receivable to D. Michael Keck in the amount of \$15,521. The loan is unsecured and there are no formal repayment terms.

D. M. KECK & COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

4) OPERATING LEASE COMMITMENTS

The Company is obligated under a non-cancelable lease for office space expiring April 2, 2009.

Minimum required future rental payments under this operating lease as of December 31, 2003 are:

December 31, 2004	55,396
December 31, 2005	56,832
December 31, 2006	58,063
December 31, 2007	58,883
December 31, 2008	59,008
	<u>229,174</u>

The Company is obligated under an operating lease for software. The agreement renews automatically at the end of each year and can be terminated with 60 days written notice by the Company.

The Company has entered into an operating lease with Canon Financial Services, Inc. for office equipment. The minimum lease payments are as follows:

December 31, 2004	1,368
December 31, 2005	2,052
December 31, 2006	2,052
December 31, 2007	2,052
December 31, 2008	2,052
	<u>9,576</u>

5) CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (15C3-1(k)(2)(i)) which requires the maintenance of a minimum net capital requirement of not less than \$100,000.

6) CAPITAL LEASE

The Company acquired office equipment under the provisions of long-term leases. For financial reporting purposes, minimum lease payments relating to the office equipment have been capitalized. The leased property under capital lease as of December 31, 2003 has a cost of \$28,526, accumulated amortization of \$50,104 and a net book value of \$28,526. Amortization of the leased property is included in depreciation expense.

The future minimum lease payments under capital lease and the net present value of the future minimum lease payments at December 31, 2003 are as follows:

Total minimum lease payments	61,291
Amount representing interest	<u>(12,463)</u>
Present value of net minimum lease payments	48,828
Current portion	<u>(17,870)</u>
Long-term capital lease obligation	<u>30,958</u>

D. M. KECK & COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

7) LINE OF CREDIT

The Company has a revolving line of credit with Sun National Bank. The line of credit is for \$50,000 and has an outstanding balance of \$-0- at December 31, 2003. Interest accrues at the bank's prime rate plus ½ %. The line is due in full on December 11, 2005. The note is secured by business assets and the personal guarantee of shareholder D. Michael Keck.

END OF NOTES TO FINANCIAL STATEMENTS

CONFIDENTIAL

D. M. KECK & COMPANY, INC.
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2003

CONFIDENTIAL

WOODWORTH & ST. JOHN L.L.C.

Certified Public Accountants

704-C EAST MAIN STREET ♦ MOORESTOWN, N.J. 08057 ♦ (856) 235-0600 ♦ FAX (856) 778-5451

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION
REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION**

To the Board of Directors
D. M. Keck & Company, Inc.
Cherry Hill, New Jersey

We have audited the accompanying consolidated financial statements of D. M. Keck & Company, Inc. and subsidiaries as of and for the year ended December 31, 2003, and have issued our report thereon dated February 24, 2004. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II 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.

Woodworth & St. John

Woodworth & St. John, L.L.C.
Certified Public Accountants

February 24, 2004

D. M. KECK & COMPANY, INC.
COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION

SCHEDULE I

December 31, 2003

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required by Company

100,000

CUSTOMER RESERVE REQUIREMENT

As per SEC Rule 15c3-3(k)(2)(ii), D. M. Keck & Company, Inc. is exempt from this provision. D. M. Keck is an "Introducing Broker" who clears on a fully disclosed basis through First Clearing Corporation. Pursuant to a clearing agreement between D. M. Keck & Company, Inc. and First Clearing Corporation signed June 25, 1997, D. M. Keck holds no customer funds or customer securities.

D. M. KECK & COMPANY, INC.
COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION

	<u>12/31/03</u>
<u>NET CAPITAL</u>	
Total stockholders' equity	274,876
<i>Deductions and/or charges -</i>	
Nonallowable assets	
Petty cash	(241)
Receivables - shareholders, officer, employees and others	(19,800)
Prepaid expenses	(15,806)
Property and equipment (net)	(32,487)
Other assets	<u>(5,278)</u>
	<u>(73,612)</u>
<i>Net capital</i>	<u><u>201,264</u></u>
 <u>AGGREGATE INDEBTEDNESS</u>	
<i>Items included in balance sheets -</i>	
Accounts payable	72,727
Accrued expenses	54,632
Capital leases	48,828
 <u>RECONCILIATION WITH COMPANY COMPUTATION</u>	
Net capital, as reported on Company Part II A (unaudited) focus report	143,999
Net audit adjustments	<u>57,265</u>
<i>Net capital</i>	<u><u>201,264</u></u>

WOODWORTH & ST. JOHN L.L.C.*Certified Public Accountants*

704-C EAST MAIN STREET • MOORESTOWN, N.J. 08057 • (856) 235-0600 • FAX (856) 778-5451

INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROLS

February 24, 2004

To the Board of Directors
D. M. Keck & Company, Inc.
Cherry Hill, New Jersey

In planning and performing our audit of the financial statements of D. M. Keck & Company, Inc. for the year ended December 31, 2003, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We also made a study of the practices and procedures followed by D. M. Keck & Company, Inc. in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the procedures for deferring compliance with the exemptive provisions of rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve system, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities. No facts came to our attention which indicated that the exemptive conditions had not been complied with during the period.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and procedures 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 Commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safe-guarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded property to permit 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.

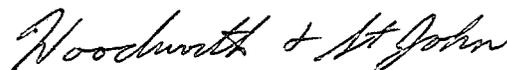
Because of inherent limitations in any control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

D. M. Keck & Company, Inc.
February 24, 2004
Page 2

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 the internal control structure 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 Commission 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 Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange and other regulatory agencies which rely on rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.



Woodworth & St. John, L.L.C.
Certified Public Accountants