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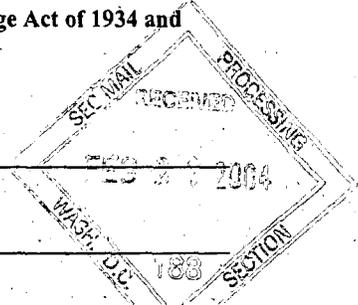
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to §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:

Grand Capital Corp.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (do not use PO Box No.)

250 West 57th Street
Street Address

New York, New York 10107
City State Zip Code

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

Georgi A Michele (212) 243-7802
Name Telephone

OFFICIAL USE ONLY

FIRM ID. NO.

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Richard G. Baccari, CPA
Name of individual (first, middle, last)

10 Mitchell Place, Suite 202 White Plains, New York 10601
Address City State Zip

Check One:

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

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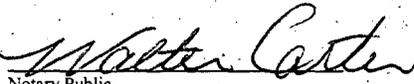
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2). SEC 142C(3-91)

OATH OR AFFIRMATION

I, Eliezer Homnick, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Grand Capital Corp., 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:


Signature FEB 26 2004

President _____
Title


Notary Public
FEB 26 2004

WALTER CARTER
Notary Public, State of New York
No. 02045025874
Qualified in New York County
Commission Expires Aug. 2, 2005

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 – 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 15c-3-1 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).

GRAND CAPITAL CORPORATION

REPORT

FORM X-17A-5

DECEMBER 31, 2003

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DECEMBER 31, 2003

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RICHARD G. BACCARI & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

10 Mitchell Place, Suite 202, White Plains, New York 10601

Telephone (914) 686-1201

Fax (914) 686-1281

www.rgbcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of

GRAND CAPITAL CORPORATION:

We have audited the accompanying statement of financial condition of Grand Capital Corporation (the "Company") as of December 31, 2003, and the related statements of income and expense, changes in stockholders' equity, and cash flows for the year 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 audit.

We conducted our audit in accordance with 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 condition of Grand Capital Corporation as of December 31, 2003, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Also, we have examined the supplementary schedules on pages 6-8 and, in our opinion, they present fairly the information included therein in conformity with the rules of the Securities and Exchange Commission.

Richard G. Baccari and Company, LLP

February 24, 2004

GRAND CAPITAL CORPORATION
STATEMENT OF FINANCIAL CONDITION
FOR THE YEAR ENDED DECEMBER 31, 2003

ASSETS

Current Assets:

Cash		\$87,792	
Petty Cash		500	
Receivables from Brokers and Dealers:			
Commissions Receivable	42,747		
Good Faith Deposit Account	24,974		
			<u>67,721</u>
Prepaid Expenses			<u>0</u>
Total Current Assets			156,013

Fixed Assets:

Computer Equipment	5,309		
Less: Accumulated Depreciation	<u>(5,309)</u>		
Total Assets			<u>\$156,013</u>

LIABILITIES AND STOCKHOLDERS EQUITY

Current Liabilities:

Accrued Expenses		<u>\$24,328</u>	
Total Current Liabilities			24,328

Stockholders' Equity:

Common stock, no par value:			
authorized 200 shares; issued and outstanding 100 shares		100	
Additional paid-in-capital		76,900	
Retained earnings		<u>54,685</u>	
Total Stockholders' Equity			<u>131,685</u>

Total Liabilities and Stockholders' Equity			<u>\$156,013</u>
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GRAND CAPITAL CORPORATION
STATEMENT OF INCOME AND EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2003

Revenues:

Commissions	\$203,880	
Other Income	<u>143,861</u>	
Total Revenues		347,741

Expenses:

Compensation - Voting Shareholder	18,683	
Compensation - Office	72,728	
Commissions paid to Registered Representatives	52,270	
Regulatory Fees	8,027	
Other Expenses	<u>187,705</u>	
Total Expenses		<u>339,413</u>
Net Income		<u><u>\$8,328</u></u>

GRAND CAPITAL CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

Resources Provided:

Net Income	\$8,328
Decrease in Good Faith Deposit Accounts	72,844
Decrease in Investments	<u>3,300</u>

Total Resources Provided 84,472

Resources Applied:

Increase in Commission Receivable	(24,341)
Decrease in Prepaid Expenses	5,385
Increase in Accrued Expenses	15,378

Total Resources Applied (3,578)

Net Resources Provided 80,894

Cash - January 1, 2003 6,898

Cash - December 31, 2003 \$87,792

GRAND CAPITAL CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003

Stockholders' Equity, January 1, 2003	\$123,357
Net Income	8,328
Shareholder Distribution	<u>0</u>
Stockholders' Equity, December 31, 2003	<u><u>\$131,685</u></u>

STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
FOR THE YEAR ENDED DECEMBER 31, 2003

Beginning of Period	\$0
Increase and (Decreases)	<u>0</u>
Balance, December 31, 2003	<u><u>\$0</u></u>

GRAND CAPITAL CORPORATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. ORGANIZATION:

Grand Capital Corporation (the "Company"), a New York corporation, was incorporated on March 23, 1995 for the purpose of engaging in the proprietary trading of securities. The Company is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and the National Association of Securities Dealers, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and Expense Recognition:

The Company prepares its financial statements on an accrual basis.

Income Taxes:

As of January 1, 1996, the Company elected to be taxed under subchapter S of the Internal Revenue Code. The net income of the corporation is therefore not subject to corporate income tax, but rather it is passed through to the shareholders, and tax is then incurred at the individual level.

3. CASH, CASH EQUIVALENTS, AND CONCENTRATION OF CREDIT RISK:

The statements of cash flows classify changes in cash and cash equivalents (short-term highly liquid investments convertible into cash with an original maturity of three months or less) according to operating, investing, or financing activities.

Financial instruments which potentially expose the Company to concentrations of credit risk consist principally of cash and accounts receivable.

The Company places its cash with a financial institution which management considers to be of high quality; however, at times such deposits may be in excess of the Federal Deposit Insurance Corporation insurance limit.

4. **SUPPLEMENTARY INFORMATION:**

Net capital as reported on page 8 of the audited Form X-17A-5 indicates net capital of \$131,185. In January 2004, the company filed part IIA of Form X-17A-5 (unaudited) and reported net capital of \$119,218. The difference of \$ 11,967 is accounted for by the reversals of accruals and reclassifications made during the audit.

5. **LEASE OBLIGATION:**

The Company currently leases space at 250 West 57th Street, New York, New York on a month-to-month basis. As of December 31, 2003, there was no operating lease, but the Company intends on continuing its relationship at \$5,000 a month, plus reimbursement for certain expenses.

GRAND CAPITAL CORPORATION
COMPUTATION OF NET CAPITAL
DECEMBER 31, 2003

Common Stock		\$100
Additional Paid in Capital		76,900
Retained Earnings		<u>54,685</u>
 Total Stockholders Equity		 131,685
 Less: Non-Allowable Assets		 <u>(500)</u>
 Net Capital Before Haircuts		 131,185
 Less: Haircuts on Securities		 <u> </u>
 Net Capital		 131,185
 Less the Greater of:		
 Minimum Dollar Net Capital Required	<u>50,000</u>	
 or		
 Minimum Net Capital Required: (6 2/3% of Aggregate Indebtedness \$24328)	<u>1,622</u>	<u>50,000</u>
 Excess Net Capital		 <u>\$81,185</u>

GRAND CAPITAL CORPORATION
AGGREGATE INDEBTEDNESS
DECEMBER 31, 2003

Accounts Payable and Accrued Expenses		<u>\$24,328</u>
 Percentage of Aggregate Indebtedness to Net Capital		 <u>19%</u>

ACCOUNTANT'S REPORT ON INTERNAL ACCOUNTING CONTROL

To the Board of Directors and Stockholders of

GRAND CAPITAL CORPORATION:

We have examined the financial statements of Grand Capital Corporation for the year ended December 31, 2003 and have issued our report thereon dated February 24, 2004. As part of the examination, we made a study and evaluation of the system on internal accounting control to the extent we considered necessary to evaluate the system required by the generally accepted auditing standard and Rule 17A-5 of the Securities and Exchange Commission. This study and evaluation included the accounting system, the procedures of safeguarding securities, and the practices and procedures followed by the client (i) in making the periodic computations of aggregated indebtedness and net capital under Rule 17A-3 (a) (11), the broker is exempt from compliance with Rule 15c3-3, and was in compliance with the conditions of the exemption, and no facts came to our attention indicating that such conditions had not been complied with during the year (ii) the broker does not maintain customer accounts nor handles securities, and we have reviewed the broker's practices for safeguarding securities that may be received by the broker for transmittal to a clearing organization. Rule 17A-5 states that the scope of the study and evaluation should be sufficient to provide reasonable assurance that any material weakness existing at the date of our examination would be disclosed. Under generally accepted auditing standards and Rule 17A-5, the purpose of such study and evaluation are to establish a basis for reliance thereon in procedures necessary for expressing an opinion of the internal accounting control.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance concerning the safeguarding of assets against loss from unauthorized use or disposition and concerning the reliability of financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management. However, for the purposes of this report under Rule 17A-5, the determination of weakness to be reported was made without considering the practicability of corrective action by management within the framework of a cost/benefit relationship.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends on segregation of duties can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates, projection or any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal accounting control for the year ended December 31, 2003 which was made for the purposes set forth in the first paragraph above and would not necessarily disclose all weaknesses in the system that may have existed during the period, disclosed no weaknesses that we believe to be material.

Richard F. Baccarelli and Company, LLP

February 24, 2004