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SECURITIES **04016310** COMMISSION  
Washington, D.C. 20549

SO 3/17/04

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

SEC FILE NUMBER  
8-65543

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 02/26 /2003 AND ENDING 12/31/2003  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: AMSTAR DISTRIBUTORS, INC.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

225 West 34th Street

(No. and Street)

New York

NY

10122

(City)

(State)

(Zip Code)

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

Joseph Kolanko

212-209-8840

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Perelson Weiner LLP

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

One Dag Hammarskjold Plaza

New York

NY

10017

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 29 2004

THOMSON  
FINANCIAL

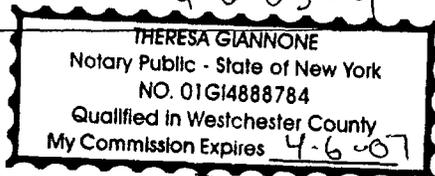
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

**OATH OR AFFIRMATION**

I, Joseph Kolanko, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Amstar Distributors, 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:

None



Theresa Giannone  
Notary Public

Joseph S. Kolanko  
Signature  
Managing Director  
Title

Joseph S. Kolanko  
AMIC Distribution Partners

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).

PERELSON  
WEINER<sub>LLP</sub>

**AMSTAR DISTRIBUTORS, INC.**  
**FINANCIAL STATEMENTS**  
**AND**  
**ACCOMPANYING INFORMATION**  
**DECEMBER 31, 2003**

**AMSTAR DISTRIBUTORS, INC.**  
**FINANCIAL STATEMENTS**  
**AND**  
**ACCOMPANYING INFORMATION**  
**DECEMBER 31, 2003**

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**PERELSON  
WEINER<sub>LLP</sub>**

CERTIFIED PUBLIC ACCOUNTANTS

ONE DAG HAMMARSKJOLD PLAZA  
NEW YORK, NY 10017-2286  
TELEPHONE 212.605.3100  
FACSIMILE 212.605.3128  
EMAIL pw@pwcpa.com

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
**Amstar Distributors, Inc.**

We have audited the accompanying statement of financial condition of Amstar Distributors, Inc. as of December 31, 2003 and the related statements of operations, changes in stockholder's equity and cash flows for the period February 26, 2003 (date of commencement of operations) through December 31, 2003. 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 Amstar Distributors, Inc. as of December 31, 2003 and the results of its operations and cash flows for the initial period then ended, in conformity with accounting principles generally accepted in the United States of America.



February 16, 2004

**AMSTAR DISTRIBUTORS, INC.**  
(A Wholly Owned Subsidiary of AMIC Distribution Partners, Inc.)  
**STATEMENT OF FINANCIAL CONDITION**  
DECEMBER 31, 2003

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**ASSETS**

Cash	\$ 41,789
Accounts receivable	1,421
	<hr/>
	\$ 43,210
	<hr/> <hr/>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Liabilities	
Accrued expenses payable	\$ 2,738
Stockholder's equity	
Common stock (\$.01 par value; 1,000 shares authorized; 100 shares issued and outstanding)	1
Additional paid in capital	58,332
Accumulated deficit	(17,861)
	<hr/>
	40,472
	<hr/>
Total stockholder's equity	\$ 43,210
	<hr/> <hr/>

**See notes to financial statements.**

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**AMSTAR DISTRIBUTORS, INC.**

(A Wholly Owned Subsidiary of AMIC Distribution Partners, Inc.)

**STATEMENT OF OPERATIONS**

**FEBRUARY 26, 2003 (DATE OF COMMENCEMENT OF OPERATIONS) THROUGH  
DECEMBER 31, 2003**

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Revenue	
Fees	<u>\$ 18,471</u>
Expenses	
Rent, personnel and office services	20,831
Registration fees	6,084
Trust	2,221
Travel and entertainment	4,795
Fund service	1,200
Miscellaneous	<u>546</u>
	<u>35,677</u>
Loss before income taxes	(17,206)
Income taxes (Note 2)	<u>655</u>
Net loss	<u><u>\$ (17,861)</u></u>

**See notes to financial statements.**

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**AMSTAR DISTRIBUTORS, INC.**

(A Wholly Owned Subsidiary of AMIC Distribution Partners, Inc.)

**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**

FEBRUARY 26, 2003 (DATE OF COMMENCEMENT OF OPERATIONS) THROUGH DECEMBER 31, 2003

	Shares Outstanding	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total
Issuance of equity and additional paid-in capital	100	\$ 1	\$ 58,332		\$ 58,333
Net loss				\$ (17,861)	(17,861)
Balance, December 31, 2003	100	\$ 1	\$ 58,332	\$ (17,861)	\$ 40,472

See notes to financial statements.

**AMSTAR DISTRIBUTORS, INC.**  
(A Wholly Owned Subsidiary of AMIC Distribution Partners, Inc.)  
**STATEMENT OF CASH FLOWS**  
FEBRUARY 26, 2003 (DATE OF COMMENCEMENT OF OPERATIONS) THROUGH  
DECEMBER 31, 2003

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Cash flows from operating activities	
Cash received for services	\$ 17,050
Cash paid for expenses	<u>33,594</u>
Net cash used in operating activities	<u>(16,544)</u>
Cash flows from financing activities	
Issuance of common stock	1
Additional paid-in capital	<u>58,332</u>
Net cash provided by financing activities	<u>58,333</u>
Net increase in cash and cash, December 31, 2003	<u>\$ 41,789</u>

**RECONCILIATION OF NET LOSS TO  
NET CASH USED IN OPERATING ACTIVITIES**

Net loss	\$ (17,861)
Adjustments to reconcile net loss to net cash used in operating activities	
(Increase) in accounts receivable	(1,421)
Increase in accrued expenses	<u>2,738</u>
Net cash used in operating activities	<u>\$ (16,544)</u>

**See notes to financial statements.**

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**AMSTAR DISTRIBUTORS, INC.**  
(A Wholly Owned Subsidiary of AMIC Distribution Partners, Inc.)  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2003

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**Note 1 - Organization and Nature of Business**

Amstar Distributors, Inc. ("Company"), a wholly owned subsidiary of AMIC Distribution Partners, Inc. ("Parent"), was incorporated as a Delaware corporation on December 30, 2002. The Company is a security broker/dealer, registered with the Securities and Exchange Commission and a member of the National Association of Securities Dealers, Inc. (NASD). The Company commenced operations on February 26, 2003, the date of registration with the NASD, as a distributor of mutual fund shares.

**Note 2 - Summary of Significant Accounting Policies**

**a) Revenue and Expense Recognition**

Revenue and expense are recognized when earned or incurred, usually upon the closing of a transaction or pursuant to the terms of an engagement agreement.

**b) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and reported amounts of revenue and expenses during the reported period. Actual results may differ from those estimates.

**c) Income Tax**

The results of operations of the Company are included in the consolidated federal income tax return filed by the Parent. The Company files its own state and local income tax returns.

The Company has available a \$17,861 net operating loss to reduce future state income tax.

**Note 3 - Related Party Transactions**

The Parent provides office space, personnel and office services at the rate of \$25,000 per year. Rent and office expenses for the period were \$20,831 including \$2,083 which was reflected in accrued expenses payable as of December 31, 2003.

**AMSTAR DISTRIBUTORS, INC.**  
(A Wholly Owned Subsidiary of AMIC Distribution Partners, Inc.)  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

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**Note 4 - Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 8 to 1. As of December 31, 2003, the Company had net capital of \$39,051 which was \$34,051 in excess of its required net capital of \$5,000. The Company's net capital ratio was 0.07 to 1.

**ACCOMPANYING INFORMATION**

**PERELSON  
WEINER<sub>LLP</sub>**

CERTIFIED PUBLIC ACCOUNTANTS

ONE DAG HAMMARSKJOLD PLAZA  
NEW YORK, NY 10017-2286  
TELEPHONE 212.605.3100  
FACSIMILE 212.605.3128  
EMAIL [pw@pwcpa.com](mailto:pw@pwcpa.com)

**INDEPENDENT AUDITORS' REPORT ON ACCOMPANYING INFORMATION**

Board of Directors  
**Amstar Distributors, Inc.**

Our report on our audit of the financial statements of Amstar Distributors, Inc. for the period ended December 31, 2003 appears on page 1. That audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information on page 8 is presented only for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Net Capital and Aggregate Indebtedness, however, is required by Rule 17a-5 of the Securities and Exchange Commission. Such accompanying information has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, such information is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Perelson Weiner LLP".

**February 16, 2004**

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**AMSTAR DISTRIBUTORS, INC.**  
SUPPLEMENTARY INFORMATION  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2003

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Stockholder's equity	\$ 40,472
Less: non allowable assets	
Accounts receivable	<u>1,421</u>
Net capital before haircuts	39,051
Haircuts	<u>          </u>
Net capital	<u><u>\$ 39,051</u></u>
Aggregate indebtedness	\$ 2,738
Computed minimum net capital required	
12 1/2% of aggregate indebtedness	342
Minimum dollar requirement	5,000
Capital in excess of minimum requirements	34,051
Ratio of aggregate indebtedness to net capital	0.07 to 1

Statement Pursuant to Paragraph (d)(4) of Rule 17a-5:

The net capital reflected above does not materially differ from the corresponding net capital reflected in the unaudited Part IIA FOCUS filing as of December 31, 2003.

Statement Pursuant to Rule 15c3-3

The schedules entitled "Computation for Determination of Reserve Requirements Under Rule 15c3-3" and "Information for Possession or Control Requirements Under rule 15c3-3" are not applicable in accordance with the Company's exemption under paragraph (k)(2)(i) of Rule 15c3-3 of the SEC.

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL  
STRUCTURE REQUIRED BY SEC RULE 17A-5**

Board of Directors  
**Amstar Distributions, Inc.**

In planning and performing our audit of Amstar Distributors, Inc. (Company) for the period February 26, 2003 (date of commencement of operation) through 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 Company 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 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 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 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 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 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 the 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 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 Company's practices and procedures were adequate at December 31, 2003, to meet the SEC's objectives.

Our opinion recognizes that it is not practicable in a company the size of Amstar Distributors, Inc. to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control, and alternatively, greater reliance must be placed on surveillance by management.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, and other regulatory agencies that 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 by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Perelson Weiner LLP". The signature is written in black ink and is positioned above the date.

February 16, 2004