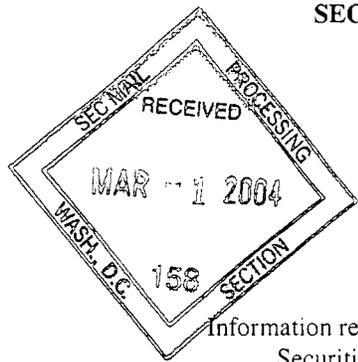


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SECURITIES AND EXCHANGE COMMISSION



2349
SEC FILE NO.
8-53276



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

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:

STINSON SECURITIES, LLC

OFFICIAL USE ONLY
FIRM ID. NO

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

55 FRANCISCO STREET, SUITE 800
(No and Street)

SAN FRANCISCO CALIFORNIA 94110
(city) (State) (Zip Code)

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

LONNIE ODOM (415) 990-0740
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose option is contained in this Report*

Ernst Wintter & Associates, Certified Public Accountants
(Name - if individual, state last, first, middle name)

675 Ygnacio Valley Road, Suite B-213, Walnut Creek, California 94596
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant nor resident in United State or any of its possession.

PROCESSED
MAR 29 2004

FOR OFFICIAL USE ONLY THOMSON FINANCIAL

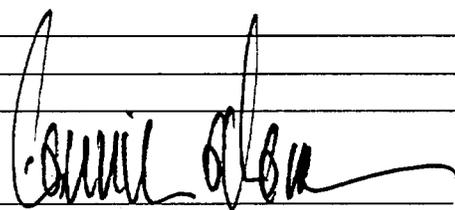
*Claims for exemption from the requirement that the annual report be covered by the option of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SW

OATH OR AFFIRMATION

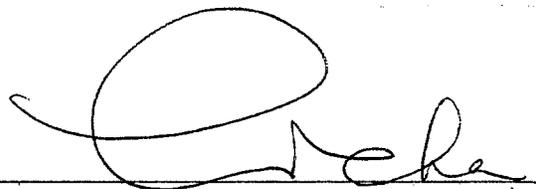
I, **LONNIE ODOM**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of **STINSON SECURITIES, LLC** as of **DECEMBER 31, 2003**, are true and correct. I further swear (or affirm) that neither the company 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

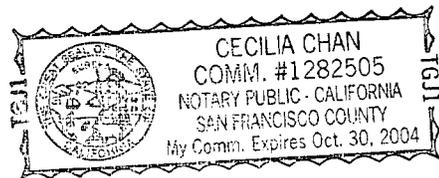


Signature


Title



Notary Public
2.26.04



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 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 Requirement 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.
- (o) Independent Auditor's Report on Internal Accounting Control.

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

Stinson Securities, LLC

Annual Audit Report

December 31, 2003

ERNST WINTER & ASSOCIATES
Certified Public Accountants

Stinson Securities, LLC

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675 Ygnacio Valley Road, Suite B-213
Walnut Creek, California 94596

(925) 933-2626
Fax (925) 944-6333

Independent Auditor's Report

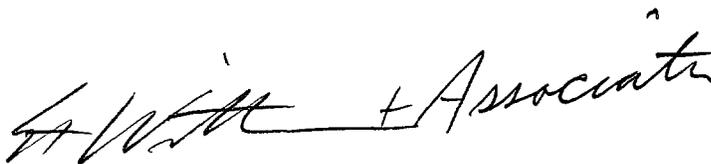
Board of Directors
Stinson Securities, LLC
San Francisco, California

We have audited the accompanying statement of financial condition of Stinson Securities, LLC (the Company) as of December 31, 2003, and the related statements of income, changes in members' 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 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 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 Stinson Securities, LLC at December 31, 2003, and the results of their operations and their 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 contained in Schedules I & II 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 Exchange Act of 1934. 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 in relation to the basic financial statements taken as a whole.



February 5, 2004

Stinson Securities, LLC

Statement of Financial Condition

December 31, 2003

Assets

Cash and cash equivalents	\$ 143,121
Commissions receivable	7,753
Furniture and equipment, net of \$6,722 accumulated depreciation	9,506
Deposits	<u>2,056</u>
Total assets	<u><u>\$ 162,436</u></u>

Liabilities and Members' Equity

Accounts payable and accrued expenses	\$ 14,392
Lines of credit	<u>20,230</u>
Total liabilities	34,622
Members' equity	
Member's equity Class A	\$ (37,676)
Members' equity Class B	<u>165,490</u>
Total members' equity	<u>127,814</u>
Total liabilities and members' equity	<u><u>\$ 162,436</u></u>

See independent auditor's report and accompanying notes.

Stinson Securities, LLC

Statement of Income (Loss)

For the Year Ended December 31, 2003

Revenues:	
Underwriting and trading	\$ 336,543
Interest and dividend income	<u>1,082</u>
Total revenue	337,625
Expenses:	
Compensation	205,433
Travel and entertainment	47,471
Rent	27,796
Insurance	25,637
Telephone	21,391
Professional fees	16,085
Quote fees	14,760
Depreciation expense	3,883
Other operating expenses	<u>48,795</u>
Total expenses	<u>411,251</u>
Net income (loss)	<u>\$ (73,626)</u>

See independent auditor's report and accompanying notes.

Stinson Securities, LLC

Statement of Changes in Members' Equity

For the Year Ended December 31, 2003

Members' equity at December 31, 2002	\$ 231,884
Prior period adjustment - see Note 7	8,503
Capital contributions	25,000
Distributions	(63,947)
Net loss	<u>(73,626)</u>
Members' equity at December 31, 2003	<u><u>\$ 127,814</u></u>

See independent auditor's report and accompanying notes.

Stinson Securities, LLC

Statement of Cash Flows

December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (73,626)
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation	3,883
(Increase) decrease in:	
Prior period adjustment	8,503
Commissions receivable	108,100
Deposits	2,858
Increase (decrease) in:	
Accounts payable and accrued expenses	<u>(11,656)</u>
Net cash provided (used) by operating activities	38,062
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of furniture and equipment	(2,982)
CASH FLOWS FROM FINANCING ACTIVITIES	
Capital contributions	25,000
Proceeds from lines of credit	13,403
Distributions	<u>(63,947)</u>
Net cash provided (used) by financing activities	<u>(25,544)</u>
Net increase (decrease) in cash and cash equivalents	9,536
Cash and cash equivalents, beginning of year	<u>133,585</u>
Cash and cash equivalents, end of year	<u>\$ 143,121</u>
SUPPLEMENTAL DISCLOSURE	
Interest paid	<u>\$ 1,920</u>

See independent auditor's report and accompanying notes.

Stinson Securities, LLC

Notes to the Financial Statements

December 31, 2003

(1) Organization

Stinson Securities, LLC (the Company) was organized in the State of California on July 19, 2001 and shall continue until December 31, 2091. The Company is a member of the National Association of Securities Dealers and participates in municipal bond underwriting primarily in California.

(2) Summary of Significant Accounting Policies

Underwriting Fees

The Company underwrites a municipal bond offering by contracting to buy the issue at a price based on selling the offering on a best effort basis. The difference between the price paid and the contract price less expenses represent underwriting income or loss.

Cash and Cash Equivalents

The Company considers all demand deposits held in banks and certain highly liquid investments with maturities of 90 days or less, other than those held for sale in the ordinary course of business, to be cash equivalents.

Commissions Receivable

The Company considers commissions receivable to be fully collectible, and accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they will be charged to operations when that determination is made.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

Use of Estimates

The preparation of financial statements in conformity 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.

Stinson Securities, LLC

Notes to the Financial Statements

December 31, 2003

(2) Summary of Significant Accounting Policies (continued)

Income Taxes

The Company is a limited liability company (LLC) and is taxed as a partnership under the Internal Revenue Code and a similar state statute. In lieu of income taxes, the members are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes is included in these financial statements. The Company is however, subject to the annual California LLC tax of \$800 and a California LLC fee based on gross revenue.

Furniture and Equipment

Property and equipment are valued at cost. Depreciation is being provided by the use of accelerated and straight-line methods over the estimated useful lives of the assets.

(3) Lines of Credit

The Company has two lines of credit with Wells Fargo Bank which require interest to be paid monthly and are summarized as follows:

<u>Credit line</u>	<u>Balance at December 31, 2003</u>	<u>Interest Rate</u>
\$ 15,000	\$ 14,370	9.25%
7,500	5,860	12.50%
<u>\$ 22,500</u>	<u>\$ 20,230</u>	

(4) Net Capital Requirements

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1) which requires the Company to maintain a minimum net capital equal to or greater than \$100,000 and a ratio of aggregate indebtedness to net capital not exceeding 15 to 1, both as defined. At December 31, 2003, the Company's net capital was \$116,252, which exceeded the requirement by \$16,252.

Stinson Securities, LLC

Notes to the Financial Statements

December 31, 2003

(5) Lease Obligations

The Company leases office space in San Francisco, California. The lease began on November 15, 2001 and ends November 15, 2006. The annual future minimum lease payments are as follows:

<u>Year ended</u>	<u>Amount</u>
December 31, 2004	\$ 28,093
December 31, 2005	28,093
October 31, 2006	<u>23,828</u>
	<u>\$ 80,014</u>

(6) Distributions to Members

The Company has two classes of members. Class B members have priority over class A members with respect to return of capital and distribution of quarterly gross revenue. Class B members are entitled to 1% of gross revenues for every \$10,000 invested as a capital contribution. Member's liability is limited to their respective capital contribution.

(7) Prior Period Adjustment

Members' equity at the beginning of 2003 has been adjusted. This adjustment resulted from a reduction in accrued expenses related to local taxes payable in the amount of \$8,503. The error had no effect on net income for 2003 and increased income in 2002 by \$8,503.

(8) Risk Concentrations

Due to the nature of municipal bond underwriting business, the Company's revenue during the year was primarily the result of a few transactions. Approximately 79% of revenue, \$254,690, was generated from one customer.

SUPPLEMENTAL INFORMATION

Stinson Securities, LLC

Schedule I

Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission

As of December 31, 2003

Net Capital:		
Total members' equity qualified for net capital		\$ 127,814
Less: Non-allowable assets		
Furniture and equipment, net	9,506	
Deposits	<u>2,056</u>	
Total non-allowable assets		<u>11,562</u>
Net capital		\$ 116,252
Net minimum capital requirement of 6.67% of aggregate indebtedness of \$34,622 or \$100,000, whichever is greater		<u>100,000</u>
Excess net capital		<u><u>\$ 16,252</u></u>

Reconciliation with Company's Net Capital Computation (included in Part II of Form X-17A-5 as of December 31, 2003)

Net capital as reported in Company's Part II of Form X-17A-5 as of December 31, 2003		\$ 120,813
Decrease in members' equity		(4,308)
Increase in non-allowable assets		<u>(253)</u>
Net capital per above computation		<u><u>\$ 116,252</u></u>

Schedule II

**Computation for Determination of Reserve Requirements
Pursuant to Rule 15c3-3 of the
Securities and Exchange Commission**

December 31, 2003

An exception from Rule 15c3-3 is claimed, based upon section (k)(2)(ii). All customer transactions are processed in accordance with Rule 15c3-1(a)(2).

**Information for Possession or Control
Requirements Under Rule 15c3-3**

December 31, 2003

Not applicable

Independent Auditor's Report on Internal
Accounting Control Required by SEC Rule 17a-5

Board of Directors
Stinson Securities, LLC
San Francisco, California

In planning and performing our audit of the financial statements and supplemental schedules of Stinson Securities, LLC (the Company) for the period 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 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 objective 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 exceptive 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 payments 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.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors 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 the 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 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 occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted the following matter involving the Company's internal control and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of procedures to be performed in our audit of the financial statements of the Company for the year ended December 31, 2003, and this report does not affect our report thereon dated February 5, 2004.

The size of the business and the resultant limited number of employees impose practical limitations on the effectiveness of those internal control policies and procedures that depend on the segregation of duties. Because this condition is inherent in the size of the Company, the specific weaknesses are not described herein and no corrective action has been taken or proposed by the Company.

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 Securities and Exchange Commission, the National Association of Securities Dealers and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulations of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in cursive script, reading "H. W. H. + Associate".

February 5, 2004