

3-24-04

3-2-

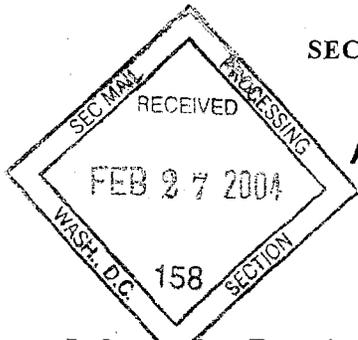


SECUR

04017559

MISSION

Washington, D.C. 20549



OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2004
Estimated average burden hours per response.....	12.00

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

SEC FILE NUMBER
8- 39904

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: First Long Island Investors, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

(No. and Street)

Jericho

New York

11753

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Stephen J. Juchem (516) 935-1200

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

KPMG LLP

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

1305 Walt Whitman Road

Melville

New York

11747

(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 25 2004**

<b>FOR OFFICIAL USE ONLY</b>
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)

OATH OR AFFIRMATION

I, Stephen J. Juchem, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First Long Island Investors, 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:

ENRICA SARASKY

Notary Public, State of New York

No. 01SA5084172

Qualified in Nassau County

Commission Expires September 2, ~~19~~ 2005

Enrica Sarasky  
Notary Public

Stephen J. Juchem  
Signature

Vice President & Chief Financial Officer  
Title

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).



**FIRST LONG ISLAND INVESTORS, LLC**

Financial Statements and Schedules

December 31, 2003 and 2002

(With Independent Auditors' Report Thereon)



KPMG LLP  
Suite 200  
1305 Walt Whitman Road  
Melville, NY 11747-4302

## Independent Auditors' Report

The Members of  
First Long Island Investors, LLC:

We have audited the accompanying statements of financial condition of First Long Island Investors, LLC as of December 31, 2003 and 2002, and the related statements of income, changes in members' equity, and cash flows for the years then ended, which 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 audits.

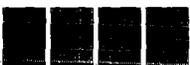
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, 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 First Long Island Investors, LLC 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.

Our audit of the 2003 financial statements was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in schedules I and 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.

KPMG LLP

February 20, 2004



KPMG LLP, a U.S. limited liability partnership, is the U.S. member firm of KPMG International, a Swiss cooperative.

**FIRST LONG ISLAND INVESTORS, LLC**

Statements of Financial Condition

December 31, 2003 and 2002

<b>Assets</b>	<b>2003</b>	<b>2002</b>
Cash	\$ 272,575	238,386
Accounts receivable	167,750	156,544
Furniture and fixtures, at cost (less accumulated depreciation of \$397,544 and \$355,173, respectively)	46,229	72,451
Cash surrender value – key-man life insurance	99,149	280,974
	<u>\$ 585,703</u>	<u>748,355</u>
<b>Liabilities and Members' Equity</b>		
Liabilities and accrued expenses	\$ 123,497	184,228
Members equity	462,206	564,127
	<u>\$ 585,703</u>	<u>748,355</u>

See accompanying notes to financial statements.

FIRST LONG ISLAND INVESTORS, LLC

Statements of Income

Years ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Revenue:		
Management fees	\$ 3,379,958	3,488,218
Interest income	28,693	43,283
	<u>3,408,651</u>	<u>3,531,501</u>
Expenses:		
Salaries and bonuses	2,237,296	2,282,846
Employee benefits	166,569	151,840
Profit sharing	128,188	110,270
Rent	280,115	263,045
Insurance	31,200	46,149
Professional fees	97,107	95,077
Office stationery and supplies	86,819	56,503
Depreciation	42,371	49,193
Business promotion	55,695	65,277
Automobile	38,323	37,767
Dues and subscriptions	28,149	22,590
Contributions	27,400	23,000
Telephone	30,705	29,841
Equipment rentals	26,093	25,652
Miscellaneous	26,367	14,675
	<u>3,302,397</u>	<u>3,273,725</u>
Net profit	\$ <u>106,254</u>	<u>257,776</u>

See accompanying notes to financial statements.

**FIRST LONG ISLAND INVESTORS, LLC**

Statements of Changes in Members' Equity

Years ended December 31, 2003 and 2002

	<u>Total members' equity</u>
Balance at December 31, 2001	\$ 751,987
Net profit	257,776
Repurchase of member interest	(245,636)
Distributions to members	<u>(200,000)</u>
Balance at December 31, 2002	564,127
Net profit	106,254
Distributions to members	<u>(208,175)</u>
Balance at December 31, 2003	<u><u>\$ 462,206</u></u>

See accompanying notes to financial statements.

**FIRST LONG ISLAND INVESTORS, LLC**

Statements of Cash Flows

Years ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Net profit	\$ 106,254	257,776
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	42,371	49,193
Changes in assets and liabilities:		
(Increase) in accounts receivable	(11,206)	(1,018)
Decrease (increase) in cash surrender value of key-man life insurance	181,825	(36,899)
(Decrease) increase in member buyout payable	(60,731)	184,228
Total adjustments	<u>152,259</u>	<u>195,504</u>
Net cash provided by operating activities	<u>258,513</u>	<u>453,280</u>
Cash flows from investing activities:		
Purchase of furniture and fixtures	(16,149)	—
Net cash provided by investing activities	<u>(16,149)</u>	<u>—</u>
Cash flows from financing activities:		
Member distributions	(208,175)	(200,000)
Repurchase of member interest	—	(245,636)
Net cash used in financing activities	<u>(208,175)</u>	<u>(445,636)</u>
Net increase in cash	34,189	7,644
Cash at beginning of year	<u>238,386</u>	<u>230,742</u>
Cash at end of year	<u>\$ 272,575</u>	<u>238,386</u>

See accompanying notes to financial statements.

# FIRST LONG ISLAND INVESTORS, LLC

Notes to Financial Statements

December 31, 2003 and 2002

## (1) Organization

First Long Island Investors, LLC (the Company) was organized on August 1, 1998 under Delaware state law. The Company is a diversified financial services firm rendering both investment management and advisory services and is registered with the United States Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940. In addition, the Company is registered as a broker/dealer with the U.S. Securities and Exchange Commission and the National Association of Securities Dealers, Inc.

## (2) Summary of Significant Accounting Policies

### (a) *Depreciation of Furniture and Fixtures*

The value of furniture and fixtures is stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the respective assets.

### (b) *Use of Estimates*

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### (c) *Income Taxes*

As a limited liability company, the Company has elected to be taxed as a partnership under the provisions of the Internal Revenue Code (IRC). Under those provisions, the Company does not pay Federal or State corporate income taxes on its taxable income and is not allowed a net operating loss carryover or carryback as a deduction. Instead, the members are liable for individual Federal and State income taxes on their respective share of the Company's taxable income and include their respective share of the Company's net operating loss in their individual income tax returns.

### (d) *Management of Partnership Affairs*

The Company receives a fee for management services (the Management Fee) provided for FLI Select Equity Funds I and II and FLI Partners Fund equal to 0.25% of the beginning capital account of each limited partner for such fiscal quarter (1.0% per annum).

## (3) Partnership Interests

The Company had interests in various limited partnerships. In some cases the limited partners in these ventures include members of the Company. In many cases the Company was the general partner and had contributed no capital but retained a 1% (in some cases up to 10%) partnership interest. There were several other partnerships where the Company had a management agreement with the limited partners for a share of the profits. In both types of arrangements, the Company was not entitled to compensation until certain financial goals had been met.

**FIRST LONG ISLAND INVESTORS, LLC**

Notes to Financial Statements

December 31, 2003 and 2002

**(4) Benefit Plans**

The Company's pension plan encompasses a defined contribution plan under Section 401(k) of the Internal Revenue Code. All full-time employees are eligible for voluntary participation upon employment. Under this plan, participants may contribute up to 15% of their base pay, subject to IRC limitations. Contributions by employees are not taxable until retirement. The Company does not match the employee's contributions.

The Company also maintains a Profit Sharing Plan. Contributions to this Plan are discretionary and are determined by the Company's management. A portion of the contributions are invested in the FLI Select Equity Fund L.P., a fund managed by the Company, and a portion are managed by the Company.

**(5) Commitments**

The Company is required to make rental payments under noncancelable operating leases covering office facilities, equipment, and automobiles. Generally, leases covering office facilities include renewal options and are subject to rent escalations based on increased operating costs and real estate taxes.

Minimum rental commitments at December 31, 2003 under all operating leases are as follows:

Year ended December 31:	
2004	\$ 251,450
2005	243,080
2006	214,188
2007	<u>53,475</u>
	<u>\$ 762,193</u>

**(6) Significant Customer Transactions**

Approximately 36% and 30% of management fee revenue earned during 2003 and 2002, respectively, was derived from persons who were significant customers of the Company and to whom professional services and advice have been rendered.

**(7) Key-Man Life Insurance**

The Company is the owner and beneficiary of a key-man life insurance policy carried on the life of a partner bearing an aggregate face value of \$600,000. No loans are outstanding against the policy, but there are no restrictions in the policy regarding loans. Insurance premium expense related to this policy is recorded in the statements of income.

**(8) Net Capital Requirement**

The Company is subject to the Securities and Exchange Commission's 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 15 to 1.

At December 31, 2003, the Company had net capital of \$248,227 which was \$239,994 in excess of its required net capital of \$8,233.

## FIRST LONG ISLAND INVESTORS, LLC

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

December 31, 2003

Net capital:		
Total members' equity		\$ <u>462,206</u>
Deductions and/or charges:		
Nonallowable assets:		
Accounts receivable	\$ 167,750	
Furniture and fixtures, net	<u>46,229</u>	<u>213,979</u>
Net capital		\$ <u><u>248,227</u></u>
Aggregate indebtedness:		
Items included in statement of financial condition:		
Liabilities and accrued expenses		\$ <u>123,497</u>
Total aggregate indebtedness		\$ <u><u>123,497</u></u>
Computation of basic net capital requirement:		
Minimum net capital required (greater of \$5,000 or 6-2/3% of aggregate indebtedness)		\$ 8,233
Excess net capital		\$ 239,994
Excess net capital at 1,000%		\$ 235,877
Ratio: Aggregate indebtedness to net capital		0.50 : 1

There are no material differences between the computation of net capital as of December 31, 2003 under Rule 15c3-1 included above and the computation included in Part IIA of Form X-17A-5, as amended and filed by the Company on February 20, 2004.

See accompanying independent auditor's report.

**FIRST LONG ISLAND INVESTORS, LLC**

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

December 31, 2003

The Company is exempt from the provisions of Rule 15c3-3, as amended, 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) of the Rule.

See accompanying independent auditor's report.



KPMG LLP  
Suite 200  
1305 Walt Whitman Road  
Melville, NY 11747-4302

The Members  
First Long Island Investors, LLC:

In planning and performing our audit of the financial statements and supplemental schedules of First Long Island Investors, LLC (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 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 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 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 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 preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. 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, 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 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 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 members, management, the SEC 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.

KPMG LLP

February 20, 2004