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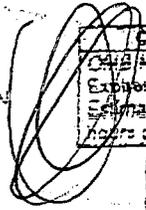
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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



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SECURITIES & EXCHANGE COMMISSION
OFFICE OF INVESTOR
EDUCATION & ASSISTANCE

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

Pirrone & Company, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

504 Warren St.
(No. and Street)

Hudson, N. Y. 12534
(City) (State) (Zip Code)

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

Robert R. Pirrone 518-828-4627
(Name) (Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Stephen C. Apolito
(Name - if individual, state last, first, middle name)

1930 Route 9 - Rhodack, N. Y. 12089-5553
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

*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).

PROCESSED

MAR 31 2004

THOMSON
FINANCIAL

Handwritten signature/initials

Stephen C. Apolito
Certified Public Accountant
1493 Route 9 - Schodack, NY 12033
(518) 732-4010

INDEPENDENT AUDITOR'S REPORT

To Stockholders
Pirrone & Company, Inc.

I have audited the accompanying statement of financial condition of Pirrone & Company, Inc. as of December 31, 2003, and the related statement of income and stockholders' equity, and statement of cash flows, for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

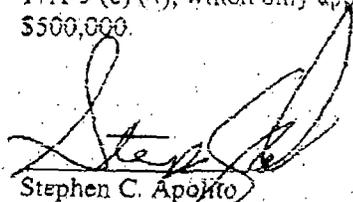
I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pirrone & Company, Inc. as of December 31, 2003, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Securities and Exchange Commission. Such information had been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Pirone & Company, Inc. is an introducing broker that clears all transactions on fully disclosed basis with Pershing (a division of Donaldson, Lufkin & Jenrette Securities Corporation). The company promptly transmits all customer funds and securities to Pershing, who carries all of the accounts of such customers and maintains and preserves such books and records pursuant to the requirements of Rules 17a-3 and 17a-4. As a result, the company is not required to report the computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3, or Information Relating to the Possession or Control Requirements Under Rule 15c3-3.

The company is also exempt from filing the SIPC Supplemental Report pursuant to Rule 17A-5 (e) (4), which only applies to firms whose gross revenues are greater than \$500,000.



Stephen C. Apolito
February 29, 2004

Pirrone and Company, Inc.
Statement of Financial Condition
December 31, 2003

ASSETS

Cash	\$ 6,193
Receivables from brokers, dealers and clearing organization	6,882
Receivables from non-customers	10,408
Securities owned - at market (Note 1)	1
Furniture, equipment and leasehold improvements, at cost, less accumulated depreciation of \$23,844	542
Deposits with clearing organization	25,000
Other assets	4,210
Total Assets	<u>\$ 53,236</u>

LIABILITIES & STOCKHOLDERS' EQUITY

Liabilities

Accounts payable & accrued expenses	\$ 20,865
Line of credit - Key Bank (Note 6)	15,000
Commitments & contingent liabilities (Note 2)	
Total Liabilities	<u>35,865</u>

Stockholders' Equity

Common stock (no par; 200 shs auth.; 100 shs issued.)	100
Additional paid-in capital	75,188
Retained earnings	201,001
Less common stock in treasury, at cost	-258,918
Total Stockholders' Equity (Note 3)	17,371

Total Liabilities & Stockholder's Equity	<u>\$ 53,236</u>
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See independent auditor's report and notes to financial statements.

Pirrone and Company, Inc.
Statement of Income
For the Period Ending December 31, 2003

REVENUE

Commissions	\$ 154,532
Net investment gains (losses)	877
Interest & dividends	18,296
Fee income	1,089
Other revenue (losses)	
Total Revenue	<u>174,794</u>

EXPENSES

Employee compensation & benefits	73,326
Commissions & clearing house charges	25,478
Information services	3,618
Rent - office & equipment	13,223
Depreciation & amortization	1,046
Regulatory fees & expenses	3,322
Interest expense	1,061
Other expenses (See Schedule I)	36,256
Total Expenses	<u>157,330</u>
Net Income (Loss) (Note 4)	<u>\$ 17,464</u>

See independent auditor's report and notes to financial statements.

Pirrone and Company, Inc
Schedule J
Other Expenses
For the Year Ending December 31, 2003

OTHER EXPENSES

Advertising	\$ 2,526
Entertainment & meals	48
Vehicle expenses	1,000
Utilities & telephone	7,575
Office supplies & postage	4,694
Cleaning & maintenance services	1,350
Repairs - building & equipment	45
Insurance - general	5,484
Accounting fees	5,663
Other general expenses	6,546
Non tax deductible expenses	1,225
Total Other Expenses	<u>\$ 36,256</u>

Pirone and Company, Inc.
Statement of Cash Flows
 For the Period Ending December 31, 2003

Cash flow from operating activities:

Cash received from customers	\$ 169,947
Interest and dividends received	877
Other operating receipts	-
Cash paid to vendors and employees	(148,729)
Interest paid	<u>(1,061)</u>
Net cash provided (used) by operating activities	<u>21,034</u>

Cash flow from investing activities:

Sale of marketable securities	0
Furniture & equipment	<u>0</u>
Cash flow from investing activities	<u>0</u>

Cash flow from financing activities:

Treasury stock transactions	(22,920)
Dividends	-
Bank borrowings	<u>5,000</u>
Net cash provided (used) by financing activities	<u>(17,920)</u>

Net increase (decrease) in cash & equivalents

3,114

Cash & equivalents, beginning of year

3,079

Cash & equivalents, end of year

\$ 6,193

Reconciliation of net income to net cash provided by operating activities

Net income \$ 17,464

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

Depreciation and amortization	1,046
(Increase) decrease in receivables	(3,970)
(Gain) loss on sale of investments	-
(Increase) decrease in prepaid expenses	(688)
Increase (decrease) in accounts payable & accrued exp.	7,182
Rounding	<u>3,570</u>
Total adjustments	<u>3,570</u>

Total cash provided (used) by operating activities

\$ 21,034

See independent auditor's report and notes to financial statements.

Pitrowe and Company, Inc.
Statement of Changes in Stockholders' Equity
For the Year Ended December 31, 2003

STOCKHOLDERS' EQUITY

Beginning retained earnings	\$ 183,537
Net income (loss) for the current year	17,464
Rounding	-
Dividends paid	-
	<hr/>
Ending retained earnings	201,001
Common stock	100
Additional paid-in capital	75,188
Beginning treasury stock	(221,168)
Additional treasury stock (purchased) retired	<u>(37,750)</u>
Ending treasury stock	(258,918)
Total Stockholders' Equity	<u><u>\$ 17,371</u></u>

See independent auditor's report and notes to financial statements.

Furner and Company, Inc.
Schedule II
Computation of Net Capital
As of December 31, 2003

1. Total stockholders' equity		\$ 17,371
2. Deduct stockholders' equity not allowable		
3. Total Stockholders' Equity Qualified for Net Capital		<u>17,371</u>
4. Add:		
A. Liabilities subordinated to claims of creditors allowable		
B. Other (deductions) or allowable credits		
5. Total Capital and Allowable Subordinated Liabilities		17,371
6. Deductions and/or charges		
A. Non-allowable assets:		
1. Receivables from non-customers		
2. Furniture & equipment - net of depreciation	542	
3. Security deposits	630	
4. Prepaid expenses	<u>3,581</u>	
Total Non-allowable Assets		<u>4,753</u>
B. Secured demand note deficiency		
C. Commodity futures contracts and spot commodities		
D. Other deductions and/or charges		
Total Deductions and/or Charges		4,753
7. Other additions and/or allowable credits (list)		
8. Net Capital Before Haircuts on Securities		<u>12,618</u>
9. Haircuts on securities:		
A. Contractual securities commitments		
B. Subordinated securities borrowings		
C. Trading and investment securities:		
1. Exempted securities		
2. Debt securities		
3. Options		
4. Other securities	0	
D. Undue concentration		
E. Other (list):		
Total Haircuts		
10. Net Capital		<u><u>\$ 12,618</u></u>

See independent auditor's report and notes to financial statements.

Pirrone and Company, Inc.
Schedule II
Computation of Net Capital
As of December 31, 2003

Computation of Basic Net Capital Requirement

11. Minimum net capital required 8-2/3% of line 19	\$ 2,391
12. Minimum dollar net capital requirement	5,000
13. Net capital requirement (greater of line 11 or 12)	5,000
14. Excess net capital (line 10 less line 13)	7,618
15. Excess net capital at 100%-line 10 less 10% of line 19	9,032

Computation of Aggregate Indebtedness

16. Total aggregate indebtedness from financial statement	35,865
17. Add:	
A. Drafts for immediate credit	
B. Market value of securities borrowed for which no equivalent value is paid or credited	
C. Other unrecorded amounts (list)	
18. Less adjustments for special reserve bank accounts	
19. Total Aggregate Indebtedness	<u>\$ 35,865</u>
20. Percent aggregate indebtedness to net capital	206.5%
21. Percent debt to debt-equity total	67.4%

Reconciliation With Company's Computation Included in
Part (IA) of the Federal and Operational Combined Uniform
Single Report as of December 31, 1999:

Excess net capital (line 14) reported in FOCUS	\$ 7,619
Miscellaneous	(1)
Excess net capital (line 14) above	<u>\$ 7,618</u>

PIRRONE & COMPANY, INC.
Notes to Financial Statements
(See independent auditor's report)
For the year ended December 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Commission income and related expenses are recorded on a trade date basis.

Marketable securities held by the Company for its own account are valued at market value. The difference between cost and market is included in income.

Furniture, equipment and leasehold improvements are recorded at cost. Depreciation is provided on a double-declining balance basis using estimated useful lives of five to seven years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

2. COMMITMENTS

Under operating leases with the remaining non-cancelable term in excess of one year at December 31, 2003, rentals for office space are approximately \$970 a month through August 31, 2003, and \$1,045 through August 31, 2004. The total annual minimum non-cancelable lease payments are as follows: 2004 - \$12,220, 2004 - \$12,720, 2005 - \$8,720.

3. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1) and rules of the NASD, which require the maintenance of minimum net capital equal to the greater of \$5000 or 6-2/3% of total aggregate indebtedness, as defined.

4. INCOME TAXES

The Company is an S Corporation for both the federal and New York State income taxes, and is only liable for the New York S corporation fixed dollar minimum tax of \$100. As a result, no provision has been made for income taxes.

5. SUBORDINATED LIABILITIES

The Company has no liabilities subordinated to the claims of general creditors. As a result, no statement of changes regarding such liabilities is presented.

6. LINE OF CREDIT

The Company has a \$15,000 loan with KeyCorp. The interest rate is Wall Street Journal Prime plus 3%.

Stephen C. Apolito
Certified Public Accountant
1493 Route 9 - Schodack, NY 12033
(518) 732-4010

DEPENDENT AUDITOR'S REPORT ON INTERNAL
ACCOUNTING CONTROL REQUIRED BY RULE 17a-5
OF THE SECURITIES AND EXCHANGE COMMISSION

Stockholders
Pirrone & Company, Inc.

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

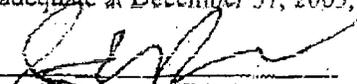
As required by rule 17a-5(g)(1) of the Securities and Exchange Commission, I have conducted a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Pirrone & Company, Inc. that I considered relevant to the objectives stated in rule 17a-5-(g)(1) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11). I did not review the practices and procedures followed by the Company in making the periodic securities examinations, counts, verifications and comparisons, and the reconciliation of differences required by rule 17a-13 or in complying with the requirements for prompt payment of securities under section 8 of the Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry securities for the accounts of customers or perform custodial functions relating to customer securities.

Management of the Company is responsible for establishing and maintaining an effective 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 structures and procedures referred to in the preceding paragraph and to assess whether the 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 conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be a material weakness 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 element 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.

I 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 the 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 my study, I believe that the Company's practices and procedures were adequate at December 31, 2003, to meet the Commission's objectives.



Stephen C. Apolito, CPA
February 29, 2004