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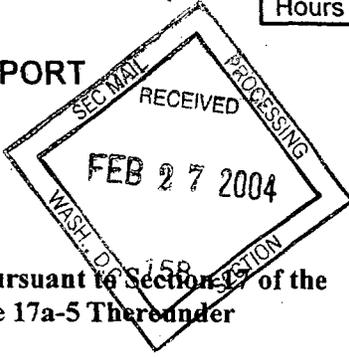
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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III



SEC FILE NUMBER
8 - 50 647

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 JANUARY 1, 2003 AND ENDING DECEMBER 31, 2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER:

THE FOREST ALTERNATIVE STRATEGIES FUND II, LP.

OFFICIAL USE ONLY
FIRM ID. NO.

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

53 FOREST AVENUE

(No. And Street)

OLD GREENWICH,
(City)

CT
(State)

06870
(Zip Code)

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

DOMINICK AQUILIO

(203)-637-6010

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report *

FULVIO & ASSOCIATES, LLP

ATTN: JOHN FULVIO, CPA

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

60 EAST 42ND STREET
(Address)

NEW YORK
(City)

NY
(State)

10165
(Zip Code)

CHECK ONE:

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

PROCESSED
MAR 25 2004

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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 basis for the exemption. See section 240.17a-5(e)(2).

BB

OATH OR AFFIRMATION

I, DOMINICK AQUILIO, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of THE FOREST ALTERNATIVE STRATEGIES FUND II, LP., 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:

Dominick Aquilio
Signature
CHIEF FINANCIAL OFFICER
Title

Meredith M. Boyd
Notary Public

my commission expires 10/07

This report ** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Member's Equity.
- (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 or 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 sin the date of previous audit.
- (o) Supplemental independent Auditors Report on Internal Accounting Control.

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

FOREST ALTERNATIVE STRATEGIES FUND II L.P.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2003

FOREST ALTERNATIVE STRATEGIES FUND II L.P.

REPORT PURSUANT TO RULE 17a-5(d)

DECEMBER 31, 2003

FOREST ALTERNATIVE STRATEGIES FUND II L.P.
FINANCIAL STATEMENTS
DECEMBER 31, 2003

CONTENTS

	<u>PAGE</u>
Facing Page – Oath or Affirmation	1
Independent Auditor's Report	2
Statement of Financial Condition	3
Statement of Income	4
Statement of Changes in Partners' Capital	5
Statement of Cash Flows	6
Notes to Financial Statements	7-8
Supporting Schedules:	
Computation of Net Capital Pursuant to Uniform Net Capital Rule 15c3-1.	9
Computation for the Determination of the Reserve Requirements and Information Relating to Possession Or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3.	10
Independent Auditor's Supplementary Report on Internal Accounting Control.	11-12

INDEPENDENT AUDITOR'S REPORT

To the Partners of
Forest Alternative Strategies Fund II L.P.:

We have audited the accompanying statement of financial condition of Forest Alternative Strategies Fund II L.P. (the "Partnership") as of December 31, 2003, and the related statements of income, changes in partners' capital and cash flows for the year then ended. These financial statements are the responsibility of the Partnership'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 Forest Alternative Strategies Fund II L.P. as of December 31, 2003, and the results of its income and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 9 and 10 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 our 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 and in conformity with the rules of the Securities and Exchange Commission.

Fulvio & Associates LLP

New York, New York
February 25, 2004

FOREST ALTERNATIVE STRATEGIES FUND II L.P.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003

ASSETS

Receivables from clearing broker	<u>\$ 410,151</u>
TOTAL ASSETS	<u>\$ 410,151</u>

LIABILITIES AND PARTNERS' CAPITAL

Liabilities	\$ -
Partners' capital	<u>410,151</u>
TOTAL LIABILITIES AND PARTNERS' CAPITAL	<u>\$ 410,151</u>

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

FOREST ALTERNATIVE STRATEGIES FUND II L.P.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2003

REVENUES:

Net trading profit	\$ 12,497
Other income	3,097
Interest income	<u>2,295</u>
 TOTAL REVENUES	 <u>17,889</u>

EXPENSES:

Clearance	<u>57</u>
 TOTAL EXPENSES	 <u>57</u>
 NET INCOME	 <u><u>\$ 17,832</u></u>

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

FOREST ALTERNATIVE STRATEGIES FUND II L.P.
STATEMENT OF CHANGES IN PARTNERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2003

Partners' Capital – January 1, 2003	\$ 454,035
Net Income	17,832
Partner Withdrawals	<u>(61,716)</u>
Partners' Capital – December 31, 2003	<u>\$ 410,151</u>

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

FOREST ALTERNATIVE STRATEGIES FUND II L.P.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

Cash flows from operating activities:

Net Income		\$ 17,832
Adjustments to reconcile net income to net cash provided by operating activities		
(Increase) decrease in operating assets:		
Securities owned, at market value	\$ 39,559	
Receivable from clearing broker	13,057	
Increase (decrease) in operating liabilities:		
Securities sold, but not yet purchased, at market	<u>(8,732)</u>	
Total adjustments		<u>43,884</u>
Net cash provided by operating activities		<u>61,716</u>
Cash flows from financing activities:		
Partner capital withdrawals		<u>(61,716)</u>
Net cash used in financing activities		<u>(61,716)</u>
NET CHANGE IN CASH		-
Cash at January 1, 2003		<u>-</u>
Cash at December 31, 2003		<u><u>\$ -</u></u>

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

FOREST ALTERNATIVE STRATEGIES FUND II L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

a) Organization

Forest Alternative Strategies Fund II L.P. (the "Partnership") is a broker-dealer in securities registered with the Securities and Exchange Commission and a member of the National Association of Securities Dealers, Inc. The Partnership has different series of limited partnership interests with different investment objectives.

b) Securities Transactions

Transactions in securities are recorded on a trade-date basis. Securities owned or sold, but not yet purchased and contractual commitments arising pursuant to equity swaps and other derivative contracts are valued at market including accrued interest on bonds. All resulting gains and losses are included in partners' capital.

The Partnership's trading activities include short sales of equity securities, as well as the writing of stock options having various expiration dates. Subsequent market fluctuations may require purchasing the securities at prices which may differ from the market value reflected on the statement of financial condition. In many cases, the Partnership limits its risks by holding offsetting security or option positions.

c) Income Taxes

No provision for Federal, state and local taxes has been made since the Partnership is not a taxable entity and the partners are individually liable for the taxes on their share of the Partnership's income or loss.

NOTE 2 - RECEIVABLE FROM CLEARING BROKER

The Partnership conducts business with a clearing broker for its own proprietary account pursuant to a clearance agreement. All securities owned, and the receivable from the clearing broker reflected on the statement of financial condition, are positions carried by and amounts receivable from this clearing broker.

FOREST ALTERNATIVE STRATEGIES FUND II L.P.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003
(continued)

NOTE 3 - NET CAPITAL REQUIREMENT

As a registered broker-dealer and member of the National Association of Securities Dealers, Inc., the Partnership is subject to the Uniform Net Capital Rule 15c3-1(the "Rule") of the Securities and Exchange Commission, which requires the maintenance of minimum net capital as defined. The Partnership has elected to use the alternative method permitted by the Rule, which requires the Partnership to maintain \$250,000 of minimum net capital. At December 31, 2003, the Partnership had net capital of \$410,151, which was \$160,151 in excess of the minimum requirement.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Partnership's fund manager provides investment and management services to the Partnership, and receives a management fee. The fund manager is also entitled to an incentive fee equal to 20% of each partner's share of net income determined on a monthly basis.

SUPPLEMENTAL INFORMATION

FOREST ALTERNATIVE STRATEGIES FUND II L.P.
 COMPUTATION OF NET CAPITAL
 PURSUANT TO UNIFORM NET CAPITAL RULE 15c3-1
 AS OF DECEMBER 31, 2003

Credits:		
	Partners' capital	\$ 410,151
Debits:		
	Non-allowable assets	<u> -</u>
	Net capital before haircuts on securities positions	410,151
Haircuts on securities positions		<u> -</u>
	Net capital	410,151
Minimum net capital requirements		<u>250,000</u>
	Excess net capital	<u><u>\$ 160,151</u></u>

Below is a reconciliation between the Company's unaudited Form X-17A-5 part IIA filing, as originally submitted, and the above computation:

	Net capital, per the unaudited Form X-17A-5 Part IIA as originally submitted	\$ 408,844
	Decrease in Haircuts as a result of valuation adjustment to security positions	<u>1,307</u>
	Net Capital Per Above	<u><u>\$ 410,151</u></u>

FOREST ALTERNATIVE STRATEGIES FUND II L.P.
COMPUTATION FOR DETERMINATION OF THE RESERVE REQUIREMENTS
AND INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS
FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3
FOR THE YEAR ENDED DECEMBER 31, 2003

The Partnership does not effect transactions for anyone defined as a customer under Rule 15c3-3. Accordingly, there are no items to report under the requirements of this Rule.

**SUPPLEMENTARY REPORT
OF INDEPENDENT AUDITORS**

INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT
ON INTERNAL ACCOUNTING CONTROL

To the Partners of
Forest Alternative Strategies Fund II L.P.:

In planning and performing our audit of the financial statements of Forest Alternative Strategies Fund II L.P. (the "Partnership") 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 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 (SEC), we have made a study of the practices and procedures followed by the Partnership including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the 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 Partnership 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 Partnership in any of the following:

- Making quarterly securities examinations, counts, verifications, and comparisons
- Recordation of differences required by rule 17a-13
- 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 Partnership 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 SEC'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 Partnership 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 the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. 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 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.

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 Partnership's practices and procedures were adequate at December 31, 2003, to meet the SEC's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, 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.

Julius & Associates LLP

New York, New York
February 25, 2004