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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8-48416

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: PFG Distribution Company
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
 610 West Germantown Pike, Suite 460
(No. and Street)

OFFICIAL USE ONLY
FIRM I.D. NO.

Plymouth Meeting PA 19462
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
 Kent C. Keim (484) 530-4812
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

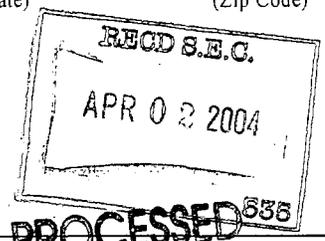
INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers L.L.P.
(Name - if individual, state last, first, middle name)

100 Pearl Street Hartford Connecticut 06103-4508
(Address) (City) (State) (Zip Code)

CHECK ONE:

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



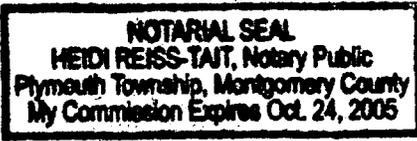
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PROCESSED
MAY 12 2004
THOMSON FINANCIAL

*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)

88
5-11

OATH OR AFFIRMATION

I, Kent C. Keim, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of PFG Distribution Company, 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:



Kent Keim
Signature
Treasurer
Title

Heidi Reiss-Tajt
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.
- N/A (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- N/A (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- N/A (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- N/A (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.
- N/A (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- N/A (m) A copy of the SIPC Supplemental Report.
- N/A (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).

**PFG Distribution
Company**

**Financial Statements
For the Year Ended
December 31, 2003**

PFG Distribution Company

Table of Contents

	<u>Page</u>
Report of Independent Auditors	1
Financial Statements:	
Statement of Financial Condition as of December 31, 2003	2
Statement of Operations for the year ended December 31, 2003	3
Statement of Shareholder's Equity for the year ended December 31, 2003	4
Statement of Cash Flows for the year ended December 31, 2003	5
Notes to Financial Statements	6-7
Computation of Net Capital and Aggregate Indebtedness	
Under Rule 15c3-1 of the Securities Exchange Act of 1934 as of December 31, 2003	8

Report of Independent Auditors

To the Board of Directors and Stockholder of
PFG Distribution Company

In our opinion, the accompanying statement of financial condition and the related statements of operation, of stockholder's equity and of cash flows present fairly, in all material respects, the financial position of PFG Distribution Company (the "Company") 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. 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 of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the Company has significant transactions with its parent, PFG Holdings, Inc. It is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on page 8 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.

PricewaterhouseCoopers LLP

February 18, 2004

PFG Distribution Company

Statement of Financial Condition as of December 31, 2003

ASSETS	
Cash	\$ 28,660
Deferred federal income tax benefit	24,517
Total assets	<u>\$ 53,177</u>
LIABILITIES AND SHAREHOLDER'S EQUITY	
Liabilities:	
Accounts payable	\$ -
Shareholder's Equity:	
Common stock, \$25 par value; 1,000 shares authorized issued and outstanding	25,000
Additional paid-in capital	75,770
Deficit	(47,593)
Total shareholder's equity	<u>53,177</u>
Total liabilities and shareholder's equity	<u>\$ 53,177</u>

See accompanying notes to financial statements.

PFG Distribution Company

Statement of Operations for the year ended December 31, 2003

Revenues:		
Commissions on variable insurance products	\$	83,842
Expenses:		
Allocated administrative expenses		83,842
Total expenses		<u>83,842</u>
Income from operations before income taxes		-
Federal income tax provision		<u>-</u>
Net income	\$	<u><u>-</u></u>

See accompanying notes to financial statements.

PFG Distribution Company

Statement of Shareholder's Equity for the year ended December 31, 2003

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Deficit</u>	<u>Total Shareholder's Equity</u>
Balance, December 31, 2002	\$ 25,000	\$ 75,770	\$ (47,593)	\$ 53,177
Net income from operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2003	<u>\$ 25,000</u>	<u>\$ 75,770</u>	<u>\$ (47,593)</u>	<u>\$ 53,177</u>

See accompanying notes to financial statements.

PFG Distribution Company

Statement of Cash Flows for the year ended December 31, 2003

Cash, January 1	\$ 58,660
Cash flows from operating activities:	
Net income	-
Adjustments to reconcile net income to net cash used in operating activities:	
Decrease in accounts payable	<u>(30,000)</u>
Cash, December 31	<u>\$ 28,660</u>

See accompanying notes to financial statements.

PFG DISTRIBUTION COMPANY

NOTES TO FINANCIAL STATEMENTS

1. Nature of Business and Summary of Significant Accounting Policies:

Description of Business

PFG Distribution Company ("PDC" or "the Company") is a Delaware company organized on January 26, 1995 and licensed as a securities broker/dealer on January 18, 1996. PDC is a wholly owned subsidiary of PFG Holdings, Inc. ("PFG"), which, through subsidiary companies, is engaged principally in the sale of insurance products. The Company does not hold customer accounts.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The single-year presentation is in accordance with Securities and Exchange Commission ("SEC") rule 17a-5.

Cash

Cash consists of short-term deposits placed with a financial institution.

Income Taxes

For tax years ending on or before May 1, 2003, the Company filed a consolidated federal tax return with PFG and Philadelphia Financial Group, Inc., a wholly owned subsidiary of PFG. Subsequent to the acquisition of PFG by The Phoenix Companies, Inc. on May 1, 2003, the Company will file as a member of the consolidated federal tax return of The Phoenix Companies, Inc.

The Company and PFG are parties to a tax sharing agreement. Pursuant to the terms of the agreement, the Company will be reimbursed for net operating losses generated by the Company and utilized in the consolidated federal tax return. If unused, the net operating loss carryforwards of \$14,317 and \$10,200 originating in 1999 and 2000 respectively will expire in 2019 and 2020, respectively. Accordingly, a deferred tax asset of \$24,517 resulting from net losses incurred has been reflected in the accompanying statement of financial condition. Based on future expectations, management believes it is more likely than not that the Company will fully realize the deferred tax asset.

Revenue Recognition

Brokerage commission income and expenses are recorded on a trade-date basis.

Estimates

The preparation of financial statements in conformity with GAAP 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.

2. Intercompany Transactions:

The Company has entered into an expense agreement with its affiliate, AGL. Under the terms of the agreement, AGL agreed to pay all of the general and administrative expenses of the Company. The Company is not obligated to repay AGL for these payments to the extent the expenses exceed revenue. The Company incurred \$175,503 in expenses for the year ended December 31, 2003, of which it paid \$83,842 to AGL, in accordance with the intercompany agreement. During 2003, the Company paid \$30,000 to Philadelphia Financial Group, Inc. relating to an agreement to share in the settlement of an outstanding claim during 2002. Philadelphia Financial Group, Inc. paid the claim in 2002.

PFG DISTRIBUTION COMPANY

NOTES TO FINANCIAL STATEMENTS

3. Regulatory Matters

Net Capital Requirement

The Company is a limited securities broker/dealer with the National Association of Securities Dealers ("NASD") and is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1.) Rule 15c3-1 requires maintenance of minimum net capital. Because the Company holds no customer accounts, the rule requires the Company to maintain net capital of no less than \$5,000. As of December 31, 2003, the Company had net capital, as defined, of \$8,660.

4. Exemption from Reserve Requirements:

Under SEC Rule 15c3-3(k)(1)(i), the Company is exempt from a requirement to maintain reserves for the exclusive benefit of its customers. As of December 31, 2003, the Company was in compliance with the conditions of this exemption.

5. Commitments and Contingencies

The Company is involved in various legal proceedings, litigation and threatened litigation arising in the ordinary course of business. In the opinion of management, the ultimate disposition of any threatened litigation is not determinable at this time.

Supplemental Information

PFG Distribution Company

Computation of Net Capital and Aggregate Indebtedness under Rule 15c3-1 of the Securities Exchange Act of 1934

As of December 31, 2003

Computation of net capital:	
Total stockholder's equity from statement of financial condition	\$ 53,177
Deduct stockholder's equity not allowable for net capital	<u>-</u>
Total stockholder's equity qualified for net capital	53,177
Add:	
Liabilities subordinated to claims of general creditors allowable in computation of capital	-
Other (deductions) or allowable credits	<u>-</u>
Total capital and allowable subordinated liabilities	53,177
Deductions and/or charges:	
Non-allowable assets:	
Deferred income taxes	(24,517)
Other additions and/or credits	
Insurance deductible	<u>(20,000)</u>
Total deductions and/or charges	<u>(44,517)</u>
Net capital before haircuts on securities	8,660
Haircuts on securities (pursuant to Rule 15c3-1(f))	<u>-</u>
Net capital	<u>\$ 8,660</u>
Aggregate indebtedness:	
Items included in statement of financial condition	
Other accounts payable	-
Items not included in statement of financial condition	<u>-</u>
Total aggregate indebtedness	\$ -
Computation of basic net capital requirement:	
Minimum net capital required (based upon aggregate indebtedness)	\$ 2,000
Minimum dollar requirement	\$ 5,000
Net capital requirement	\$ 5,000
Excess net capital at 1000%	\$ 8,660
Ratio: aggregate indebtedness to net capital	-

Reconciliation with Company's Computation of Net Capital on Form X-17A-5 as of December 31, 2003

There are no differences between this computation of net capital pursuant to Rule 15c3-1 and the corresponding computation prepared and included in the Company's unaudited Part II FOCUS Report filing as of the same date.