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

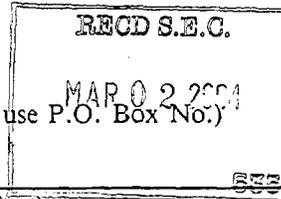
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**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

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:
AM&A Securities, Inc.



OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
2045 NE MLK

(No. and Street)

Portland,

OR

97212

(City)

(State)

(Zip Code)

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

Anthony L. Arnerich

(503) 239-0475

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Williamson & Associates, LLP

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

One SW Columbia, Suite 625

Portland

OR

97258

(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 02 2004

THOMSON
FINANCIAL

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).

OATH OR AFFIRMATION

I, Anthony L. Arnerich, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AM&A Securities, 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:

[Handwritten Signature]
Signature

PRESIDENT
Title



[Handwritten Signature: Michelle K Ruppelt]
Notary Public

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 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 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).



AM&A SECURITIES, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year ended December 31, 2003

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WILLIAMSON
& ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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SETTING A NEW STANDARD

To the Board of Directors
AM&A Securities, Inc.
Portland, Oregon

We have audited the accompanying balance sheet of AM&A Securities, Inc. as of December 31, 2003, and the related statements of operations and changes in stockholders' equity and cash flows for the year then ended, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. 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 have 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 AM&A Securities, Inc. at December 31, 2003, and the results of its operations 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 conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying supplementary information 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 under the Securities and Exchange Act of 1934. This information is the responsibility of the Company's management. 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 when considered in relation to the basic financial statements taken as a whole.

Williamson & Associates, LLP

February 24, 2004

AM&A SECURITIES, INC.

BALANCE SHEET

December 31, 2003

ASSETS

CURRENT ASSETS

Cash	\$ 19,921
Commission receivable	<u>4,146</u>
Total current assets	<u>24,067</u>

OTHER ASSETS

Deposits	25,245
Due from affiliate	<u>2,212</u>
Total other assets	<u>27,457</u>

TOTAL ASSETS \$ 51,524

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	<u>\$ 3,772</u>
------------------	-----------------

STOCKHOLDERS' EQUITY

Common stock - no par value, 100 shares authorized, issued and outstanding	55,000
Accumulated deficit	<u>(7,248)</u>
Total stockholders' equity	<u>47,752</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 51,524

AM&A SECURITIES, INC.

STATEMENT OF OPERATIONS

For the year ended December 31, 2003

REVENUES

Commissions	\$ 138,293
Mutual fund service fees	<u>14,053</u>
Total revenues	<u>152,346</u>

OPERATING EXPENSES

Commissions	75,664
Clearing charges	43,271
Management fee	31,700
Other expenses	1,670
Professional fees	6,216
Taxes and licenses	<u>3,291</u>

Total operating expenses 161,812

Loss before provision for income taxes (9,466)

Provision for income taxes 2,462

NET LOSS \$ (7,004)

AM&A SECURITIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For the year ended December 31, 2003

	Preferred Stock	Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance, December 31, 2002	\$ 30,000	\$ 25,000	\$ (608)	\$ 364	\$ 54,756
Recapitalization	(30,000)	30,000	-	-	-
Net loss	-	-	(7,004)	-	(7,004)
Reclass adjustment for accumulated other comprehensive income	-	-	364	(364)	-
Balance, December 31, 2003	\$ -	\$ 55,000	\$ (7,248)	\$ -	\$ 47,752

See auditors' report and notes to the financial statements

AM&A SECURITIES, INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$	(7,004)
Adjustments to reconcile net loss to net cash used by operating activities:		
(Increase) decrease in assets:		
Commission receivable		16,851
Deposits		263
Due from affiliates		(1,681)
Increase (decrease) in liabilities:		
Accounts payable		(14,316)
Deferred tax liability		<u>(96)</u>
Net cash used by operating activities		(5,983)
Cash at the beginning of the year		<u>25,904</u>
Cash at the end of the year	\$	<u><u>19,921</u></u>

See auditors' report and notes to the financial statements

AM&A SECURITIES, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2003

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS ACTIVITY - AM&A Securities, Inc. is engaged primarily in the sale of securities and investment company stock in Oregon and Washington. The Company was incorporated in the State of Oregon in October 1991, and commenced operations as a broker/dealer in December 1991, when it registered with the Securities and Exchange Commission (the "SEC") and obtained National Association of Securities Dealers authorization, pursuant to the relevant provisions of the Securities Exchange Act of 1934, as amended. AM&A Securities, Inc. is a wholly owned subsidiary of AM&A Holdings, Inc. (parent).

CASH AND CASH EQUIVALENTS - For purposes of the statement of cash flows, the Company considers cash and cash equivalents to include all time deposits, money market accounts, repurchase agreements and highly liquid investments purchased with original maturities of three months or less at the date of purchase.

SECURITIES TRANSACTIONS - Security transactions and related commission revenue and expense are recorded on a settlement date basis. Differences between trade date and settlement date, if any, are not significant.

INCOME TAXES - The Company files a consolidated federal income tax return and a combined Oregon excise tax return with its parent. For financial statement purposes, income tax expense is calculated on a stand-alone basis.

USE OF ESTIMATES - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COMMISSION RECEIVABLE

Commission receivable represents amounts owed to the Company by its clearing agent, Ragen Mackenzie, Inc., at December 31, 2003. Management of the Company believes all receivables will be collected. Therefore, no provision for doubtful accounts has been made.

AM&A SECURITIES, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2003

DEPOSITS.

The Company maintains a \$25,000 deposit at Ragen MacKenzie, Inc. per a fully disclosed security agreement. Balances may be used by Ragen MacKenzie, Inc. to offset any deficiencies, of which none were encountered, against the deposit balance. The balance at December 31, 2003 was \$25,000. The agreement may be terminated by either party, and all remaining balances will be refunded to the Company.

RELATED PARTY TRANSACTIONS

At December 31, 2003, the Company was owed \$2,212 from their parent company for current year tax expense.

Also see Management Fee note.

PROVISION FOR INCOME TAXES

The provision for income taxes for the year ended December 31, 2003 is as follows:

Federal income taxes	\$ (1,832)
State income taxes	<u>(630)</u>
Total income tax provision	<u>\$ (2,462)</u>

The company computes and records its income tax liability on a stand alone basis. If the Company were to pay these taxes, its liability at December 31, 2003 would be \$(2,462). However, the company files a consolidated return in which taxable income may differ substantially from the taxable income as shown in the Company's financial statements.

NET CAPITAL

The Company is subject to the Uniform Net Capital Rule ("the Rule") adopted by the SEC which requires the maintenance of minimum net capital to be greater than 1/15th of the aggregate indebtedness or \$5,000 under Rule 15c3-1(a)(2). At December 31, 2003, the Company had net capital and required net capital of \$45,295 and \$5,000, respectively, and a ratio of aggregate indebtedness to net capital of .40 to 1. Net capital and required net capital may fluctuate on a daily basis.

AM&A SECURITIES, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2003

MANAGEMENT FEE

On April 1, 2002, the Company entered into a management agreement with its parent to pay for the company's proportionate share of occupancy and administrative expense. The agreement calls for a \$6,500 per month overhead payment as long as it doesn't jeopardize the Company's net capital requirements. The agreement can be cancelled by either party with thirty days notice.

The Company will also reimburse the parent for any additional office and utility costs as applicable. The parent will bill the company for its pro rata portion of its shared employees payroll plus an additional 15% of its portion of employees salaries to compensate for benefits provided to such employees.

Management fee expense under this agreement for the year ended December 31, 2003 was \$31,700.

RECAPITALIZATION OF STOCK

During the year ended December 31, 2003, the Company elected a plan of recapitalization. All of the Company's capital stock, including common stock and all classes of preferred stock, were exchanged for 100 shares of no par value common stock.

SUPPLEMENTARY INFORMATION

AM&A SECURITIES, INC.

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1

For the year ended December 31, 2003

NET CAPITAL

Total stockholders' equity	\$ 47,752
Less non-allowable assets:	
Due from affiliate	2,212
Deposits	245
Total non-allowable assets	2,457
Net capital	\$ 45,295

AGGREGATE INDEBTEDNESS

Total liabilities from balance sheet	\$ 3,772
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COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS

Minimum net capital required	\$ 5,000
Excess net capital	\$ 40,295
Excess of capital at 1,000%	\$ 44,917
Ratio of aggregate indebtedness to net capital	.40 to 1

RECONCILIATION WITH COMPANY'S COMPUTATION

Net capital, as reported in Company's Part IIA (unaudited) Focus Report	\$ 44,962
Additions to retained earnings for audit adjustments, primarily related to accrual adjustments	333
Net capital per above	\$ 45,295

See auditors' report

AM&A SECURITIES, INC.

EXEMPTION FROM RESERVE REQUIREMENTS UNDER RULE 15C 3-1

December 31, 2003

EXEMPTIVE PROVISIONS

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(1)(ii) in the Rule.



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SETTING A NEW STANDARD

INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5

To the Board of Directors
AM&A Securities, Inc.
Portland, Oregon

In planning and performing our audit of the financial statements of AM&A Securities, Inc. (the Company) for the year ended December 31, 2003, 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 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 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 the 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

The management of the Company is responsible for establishing and maintaining internal control 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 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 the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

To the Board of Directors
AM&A Securities, Inc.
February 24, 2004
Page 2

Because of 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 internal control would not necessarily disclose all matters in internal control 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 one or more of the 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 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 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.

This report is intended solely for the information and use of the Board of Directors, 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 is not intended to be and should not be used by anyone other than these specified parties.

Williamson & Associates, LLP

Williamson & Associates, LLP
Portland, Oregon
February 24, 2004