



04015062

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response..... 12.00

SEC FILE NUMBER
8- 37893

RECEIVED
MAR - 1 2004
SECTION 159
SEC. 17A-5
PROCESSED
WASHINGTON, D.C.

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

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: C.E. Pfeifer & Company, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

5421 Kentucky Avenue

(No. and Street)

Pittsburgh
(City)

PA
(State)

15232-2207
(Zip Code)

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

C.E. Pfeifer

412-622-1850
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Michalik & Daniels, LLC

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

934 Western Avenue
(Address)

Pittsburgh
(City)

PA
(State)

15233
(Zip Code)

CHECK ONE:

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

PROCESSED
MAR 25 2004

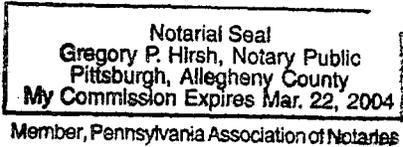
FOR OFFICIAL USE ONLY
THOMSON FINANCIAL

*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)

Handwritten initials and date: 3/24

OATH OR AFFIRMATION

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



C.E. Pfeifer
Signature

President
Title

Gregory P. Hirsh
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.

X (o) Independent Auditor's Report on Internal Accounting Control
For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

AUDITED FINANCIAL STATEMENTS

C. E. PFEIFER & CO., INC.

DECEMBER 31, 2003

CONTENTS

Page

Audited Financial Statements

Independent Auditors' Report	2
Statement of Financial Condition	3
Statement of Income	4
Statement of Cash Flows	5
Statement of Changes in Stockholder's Equity	6
Notes to Financial Statements.....	7-8
Computation of Aggregate Indebtedness and Net Capital - Schedule I.....	9
Reconciliation of Net Capital Computation to December 31, 2003 Focus Report - Schedule II	10
Independent Auditors' Report on Internal Accounting Control	11-12

Michalik & Daniels, LLC

Certified Public Accountants

934 Western Avenue • Pittsburgh, Pennsylvania 15233
412.322.2662 • Fax: 412.322.0513

Verona Office

723 East Railroad Ave.

Verona, PA 15147

412.826.0533

www.eztaxtime.com

Board of Directors

C. E. Pfeifer & Co., Inc.

Independent Auditors' Report

We have audited the accompanying statement of financial condition of C. E. Pfeifer & Co., Inc. as of December 31, 2003 and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended. 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 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 respects, the financial position of C.E. Pfeifer & Co., Inc. as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made 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 required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Security and Exchange Commission. Such information has been subjected to the auditing procedures applied in the examination 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.

Michalik & Daniels, LLC

Pittsburgh, Pennsylvania

February 20, 2004

C.E. PFEIFER & CO., INC.

Statement of Financial Condition
December 31, 2003

Assets

Current Assets

Cash	\$ 6,200
Accounts receivable – clearance account	<u>2,568</u>
	\$ <u>8,768</u>

Liabilities and Stockholder's Equity

Current Liabilities

Accrued payroll taxes	\$ 1,124
Accrued expense	<u>494</u>
Total Current Liabilities	1,618

Stockholder's Equity

Capital Stock – no par value; 10,000 shares authorized; 100 shares issued and outstanding	7,000
Retained Earnings	<u>150</u>
Total Stockholder's Equity	<u>7,150</u>
	\$ <u>8,768</u>

The accompanying notes are an integral part
of the financial statements.

C.E. PFEIFER & CO., INC.

Statement of Income
December 31, 2003

Income

Commissions – securities	\$ 40,793
Commissions – capital	35,248
Commissions – real estate	130,304
Consulting and investment services	<u>21,356</u>
	227,701

Expenses

Commissions	140,949
Travel and entertainment	8,516
Rent	14,400
Automobile	8,015
Dues	5,761
Legal and professional fees	7,609
Payroll and payroll taxes	4,401
Telephone	4,017
Subscriptions	1,715
Office supplies	1,962
Miscellaneous	<u>2,985</u>
	<u>200,330</u>

Net Income \$ 27,371

The accompanying notes are an integral part
of the financial statements.

C.E. PFEIFER & CO., INC.

Statement of Cash Flows
December 31, 2003

Increase (Decrease) in Cash and Cash Equivalents

Cash Flow from Operating Activities:

Net income \$ 27,371

Adjustments to reconcile net income to net
cash provided by operating activities:

Change in assets and liabilities:

Decrease in accounts receivable \$ 1,595

Increase in accrued payroll taxes 48

Decrease in accrued expenses (1,113)

Total adjustments 530

Net Cash Provided by Operating Activities 27,901

Cash Flow from Investing Activities:

Sale of non-marketable securities 47,000 47,000

Cash Flow from Financing Activities:

Distributions to stockholder (75,600) (75,600)

Net Decrease in Cash and Cash Equivalents (699)

Cash and Cash Equivalents at Beginning of Year 6,899

Cash and Cash Equivalents at End of Year \$ 6,200

The accompanying notes are an integral part
of the financial statements.

C.E. PFEIFER & CO., INC.

Statement of Changes in Stockholder's Equity
December 31, 2003

	<u>Common Stock</u>	<u>Retained Earnings</u>
Balances at January 1, 2003	\$ 7,000	\$ 48,379
Net income for the year	--	27,371
Distributions to stockholder	<u>--</u>	<u>(75,600)</u>
Balances at December 31, 2003	\$ <u>7,000</u>	\$ <u>150</u>

The accompanying notes are an integral part
of the financial statements.

Significant Accounting Policies

The Company provides broker-dealer and investment advisory services. Revenue from investment advisory services is recognized when rendered and related expenses are recorded when incurred. Commission income and expense from customers' security transactions on introduced accounts are recorded on a settlement date basis. Fees for services rendered in the private placement of securities are recognized when earned as specified in the contractual placement agent agreement.

Income Taxes

The Company and its stockholder have elected, under Section 1362 of the Internal Revenue Code, to be treated as a subchapter "S Corporation". As such, the taxable income (loss) of the company is passed through to the stockholder and taxed on his individual income tax return. Therefore, no provision has been made for income taxes on the accompanying financial statements.

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, accordingly, actual results could differ from those estimates.

C.E. PFEIFER & CO., INC.

**Notes to Financial Statements
December 31, 2003**

Related Party

The Company is renting office space owned by C.E. Pfeifer (100% owner of C.E. Pfeifer & Co., Inc.). The total rent paid to C.E. Pfeifer for the year ended December 31, 2003 was \$14,400.

Leases

The Company entered into an operating lease for a vehicle in 2002. The lease expires in February, 2007. The future minimum lease payments are as follows:

December 31,	
2004	\$ 5,355
2005	\$ 5,355
2006	\$ 5,355
2007	\$ 893

Rental payments for the year ending December 31, 2003 were \$5,355.

Exemption from the Computation of Reserve Requirements Pursuant to Rule 15c3-3

The Company claims exemption from the computation required by SEC Rule 15c3-3 by reason of paragraph (k)(2)(ii) of Rule 15c3-3. The Company is a fully disclosed broker / dealer.

C.E. PFEIFER & CO., INC.

Computation of Aggregate Indebtedness and Net Capital
Schedule I
December 31, 2003

Aggregate Indebtedness

Total money liabilities		\$ <u>1,618</u>
Total aggregate indebtedness		<u>1,618</u>

Net Capital:

Common stock	\$ 7,000	
Retained earnings	<u>150</u>	
Total available capital		<u>7,150</u>

Net capital before haircuts on securities position 7,150

Haircuts on securities (computed, where applicable,
pursuant to rule 15C3-1(f))-equity securities -0-

Net Capital \$ 7,150

Capital Requirements:

6 2/3 of aggregate indebtedness	107	
Minimum dollar capital requirement	5,000	
Net capital requirement		\$ 5,000
Net capital in excess of requirements		<u>2,150</u>
Net capital as above		\$ <u>7,150</u>
Ratio of aggregate indebtedness to net capital		<u>.22630</u>

C.E. PFEIFER & CO., INC.

**Reconciliation of Net Capital Computation to
December 31, 2003 Focus Report – Schedule II
December 31, 2003**

	<u>Audit Report</u>	<u>Focus Report</u>
Total Ownership Equity	\$ 7,150	\$ 7,150
Less:		
Total non-allowable assets	-0-	-0-
Haircuts on securities	<u>-0-</u>	<u>-0-</u>
Net Capital	7,150	7,150
Net Capital Requirement	<u>5,000</u>	<u>5,000</u>
Excess Net Capital	\$ <u>2,150</u>	\$ <u>2,150</u>

No differences exist in the computation of net capital between the audit report and C.E. Pfeifer & Co., Inc.'s Focus Report (Part IIA filing) for the period ending December 31, 2003.

Michalik & Daniels, LLC

Certified Public Accountants

934 Western Avenue • Pittsburgh, Pennsylvania 15233

412.322.2662 • Fax: 412.322.0513

Verona Office

723 East Railroad Ave.

Verona, PA 15147

412.826.0533

www.eztaxtime.com

Independent Auditors' Report on Internal Accounting Control Required by SEC Rule 17a-5

Board of Directors
C.E. Pfeifer & Co., Inc.

In planning and performing our audit of the financial statements of C.E. Pfeifer & Co., Inc. (the "Company") for the year ended December 31, 2003, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practice and procedures) followed by C.E. Pfeifer & Co., Inc., that we considered relevant to the objectives stated in rule 17a-5(g)(1), in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provision 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.

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 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 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 internal control structure of 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 their effectiveness of their design and operation may deteriorate.

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 including procedures for safeguarding securities, that we consider a material weakness as defined above.

We understand that the 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 regulation, 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 17a5(g) under the Securities Exchange Act of 1934 in regulation of registered brokers and dealers, and should not be used for any other purpose.

Michael E. Daniels, LLC

Pittsburgh, Pennsylvania
February 20, 2003