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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:

OFFICIAL USE ONLY  
FIRM ID. NO.

Castlebridge Risk Solutions, Inc.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
416 West Webster Street  
(No. and Street)

Chicago Illinois 60614  
(City) (State) (Zip Code)

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

Michael Moore 312-341-4501  
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

Robert Cooper & Company CPAs, P.C.  
(Name - if individual, state last, first, middle name)

4460 Franklin Ave. Western Springs, IL 60558  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED  
APR 01 2004  
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).

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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SW

## OATH OR AFFIRMATION

I, Jonathan Kahn, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Castlebridge Risk Solutions, 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:

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

**STATE OF NEW YORK**  
**COUNTY OF NEW YORK** SS:

Barry S. Newman  
Notary Public

Jonathan Kahn  
Signature  
President  
Title

**BARRY S. NEWMAN**  
Notary Public State of New York  
No. 01NE6070340  
Qualified in Kings County  
Commission Expires Feb. 25, 2006

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 Cash Flows.
- (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 of 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.

**SWORN TO BEFORE ME**  
THIS 27 DAY OF Feb, 20 04

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

**CASTLEBRIDGE RISK SOLUTIONS, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2003**

**Castlebridge Risk Solutions, Inc.**

Annual Report

For the Year Ended December 31, 2003

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**Robert Cooper & Co. CPAs P.C.**

4460 Franklin Avenue  
Western Springs, Illinois 60558  
312-952-2151  
Fax: 708-246-7937

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANT

**To the Board of Directors:  
Castlebridge Risk Solutions, Inc.**

We have audited the accompanying statement of financial condition of **Castlebridge Risk Solutions, Inc.** as of December 31, 2002, and the related statements of income, changes in stockholders Equity, and cash flows for the period ending December 31, 2003. These financial statements are the responsibility of 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. 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 **Castlebridge Risk Solutions, Inc.** as of December 31, 2003, and the results of their operations and their cash flows for the year 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 17a-5 of the Securities and Exchange Commission. 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.

  
Robert Cooper & Company CPAs PC

February 25, 2004

**Castlebridge Risk Solutions, Inc.**  
**Statement of Financial Condition**  
December 31, 2003

ASSETS

Cash	\$	53,096
Accounts receivable		0
Fixed assets net of depreciation		2,821
Other assets		<u>33,100</u>
	\$	<u><u>89,018</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities		
Pension payable	\$	40,000
Accrued payroll		<u>56</u>
		40,056
Stockholders Equity		
Common Stock - no par value		
1000 shares authorized 500		
issued and outstanding		1,000
Additional paid in capital		234,830
Retained earnings		(186,869)
		<u>48,961</u>
	\$	<u><u>89,017</u></u>

(0)

The accompanying notes should be read in  
conjunction with the financial statements

**Castlebridge Risk Solutions, Inc.**  
Statement of Income  
For the year ending December 31, 2003

REVENUES

Commissions	\$ 286,095
Other fee income	10,156
Interest income	157
Total Revenues	<u>296,408</u>

EXPENSES

Payroll Expense	167,824
Dues & Fees	1,970
Pension contribution	40,000
Rent	7,475
Communications	1,388
Other operational costs	9,565
Dues and subscription costs	6,532
State tax provision	0
Professional fees	60,997
Depreciation & amortization	4,108
Total Expenses	<u>299,859</u>

Net Income for year \$ (3,451)

The accompanying notes should be read in  
conjunction with the financial statements

**Castlebridge Risk Solutions, Inc.**  
Statement of Changes of Stockholder's Equity  
For the year ending December 31, 2003

	COMMON STOCK	ADDITIONAL PAID IN CAPITAL	RETAINED EARNINGS	TOTAL
Balances				
January 1, 2003	\$1,000	\$234,830	(\$183,418)	\$52,412
Contributed capital		0	0	\$0
Dividend distribution	0	0	0	0
Net Income for year			(3,451)	(3,451)
	<hr/>	<hr/>	<hr/>	<hr/>
December 31, 2003	<u>\$1,000</u>	<u>\$234,830</u>	<u>(\$186,869)</u>	<u>\$48,961</u>

The accompanying notes should be read in  
conjunction with the financial statements

**Castlebridge Risk Solutions, Inc.**  
Statement of Cash Flows  
for the year ending December 31, 2003

<b>Cash flows from operations</b>	
Net income	\$ (3,451)
items not effecting current cash flows in income depreciation & org. costs	4,108
Adjustments to reconcile net income to cash used in operations:	
Increase in accounts payable	(8,511)
Increase in taxes payable	0
Increase in other assets	0
Net cash provided by operating activities	<u>(7,854)</u>
 <b>Cash flows from investing activities</b>	
purchase of NASD warrants	<u>0</u>
Net cash provide for investing activities	0
 <b>Funds received from financing activities</b>	
Increase (Decrease)	
Purchase of equipment	(6,186)
Contribution of additional paid in capital	0
Payment of dividends	0
Net cash provided by financing activities	<u>(6,186)</u>
 Change in Cash	 \$ <u>(14,040)</u>
Cash at beginning of year	67,136
 <b>Cash at end of year</b>	 \$ <u><u>53,096</u></u>
Interest Expense paid during year	0

The accompanying notes should be read in  
conjunction with the financial statements

**Castlebridge Risk Solutions, Inc.**  
**Notes to Financial Statements**  
**For the period ending December 31, 2003**

**NOTE 1      Organization**

**Castlebridge Risk Solutions, Inc.** (The Company) was incorporated under the laws of Illinois on August 16, 1999. The business of the Company is to engage in the executing of trades on organized exchanges in the United States. Castlebridge Risk Solutions, Inc. is registered as a broker dealer with the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers (NASD).

**NOTE 2.   Significant Accounting Policies**

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 disclosures 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.

In the normal course of business, the Company enters into transactions in exchange traded securities for others. Commission transactions together with related revenues and expenses are recorded on trade date. The Company does not hold customer fund's nor does it trade for their own account.

The Company has elected to be taxed as a Sub Chapter S Corporation under the provisions of the Internal Revenue Code. Under those provisions, the Company does not pay federal income taxes. Each shareholder is responsible for reporting their pro rata share of the profits or losses on their tax returns. The Company is subject to a 1.5% Illinois replacement tax.

**NOTE 3.   Related Party Transactions:**

Certain administrative and organizational activities were performed by a related party at no cost to the Company. Those costs are not reimbursable to the related party, no other expense sharing agreement is in place.

**NOTE 4      Net Capital Requirements**

As a registered broker-dealer, the Company is subject to the net capital rule of the Securities and Exchange Commission Uniform Net Capital rule (rule 15c-3-1). Under this rule, the Company is required to maintain "minimum net capital" equivalent to \$5,000 or 6 2/3 of "aggregate indebtedness," whichever is greater, as these terms are defined.

Net capital and aggregate indebtedness change day to day, but at December 31, 2000, the Company had net capital and net capital requirements of \$ 13,040 and \$5,000 respectively. Which is \$ 8,040 in excess of their capital requirements. Net capital rule may effectively restrict the amount of distributions paid out.

**NOTE 5. OTHER ASSETS**

The Company as a member of the NASD holds warrants for the right to buy in the future shares in the NASD Stock Exchange. The Company exercised their rights as a member to participate in the pre public offering the amount of warrants and stock purchased represent there allotted shares. The NASD Stock Exchange has not done a public offering of there stock. The warrants are the rights to received 1200 shares of stock . The shares are carried at cost.

SCHEDULE I

**Castlebridge Risk Solutions, Inc.**  
 Computation of Net capital Under 15C 3-1  
 of the Securities and Exchange Commission  
 As of December 31, 2003

Total stockholder's equity	\$ 48,961
Unallowable Assets	35,921
Haircut's required	0
Net Capital	<u>13,040</u>
Minimum net capital requirement	5,000
Excess Net capital	\$ <u>8,040</u>
Excess net capital at 1000%	\$ <u>9,034</u>

The above information on this schedule is in agreement, in all material respects, with the unaudited FOCUS Report, Part II, filed by Castlebridge Risk Solutions, as of December 31, 2003

The accompanying notes should be read in conjunction with the financial statements

**Castlebridge Risk Solutions, Inc.**  
 Computation of Net capital Under 15C 3-1 (continued)  
 of the Securities and Exchange Commission  
 December 31, 2003

COMPUTATION OF AGGREGATE INDEBTEDNESS

Aggregate Indebtedness

Items included in the balance sheet:

Pension and accrued payroll	\$	40,056
		40,056
	\$	40,056

Ratio: Aggregate Indebtedness  
 to Net Capital

307.1840%  
 to 1

The accompanying notes should be read in  
 conjunction with the financial statements

**CASTLEBRIDGE RISK SOLUTIONS, INC.  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
AND INFORMATION RELATING TO POSSESSION AND CONTROL  
REQUIREMENTS PURSUANT TO RULE 15c3-3**

December 31, 2003

**RESERVE COMPUTATION  
(See note below)**

**INFORMATION FOR POSSESSION AND CONTROL REQUIREMENTS  
(See note below)**

Note: CASTLEBRIDGE RISK SOLUTIONS, INC. is exempt from Rule 15c3-3, it does not transact a business in securities with, or for, other than members of a national securities exchange and does not carry margin amounts, credit balances or securities for any person defined as a "customer" pursuant to Rule 17a-5(c)(4). Accordingly, there are no amounts reportable under these sections.

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**Robert Cooper & Company CPAs P.C.**

4460 Franklin Avenue  
Western Springs, Illinois 60558  
312-952-2151  
Fax: 708-246-7937

**Independent Auditor's Report on Internal Control Structure Required  
by SEC Rule 17a-5**

**To the Board of Directors:  
Castlebridge Risk Solutions, Inc.**

In planning and performing our audit of the financial statements of **Castlebridge Risk Solutions, Inc.** 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 purpose of expressing our opinion on the consolidated 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 practices and procedures) followed by **Castlebridge Risk Solutions, Inc.** that we considered relevant to the objectives stated in rule 17a-5(g), (1) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3. Because the Company does not carry securities 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) in making the quarterly securities examinations, counts, verifications and comparisons, and (2) recordation of differences required by rule 17a-13; (3) 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.

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 the owner 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 conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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Because of inherent limitations in any internal 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.

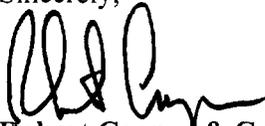
Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design 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 to be material weaknesses as defined above.

The Company, because of its size and limited personnel, is unable to maintain an adequate separation of the various accounting functions. However, the managers of the Company informed me that they exercise close oversight of accounting records daily, thus offsetting the lack of separation of duties. The study and evaluation disclosed no condition that we believed to be a material weakness.

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 Commission 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 National Association of Securities Dealers 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.

Sincerely,

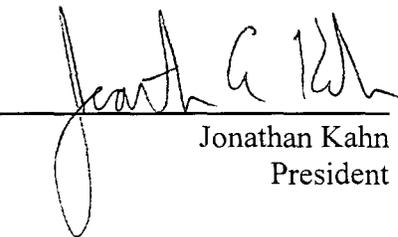


Robert Cooper & Company CPAs P.C.

February 24, 2004

**OATH OR AFFIRMATION**  
**REGARDING ACCURACY AND COMPLETENESS**  
**OF FINANCIAL STATEMENTS AS OF FOR**  
**THE YEAR ENDING DECEMBER 31, 2003.**

To the best of my knowledge and belief, the information contained herein is accurate and complete.

  
\_\_\_\_\_  
Jonathan Kahn  
President