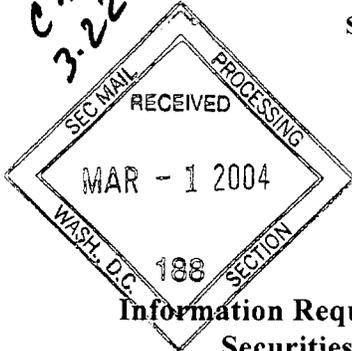


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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

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

SEC FILE NUMBER  
8- 065386

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 12/18/02 AND ENDING 12/31/03  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **MIT ASSOCIATES, LLC**

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

**300 Atlantic Street, 11th Floor**

(No. and Street)

**Stamford, CT 06901**

(City)

(State)

(Zip Code)

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

**Leslie Goldman**

**203-355-2300**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Housman & Bloch, CPA**

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

**45 Knollwood Road**

(Address)

**Elmsford**

(City)

**NY**

(State)

**10523**

(Zip Code)

CHECK ONE:

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

**PROCESSED**

**MAR 29 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)

3/25

SEC 1410 (06-02)

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.

OATH OR AFFIRMATION

I, Michael H. Finnell, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MIT ASSOCIATES, LLC, as of February 23, 2004, 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:

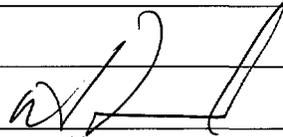
N/A

LYNNETTE RISI

Notary Public

My Commission Expires Aug. 31, 2008

*Lynnette Risi*  
Notary Public



Signature

Managing Partner

Title

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).

MIT ASSOCIATES, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2003

**HOUSMAN & BLOCH, LLP**

MIT ASSOCIATES, LLC  
INDEX TO THE FINANCIAL STATEMENTS

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Statement of Member's Equity for the period from December 18, 2002 to December 31, 2003 (Note 1)	4
Statement of Cash Flows for the period from December 18, 2002 to December 31, 2003 (Note 1)	5
Notes to the Financial Statements	6 & 7
Supplementary Financial Information	8

**HOUSMAN & BLOCH, LLP**  
*Certified Public Accountants*

45 KNOLLWOOD ROAD  
ELMSFORD, NEW YORK 10523  
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FACSIMILE (914) 347-5182

60 EAST 42nd STREET, 46th FLOOR  
NEW YORK, NEW YORK 10165  
(212) 697-8757  
FACSIMILE (212) 697-0877

MIT Associates, LLC  
300 Atlantic Street  
Stamford, CT 06901

Independent Auditors' Report

We have audited the accompanying balance sheet of MIT Associates, LLC, at December 31, 2003 and the related statements of operations, member's equity and cash flows for the period from December 18, 2002 to December 31, 2003 (Note 1). 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. 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 in the first paragraph present fairly, in all material respects, the financial position of MIT Associates, LLC as of December 31, 2003 and the results of its operations and cash flows for the period from December 18, 2002 to December 31, 2003 (Note 1) 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 accompanying information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Housman & Bloch LLP*

New York, New York  
February 6, 2004

MIT ASSOCIATES, LLC  
BALANCE SHEET  
DECEMBER 31, 2003

ASSETS

CURRENT ASSETS

Cash	\$ 64,409
Accounts receivable	1,440,716
Prepaid expenses	<u>900</u>

Total Current Assets 1,506,025

FIXED ASSETS - Net of accumulated depreciation  
of \$ 21,047 (Note 1) 26,089

OTHER ASSETS

Security deposits 45,105

TOTAL ASSETS \$ 1,577,219

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts payable \$ 13,830

COMMITMENTS AND CONTINGENCIES (NOTE 1)

MEMBER'S EQUITY 1,563,389

TOTAL LIABILITIES AND MEMBERS' EQUITY \$ 1,577,219

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

MIT ASSOCIATES, LLC  
STATEMENT OF OPERATIONS  
FOR THE PERIOD FROM DECEMBER 18, 2002 TO DECEMBER 31, 2003  
(NOTE 1)

<u>FEE INCOME</u>	<u>\$ 2,067,227</u>
 <u>OPERATING EXPENSES</u>	
Office payroll	93,654
Payroll taxes	8,564
Rent	3,132
Utilities	5,698
Telephone	9,169
Office supplies	5,360
Repairs & maintenance	3,642
Computer	11,147
Insurance	45,342
Licenses & permits	4,326
Professional fees	32,403
Consulting	58,959
Travel & entertainment	17,516
Seminars & meetings	9,311
Sundry	3,639
Depreciation and amortization	<u>21,047</u>
 <u>Total Operating Expenses</u>	 <u>332,909</u>
 <u>NET INCOME</u>	 <u>\$ 1,734,318</u>

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

MIT ASSOCIATES, LLC  
STATEMENT OF CHANGES IN MEMBER'S EQUITY  
FOR THE PERIOD FROM DECEMBER 18, 2002 to DECEMBER 31, 2003  
(NOTE 1)

MEMBERS' EQUITY

Members' equity - December 18, 2002	\$ 39,071
Net Income for the period from December 18, 2002 to December 31, 2003	1,734,318
Capital contributions	120,000
Members' distributions	<u>( 330,000)</u>
<u>MEMBERS' EQUITY - DECEMBER 31, 2003</u>	<u>\$ 1,563,389</u>

MIT ASSOCIATES, LLC  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM DECEMBER 18, 2002 TO DECEMBER 31, 2003  
(NOTE 1)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net (Loss)	\$ 1,734,318
Adjustments: Depreciation	21,047
Accounts receivable	(1,440,716)
Prepaid expenses	( 900)
Accounts payable	<u>13,830</u>
<u>Total Cash Flows From Operating Activities</u>	<u>327,579</u>

CASH FLOW FROM INVESTING ACTIVITIES:

Security deposits	( 45,105)
Purchases of fixed assets	<u>( 43,137)</u>
<u>Total Cash Flows from Investing Activities</u>	<u>( 88,242)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Member distributions	( 330,000)
Member capital contributions	<u>120,000</u>
<u>Total Cash Flows from Financing Activities</u>	<u>( 210,000)</u>

INCREASE IN CASH FLOWS 29,337

CASH AT DECEMBER 18, 2002 35,072

CASH AT DECEMBER 31, 2003 \$ 64,409

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

MIT ASSOCIATES, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A) Business Activity: MIT Associates, LLC ("the Company") was formed on May 1, 2002 as a limited liability company under the laws of the State of Connecticut. The company provides consulting, advisory and private placement services to alternative asset investment managers.

The company filed an application for registration as a limited purpose broker dealer under Section 15(b) of the Securities Exchange Act of 1933, as amended. The date of inception as a registered broker dealer with the National Association of Securities Dealers, Inc. ("NASD") was December 18, 2002.

B) Fixed Assets: The company records fixed assets at cost. Depreciation is recorded using various methods over the estimated useful life of the asset. Leasehold improvements, if any, are amortized on a straight line basis over the shorter of the estimated useful life of the asset or the term of the lease. Disposition of fixed assets are reported in the year of sale along with any corresponding gain or (loss) on disposition. Expenditures for repairs and maintenance are expensed as incurred.

As of December 31, 2003 fixed assets comprised the following:

Furniture and fixtures	\$ 22,851
Office equipment	<u>24,285</u>
Total Fixed assets	47,136
Less: Accumulated Depreciation	<u>( 21,047)</u>
<u>Net Fixed Assets</u>	<u>\$ 26,089</u>

C) Income Taxes: The company was formed as a limited liability company. Company income is taxed directly to the members' Accordingly, a provision for taxes has not been made.

D) Dates of Operations: These financial statements are prepared solely for the use of filing the annual report with the appropriate regulatory agencies. The statements reflect the operations, changes in financial position and changes in members' equity from the date of inception as a broker dealer, December 18, 2002 through December 31, 2003 as required by NASD correspondence dated January 15, 2003.

MIT ASSOCIATES, LLC  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D) Commitment and Contingencies: The company leases office space at 300 Atlantic Avenue, Stamford, Connecticut 06901 pursuant to a 64 month lease dated November 5, 2003. The lease calls for a base rent of \$7,777 per month plus annual increases for real estate taxes and maintenance above the base year.

The lease provides for a rebate of lease security at 20% per annum.

The company leases 30.6% of the office space to another unrelated tenant under a lease agreement which coincides with the master lease. The tenant pays \$2,379 per month plus applicable real estate taxes and maintenance above the base year.

The tenant contributed a pro-rata share of the lease security. Tenant will receive a 20% rebate on their lease security each year as stated above.

E) Cash and cash Equivalents: The company considers securities with maturities of three months or less, when purchased, to be cash equivalents. The company maintains cash and cash equivalents in accounts protected by insurance. At December 31, 2003 the company did not maintain any cash accounts that were not covered by insurance.

F) Contingencies: Contingencies include the usual obligations of a broker dealer. At December 31, 2003 there were no unusual contingencies.

G) Concentration of Risk: Substantially all of the company's business activity is located within the tri-state metropolitan area.

H) Customer Accounts: The company did not maintain any customer accounts in 2003.

I) Rule 15C-3 Exemption:

The company claims exemption from the requirements of Rule 15C-3 under Section K2(ii) of the rule.

Supplementary Financial Information

MIT ASSOCIATES, LLC  
SUPPLEMENTARY FINANCIAL INFORMATION  
COMPUTATION OF NET CAPITAL  
DECEMBER 31, 2003

Assets

Cash and cash equivalents	\$ 64,409
Accrued expenses payable	<u>( 13,830)</u>
<u>Net Capital</u>	<u>\$ 50,579</u>

The are no material differences between the above calculation and the calculation included in the Company's unaudited FOCUS report as of December 31, 2003.

**HOUSMAN & BLOCH, LLP**  
*Certified Public Accountants*

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To the Partners of:

MIT Associates, LLC  
300 Atlantic Avenue  
Stamford, CT 06901

Dear Sirs,

In planning and performing our audit of the financial statements and supplemental schedules of MIT Associates, LLC (the "Company") as of December 31, 2003 and for the period from December 18, 2002 to December 31, 2003 on which we issued a report dated February 6, 2004, we considered its internal control, including control 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 the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the company, including tests of compliance with such practices and procedures that we consider relevant to the objectives stated in Rule 17a-5(g) in making periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of 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. 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.

To the Partners of:  
MIT Associates, LLC

Page 2

The Management of the Company is responsible for establishing and maintaining internal control and practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs 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 conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because inherent limitations in internal control 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 the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness in 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 error or fraud in amounts that would be material in relation to the financial statements being audited may not 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 internal control, including control activities for safeguarding securities that we consider to be a 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.

**HOUSMAN & BLOCH, LLP**

To the partners of:  
MIT Associates, LLC

Page 3

This report is intended solely for the information and use by the partners of MIT Associates, LLC, management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.

Very truly,

*Housman & Bloch LLP*

Housman & Bloch LLP

New York, New York  
February 6, 2004

**HOUSMAN & BLOCH, LLP**