



SEC

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MISSION

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6-24-2005

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

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6/13

SEC FILE NUMBER
8-33944

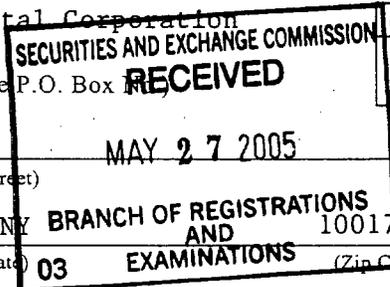
FACING PAGE

**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 April 1, 2004 AND ENDING March 31, 2005  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: <u>Gordon, Haskett Capital Corporation</u>	OFFICIAL USE ONLY
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box #)	FIRM I.D. NO.
<u>441 Lexington Avenue</u>	
<small>(No. and Street)</small>	
<u>New York,</u>	
<small>(City)</small>	
NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT	
<u>Allan S. Gordon</u>	<u>(212) 883-0600</u>
	<small>(Area Code - Telephone Number)</small>



**B. ACCOUNTANT IDENTIFICATION**

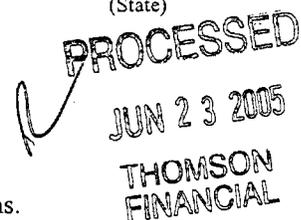
INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Todman & Company, CPAs, P.C.

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

120 Broadway New York, NY 10271

(Address) (City) (State) (Zip Code)



CHECK ONE:

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

FOR OFFICIAL USE ONLY

\*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)

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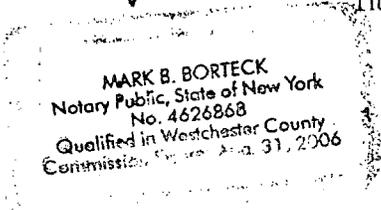
OATH OR AFFIRMATION

I, Allan S. Gordon, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Gordon, Haskett Capital Corporation, as of March 31, 2005, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Allan S. Gordon  
Signature  
President  
Title

Mark B. Borteck  
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).



**GORDON, HASKETT CAPITAL CORPORATION**

**STATEMENT OF FINANCIAL CONDITION**

**MARCH 31, 2005**

# TODMAN & Co., CPAs, P.C.

*Certified Public Accountants and Business Consultants*  
An Affiliate of TRIEN ROSENBERG

120 Broadway  
New York, NY 10271  
TEL. (212) 962-5930  
FAX (212) 385-0215

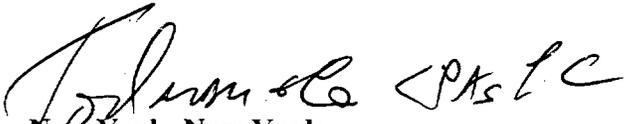
## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**Gordon, Haskett Capital Corporation**  
441 Lexington Avenue  
New York, NY 10017

We have audited the accompanying statement of financial condition of Gordon, Haskett Capital Corporation, as of March 31, 2005. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures assessing the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Gordon, Haskett Capital Corporation, as of March 31, 2005, in conformity with U.S. generally accepted accounting principles.

  
New York, New York  
May 19, 2005

**GORDON, HASKETT CAPITAL CORPORATION**  
**STATEMENT OF FINANCIAL CONDITION**  
**MARCH 31, 2005**

**ASSETS**

Cash and cash equivalents	\$ 2,493,083
Receivable from clearing brokers	48,298
Commissions receivable	51,940
Securities owned, at market value:	
Equities	34,120
Exchange memberships:	
Owned, at cost (market value \$1,550,000)	198,750
Contributed for use of the Company - at market value	92,000
Furniture and fixtures (net accumulated depreciation of \$76,156)	62,311
Other assets	<u>15,000</u>
 Total assets	 <u>\$ 2,995,502</u>

**LIABILITIES, SUBORDINATED LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)**

Liabilities	
Accounts payable and accrued expenses	<u>\$ 105,000</u>
Liabilities subordinated to claims of general creditors	
Exchange membership contributed for use of the Company	<u>92,000</u>
 Total subordinated liabilities	 <u>197,000</u>
 Commitments and contingencies	
 Stockholders' equity	 <u>\$ 2,798,502</u>
 Total liabilities, subordinated liabilities and stockholders' equity	 <u>\$ 2,995,502</u>

The accompanying notes are an integral part of these financial statements

**GORDON, HASKETT CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**Note 1 - Nature of Business and Summary of Significant Accounting Policies**

**(a) Nature of Business**

Gordon, Haskett Capital Corporation (the "Company") is a Delaware corporation formed for the purpose of conducting business as a broker-dealer in securities. The Company operates under the provisions of Paragraph (k)(2)(ii) of rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clears all transactions on behalf of customers on a fully-disclosed basis with a clearing broker-dealer, and promptly transmits all customer funds and securities to the clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

**(b) Use of Estimates**

The preparation of financial statements in conformity with U.S. 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(c) Revenue Recognition**

Proprietary securities transactions are recorded on the trade date, as if they had settled. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade date basis.

Commissions and related clearing expenses are recorded on a trade date basis as securities transactions occur.

**(d) Securities Owned**

Securities owned are recorded at market value. Securities not readily marketable are valued at fair value as determined by management.

**(e) Property and Equipment**

Depreciation on office furniture and equipment is provided on a straight line basis over the useful lives of the assets of five years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

**(f) Exchange Memberships**

The exchange membership owned by the Company is stated at cost. The exchange membership contributed for the use of the Company and subordinated to claims of general creditors is carried at market value with an offsetting amount recorded as subordinated liabilities.

**(g) Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company has defined cash equivalents as short-term, highly liquid debt instruments purchased with a maturity of three months or less, other than securities held for sale in the ordinary course of business. Cash and cash equivalents at March 31, 2005 consists primarily of United States Treasury bills.

**GORDON, HASKETT CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**Note 1 - Nature of Business and Summary of Significant Accounting Policies (Continued)**

**(h) Income Taxes**

The Company has elected, by unanimous consent of its stockholders, to be taxed under the provisions of subchapter "S" of the Internal Revenue Code and reports its taxable income on a cash basis for each calendar year. Under those provisions, the Company does not provide for federal and state corporate income taxes on its taxable income. Instead, the stockholders are liable for individual federal and state income taxes on their respective shares of the Company's taxable income. No provision has been made for New York City corporation tax since it was considered immaterial. At March 31, 2005, the Company has New York City net operating loss carryforwards of approximately \$2,700,000 expiring in 2021 through 2023, giving rise to a deferred tax asset of \$239,000 offset by a contra valuation allowance in the same amount.

**Note 2 - Property and Equipment**

The components of property and equipment are as follows:

Office equipment	\$ 102,323
Furniture and fixtures	<u>36,144</u>
	138,467
Less: Accumulated depreciation and amortization	<u>(76,156)</u>
	<u>\$ 62,311</u>

**Note 3 - Conversion of Liabilities Subordinated to Claims of General Creditors**

Effective February 28, 2005 and approved by the New York Stock Exchange, the Company extinguished and converted all its related parties' loans totaling \$4,450,000 to additional paid-in capital.

**Note 4 - Stockholders' Equity**

At March 31, 2005, stockholders' equity consists of common stock par value \$.01 per share, 1,000 shares authorized and 96 shares outstanding, totaling \$1, additional paid-in capital of \$5,243,049, and an accumulated deficit of \$2,444,548.

**Note 5 - Commitments/Related Party Transaction**

The Company leases its office space from a related entity on a month-to-month basis. Rent expense amounted to \$250,628 for the fiscal year ended March 31, 2005.

**Note 6 - Net Capital Requirement**

As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule 15c3-1 of the Securities and Exchange Commission, which requires that net capital, as defined, shall be at least the greater of \$1,000,000 or 6-2/3% of total aggregate indebtedness, as defined. The Company had net capital of \$2,487,780, which exceeded the requirement of \$1,000,000 by \$1,487,780. The Company's net capital ratio was 3%.

**GORDON, HASKETT CAPITAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**Note 7 - Financial Instruments With Off-Balance-Sheet Credit Risk**

As a securities broker, the Company is engaged in buying and selling securities for a diverse group of institutional and individual investors. The Company transactions are collateralized and are executed with and on behalf of banks, brokers and dealers, and other financial institutions. The Company introduces these transactions for clearance to another broker-dealer on a fully-disclosed basis.

The Company exposure to credit risk associated with nonperformance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair customers' ability to satisfy their obligations to the Company and the Company's original contracted amount. The agreement between the Company and its clearing broker-dealer provides that the Company is obligated to assume any exposure related to such nonperformance by its customers.

The Company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing broker-dealer's internal guidelines. The Company monitors its customer activity by reviewing information it receives from its clearing broker-dealer on a daily basis, and requiring customers to deposit additional collateral, or reduce positions, when necessary.

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A copy of the Company's statement of financial condition as of March 31, 2005, pursuant to Securities and Exchange Commission Rule 17a-5, is available for examination at the Company's office and at the regional office of the Securities and Exchange Commission.