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

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
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DIVISION OF MARKET REGULATION

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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:
Greentree Investment Services, Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

704 McLaughlin Run Rd; Suite 200 (P.O. Box 88)
(No. and Street)

Bridgeville PA 15017-0088
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Kevin P. Biber (412) 221-9250
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

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

Abele Business Park; 60 Abele Road; Suite 1103; Bridgeville, PA 15017
(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 24 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 the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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449
3/23/2004

OATH OR AFFIRMATION

I, Kevin P. Biber, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Greentree Investment Services, 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:

COMMONWEALTH OF PENNSYLVANIA

Notarial Seal
Bobbie Jo Makrush, Notary Public
Bridgeville Boro, Allegheny County
My Commission Expires June 2, 2007

Member, Pennsylvania Association Of Notaries

Signature

President

Title

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 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).

**GREENTREE INVESTMENT
SERVICES, INC.**

**FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

FINANCIAL STATEMENTS

**LABRIOLA NEIGHBORS LLP
CERTIFIED PUBLIC ACCOUNTANTS**

LABRIOLA NEIGHBORS LLP

CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH P. LABRIOLA, CPA, CFE
L. THEODORE NEIGHBORS, CPA, ABV

ABELE BUSINESS PARK
60 ABELE ROAD, SUITE 1103
BRIDGEVILLE, PENNSYLVANIA 15017

TELEPHONE (412) 257-9920
FACSIMILE (412) 257-9923

February 18, 2004

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder of Greentree Investment Services, Inc.:

We have audited the accompanying balance sheets of Greentree Investment Services, Inc. as of December 31, 2003 and 2002, and the related statements of income, changes in stockholder's equity and cash flows for the years then ended. 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 audits.

We conducted our audits 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 audits provide 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 Greentree Investment Services, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Labriola Neighbors LLP

GREENTREE INVESTMENT SERVICES, INC.

BALANCE SHEET

DECEMBER 31

ASSETS

	<u>2003</u>	<u>2002</u>
Cash and cash equivalents	\$ 3,357	\$ 4,811
Short-term investments	34,372	32,182
Receivables	<u>2,965</u>	<u>3,786</u>
Total current assets	40,694	40,779
Computer equipment	1,276	1,276
Less: Accumulated depreciation	<u>(1,276)</u>	<u>(1,276)</u>
Total assets	<u>\$ 40,694</u>	<u>\$ 40,779</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

Accounts payable	<u>\$ 3,434</u>	<u>\$ 5,842</u>
Total current liabilities	<u>3,434</u>	<u>5,842</u>

STOCKHOLDER'S EQUITY

Common stock - no par value - \$1 stated value (1,000 shares authorized, 658 issued and outstanding)	658	658
Paid in capital	65,142	65,142
Retained earnings (loss)	<u>(28,540)</u>	<u>(30,863)</u>
Total stockholder's equity	<u>37,260</u>	<u>34,937</u>
Total liabilities and stockholder's equity	<u>\$ 40,694</u>	<u>\$ 40,779</u>

GREENTREE INVESTMENT SERVICES, INC.

STATEMENT OF INCOME

FOR THE YEARS ENDED DECEMBER 31

REVENUE

	<u>2003</u>	<u>2002</u>
Commission income	\$ 72,503	\$ 107,156
Interest and investment income net (Note 2)	<u>2,205</u>	<u>(3,008)</u>
Total revenues	<u>74,708</u>	<u>104,148</u>

EXPENSES

Salaries and benefits	10,662	10,820
Employment taxes	1,198	1,104
Communication	3,812	4,243
Commission	27,026	49,738
Registration	1,449	941
Quote expenses	1,184	4,208
Office supplies and administrative	9,387	10,032
Leased equipment		2,162
Automobile expense	6,592	9,006
Advertising	150	244
Dues	2,577	2,999
Travel & entertainment	3,395	3,790
Professional services	3,898	4,000
Taxes other than income taxes	482	
Other	<u>573</u>	<u>350</u>
Total expenses	<u>72,385</u>	<u>103,637</u>
Income gain before income taxes	2,323	511
Income taxes (Note 3)	<u> </u>	<u> </u>
Net income	2,323	511
Retained earnings – beginning of year	<u>(30,863)</u>	<u>(31,374)</u>
Retained earnings – end of year	<u>\$ (28,540)</u>	<u>\$ (30,863)</u>

GREENTREE INVESTMENT SERVICES, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Common Stock</u>	<u>Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at beginning of period	\$658	\$65,142	\$(30,863)	\$34,937
Net income	—	—	<u>2,323</u>	<u>2,323</u>
Balance at end of period	<u>\$658</u>	<u>\$65,142</u>	<u>\$(28,540)</u>	<u>\$37,260</u>

GREENTREE INVESTMENT SERVICES, INC.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Net gain (loss)	\$ 2,323	\$ 511
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Decrease (increase) in investments	(2,190)	3,040
Decrease (increase) in receivables	821	(1,213)
Increase (decrease) in accounts payable	<u>(2,408)</u>	<u>2,292</u>
Net increase (decrease) in cash	(1,454)	4,630
Cash and cash equivalents - beginning of year	<u>4,811</u>	<u>181</u>
Cash and cash equivalents - end of year	<u>\$ 3,357</u>	<u>\$ 4,811</u>

GREENTREE INVESTMENT SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Greentree Investment Services, Inc. is a corporation that operates to provide securities broker-dealer services under the regulation of National Association of Securities Dealers (NASD), Securities and Exchange Commission (SEC) and various states securities laws. Greentree Investment Services, Inc. commenced operations on May 21, 1991. The Company received approval of the regulatory authorities and began processing transactions effective January 2, 1992.

RECOGNITION OF REVENUE AND EXPENSES

Commission income is recognized when transactions are completed. Expenses are recognized when the liability is incurred.

USE OF ESTIMATES

The financial statements are prepared in conformity with generally accepted accounting principles and, accordingly, include amounts that are based on management's best estimates and judgements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and money market accounts. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 2 - INVESTMENTS

<u>2003</u>	<u>Cost</u>	<u>Market</u>
NASD Stock	\$ 5,200	\$ 5,200
NASD Warrants	20,100	20,100
Fidelity ADV Equity Growth Class T	<u>10,959</u>	<u>9,072</u>
	<u>\$ 36,259</u>	<u>\$34,372</u>

Unrealized gain of \$2,190 was recognized in the year ended December 31, 2003.

<u>2002</u>	<u>Cost</u>	<u>Market</u>
NASD Stock	\$ 5,200	\$ 5,200
NASD Warrants	20,100	20,100
Fidelity ADV Equity Growth Class T	<u>10,959</u>	<u>6,882</u>
	<u>\$ 36,259</u>	<u>\$32,182</u>

Unrealized loss of \$3,040 was recognized in the year ended December 31, 2002.

GREENTREE INVESTMENT SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 3 - INCOME TAXES

At December 31, 2003, net operating loss carryforwards were available for use in offsetting current year federal and state income tax. Therefore, no federal or state income taxes are currently payable. At December 31, 2003, net operating loss carryforwards of \$15,600 for federal income taxes and \$9,100 for state income taxes are available to offset future years taxable income.

At December 31, 2002, net operating loss carryforwards were also available and no federal or state income taxes are currently payable. At December 31, 2002, net operating loss carryforwards of \$18,000 for federal income taxes and \$11,400 for state income taxes are available to offset future years taxable income.

Federal carryforwards can be utilized through 2016. The state carryforwards can be utilized through 2011.

NOTE 4 - RELATED PARTY TRANSACTIONS

Greentree Investment Services, Inc. rents office space from its stockholder. The rental payments were \$7,524 in 2003. Payments of \$7,332 were made in 2002.

Greentree Investment Services, Inc. leases an automobile from its stockholder. The lease payments amounted to \$4,800 and \$4,800 in the years ended December 31, 2003 and 2002, respectively.

GREENTREE INVESTMENT SERVICES, INC.

COMPUTATION OF NET CAPITAL

DECEMBER 31, 2003

	<u>Focus Report</u>	<u>Audit Adjustments*</u>	<u>Audited Financial Statements</u>
Total Ownership Equity	\$ 37,260		\$ 37,260
Total Non-Allowable Assets	<u>(25,300)</u>	<u> </u>	<u>(25,300)</u>
Net Capital before Haircuts	11,960		11,960
Haircuts on Trading & Investment Securities	<u>(1,378)</u>	<u> </u>	<u>(1,378)</u>
Net capital	10,582		10,582
Minimum Dollar Requirement	<u>(5,000)</u>	<u> </u>	<u>(5,000)</u>
Excess Net Capital	<u>\$ 5,582</u>		<u>\$ 5,582</u>
Total Aggregate Indebtedness	<u>\$ 3,434</u>		<u>\$ 3,434</u>
Percentage of Aggregate Indebtedness to Net Capital	<u>32.45%</u>		<u>32.45%</u>

* No audit adjustments were required at December 31, 2003.

Greentree Investment Services, Inc. is exempt from Rule 15c-3-3 under exemption 15c-3-3(k)(2)(ii).

Rule 15c-3-3(k)(2)(ii) who, as an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and who promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rules 17a3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.

LABRIOLA NEIGHBORS LLP

CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH P. LABRIOLA, CPA, CFE
L. THEODORE NEIGHBORS, CPA, ABV

ABELE BUSINESS PARK
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February 18, 2004

SUPPLEMENTAL REPORT ON INTERNAL CONTROL STRUCTURE

Board of Directors and Shareholder of Greentree Investment Services, Inc.:

We have audited the financial statements of Greentree Investment Services, Inc. as of December 31, 2003 and for the year ended December 31, 2002 and have issued our report thereon dated February 18, 2004.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Greentree Investment Services, Inc. is responsible for establishing and maintaining an internal control structure. 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. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets 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. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Greentree Investment Services, Inc. for the year ended December 31, 2003, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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 one or more of the 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.

We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

Laluchi Muzlovz LLP