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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: January 31, 2007  
Estimated average burden  
hours per response..... 12.00

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

SEC FILE NUMBER  
8- 16053

MM  
3/14

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 01/01/05 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: HUSS SERVICES, INC.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

2 HAYES STREET

(No. and Street)

NORWICH

(City)

NEW YORK

(State)

13815

(Zip Code)

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

LEIGH D. BALDWIN

1-315-655-2964

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

GRIMALDI & NELKIN CPAs, P.L.L.C.

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

650 JAMES STREET

(Address)

SYRACUSE

(City)

NEW YORK

(State)

13203

(Zip Code)

CHECK ONE:

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

✓

PROCESSED

APR 28 2006

THOMSON  
FINANCIAL

**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)

*[Handwritten signature]*

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, LEIGH D. BALDWIN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HUSS SERVICES, INC., as of DECEMBER 31, 20 05, 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:

N/A

HARRY R. TRUDEAU
Notary Public, State of New York
No. 01TR508138-1
Qualified in Madison County
Commission Expires 3/30/07

[Handwritten Signature]
Signature

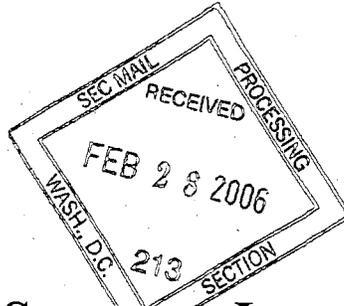
PRESIDENT
Title

[Handwritten Signature: Harry R. Trudeau]
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 15c3-1 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.
(o) INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



**HUSS SERVICES, INC.**

**FINANCIAL STATEMENTS**

*Years Ended December 31, 2005 and 2004*

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**GRIMALDI & NELKIN**  
CERTIFIED PUBLIC ACCOUNTANTS, P.L.L.C.

**INDEPENDENT AUDITORS' REPORT**

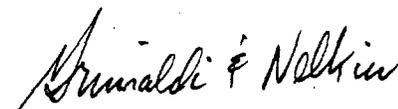
Board of Directors of  
Huss Services, Inc.  
Norwich, New York

We have audited the accompanying statements of financial condition of **HUSS SERVICES, INC.** as of December 31, 2005 and 2004, and the related statements of income and stockholder's equity and cash flows for the years then ended that 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 audit.

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 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 position of **HUSS SERVICES, INC.** as of December 31, 2005 and 2004 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supporting schedules 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 of 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.



**GRIMALDI & NELKIN**  
CERTIFIED PUBLIC ACCOUNTANTS, P.L.L.C.  
February 17, 2006

**HUSS SERVICES, INC.**  
**STATEMENTS OF FINANCIAL CONDITION**  
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 24,318	\$ 22,291
Deposits with clearing organization	27,554	27,313
Receivable from clearing organization	32,721	48,598
Prepaid expenses	2,568	3,246
Other assets	4,356	4,356
	<u>91,517</u>	<u>105,804</u>
<b>TOTAL ASSETS</b>	<b>\$ 91,517</b>	<b>\$ 105,804</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable, accrued expenses and other liabilities	\$ 34,833	\$ 51,083
	<u>34,833</u>	<u>51,083</u>
<b>Total liabilities</b>	<b>34,833</b>	<b>51,083</b>
<b>STOCKHOLDER'S EQUITY</b>		
Common stock, no par, 200 shares authorized, 75 shares issued and outstanding	6,000	6,000
Additional paid-in capital	48,721	48,721
Retained earnings	1,963	--
	<u>56,684</u>	<u>54,721</u>
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>56,684</b>	<b>54,721</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>\$ 91,517</b>	<b>\$ 105,804</b>

The accompanying notes are an integral part of these financial statements.

**HUSS SERVICES, INC.**  
**STATEMENTS OF INCOME**

For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
REVENUE		
Commissions	\$ 122,630	\$ 154,237
Principal transactions	62	--
Interest and dividends	6,402	4,966
Service and quotation fee income	26,573	28,043
	<u>155,667</u>	<u>187,246</u>
Total revenue		
EXPENSES		
Commissions and floor brokerage	111,113	133,908
Other operating expenses	42,396	38,974
	<u>153,509</u>	<u>172,882</u>
Total expenses		
Net income before income taxes	2,158	14,364
PROVISION FOR INCOME TAXES	<u>(195)</u>	<u>(204)</u>
NET INCOME	<u>\$ 1,963</u>	<u>\$ 14,160</u>

The accompanying notes are an integral part of these financial statements.

**HUSS SERVICES, INC.****STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**

For the Years Ended December 31, 2005 and 2004

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total Stockholder's Equity</u>
Balance January 1, 2004	\$ 6,000	\$ 48,721	\$ (8,165)	\$ 46,556
NET INCOME	--	--	14,160	14,160
Contributed capital	--	--	--	--
Distributions	--	--	(5,995)	(5,995)
BALANCE, DECEMBER 31, 2004	<u>\$ 6,000</u>	<u>\$ 48,721</u>	<u>\$ --</u>	<u>\$ 54,721</u>
Balance January 1, 2005	\$ 6,000	\$ 48,721	\$ --	\$ 54,721
NET INCOME	--	--	1,963	1,963
Contributed capital	--	--	--	--
Distributions	--	--	--	--
BALANCE, DECEMBER 31, 2005	<u>\$ 6,000</u>	<u>\$ 48,721</u>	<u>\$ 1,963</u>	<u>\$ 56,684</u>

The accompanying notes are an integral part of these financial statements.

**HUSS SERVICES, INC.****STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,963	\$ 14,160
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in:		
Receivable from brokers and dealers	15,877	12,365
Deposit with clearing organization	(241)	(65)
Prepaid expenses	678	(476)
Other assets	--	(3,005)
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	(16,250)	(8,772)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>2,027</u>	<u>14,207</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution paid to stockholders	--	(5,995)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>--</u>	<u>(5,995)</u>
<b>NET INCREASE IN CASH</b>	2,027	8,212
<b>CASH AND CASH EQUIVALENT - BEGINNING OF YEAR</b>	<u>22,291</u>	<u>14,079</u>
<b>CASH AND CASH EQUIVALENT - END OF YEAR</b>	<u>\$ 24,318</u>	<u>\$ 22,291</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$ 14	\$ 70
Taxes paid	\$ 195	\$ 204

The accompanying notes are an integral part of these financial statements.

## **HUSS SERVICES, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

For the Years Ended December 31, 2005 and 2004

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***Organization***

Huss Services, Inc. (the Company) is a fully disclosed introducing broker registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). The Company is a New York Corporation. The business is located in Norwich, New York. The Company is registered with the states of New York, California, and Pennsylvania.

##### ***Ownership***

As of December 8, 2005, the Company is a wholly owned subsidiary of Leigh Baldwin & Co., Inc.

##### ***Income Taxes***

The Company's income from operations from December 8, 2005 to December 31, 2005 is included in the consolidated federal income tax return filed by Leigh Baldwin & Co., Inc. The Company will file a short year return for the period January 1, 2005 through December 7, 2005. For this period, the Company was a Subchapter "S" Corporation under the Internal Revenue Code. Under this election, the income is taxed directly to the stockholders.

##### ***Basis of Accounting***

Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting for financial reporting and income tax purposes.

##### ***Cash and Cash Equivalents***

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

##### ***Cash- Deposits With Clearing Organization***

The Company's customer transactions are cleared on a fully disclosed basis with a correspondent clearing broker-dealer. As per the clearing agreement, the Company is required to maintain a minimum balance of \$25,000 in a money market account with the clearing broker-dealer in the event that a customer fails to cover their transactions. At December 31, 2005 and 2004 the Company had \$27,554 and \$27,313, respectively segregated for this purpose.

## **HUSS SERVICES, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

For the Years Ended December 31, 2005 and 2004

#### **NOTE 1 – (CONTINUED)**

##### ***Securities Transactions***

Customers' securities transactions with related commission income and expenses are recorded on a settlement date basis. Proprietary securities transactions of the Company are also recorded on a settlement date basis.

##### ***Allowance for Doubtful Accounts***

Bad debts are recorded on the reserve method. Management has determined that no reserve was necessary at year end as all accounts are considered collectible.

##### ***Use of Estimates in the Preparation of Financial Statements***

Management of the Company uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

#### **NOTE 2 – OFF-BALANCE SHEET RISK**

The Securities Investors Protection Corp. protects the cash held at Pension Financial Services, Inc. and National Financial Services LLC. The Securities Investors Protection Corp. protects unlimited cash and investments. At December 31, 2005 and 2004 there was no uninsured cash.

#### **NOTE 3 – NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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. Due to this requirement, members' capital could, under certain circumstances, be restricted as to withdrawals. At December 31, 2005 and 2004, the Company had net capital of \$48,723 and \$46,127 which was \$43,723 and \$41,127 in excess of its required net capital of \$5,000 for both 2005 and 2004. The Company's net capital ratio was .71 to 1 and 1.11 to 1 at December 31, 2005 and 2004, respectively.

**HUSS SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

For the Years Ended December 31, 2005 and 2004

**NOTE 4 – REPORT ON ANY MATERIAL INADEQUACIES**

No material inadequacies existed or were found to have existed since the date of inception.

**NOTE 5 - SUBSEQUENT EVENT**

In January 2006, the Company received notification from the NASD regarding a deficiency in OATS filings (Order Audit Trail System). Management believes that this should be a non-actionable violation, resulting in a letter of caution.

**HUSS SERVICES, INC.**

**SUPPLEMENTARY INFORMATION**

**PURSUANT TO RULE 17A-5 OF THE SECURITIES EXCHANGE  
ACT OF 1934**

As of December 31, 2005

The accompanying schedules are prepared in accordance with the requirements and general format of FOCUS Form X-17A-5. The Company is exempt under SEC rule 15c3-3 paragraph (k)(2)(iii) from having a special reserve bank account for the exclusive benefit of customers. The Company promptly transmits all funds and delivers all securities received in connection with its activities as a broker, and does not otherwise hold funds or securities for, or owe money or securities to, customers.

**HUSS SERVICES, INC.****COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1 OF  
THE SECURITIES AND EXCHANGE COMMISSION**

For the Year Ended December 31, 2005

## NET CAPITAL

Total stockholder's equity qualified for net capital \$ 56,684

## Deductions and/or charges:

## Non-allowable assets:

Prepaid expenses \$ 2,568

Other assets 4,356 6,924

Net capital before haircuts on securities positions 49,760

Haircuts on money market funds [computed pursuant to rule 15c3-1(f)] 1,037NET CAPITAL \$ 48,723

## AGGREGATE INDEBTEDNESS

## Items included in statement of financial condition:

Other accounts payable and accrued expenses \$ 34,833TOTAL AGGREGATE INDEBTEDNESS \$ 34,833

## COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Total minimum net capital required at 6 2/3% of aggregate indebtedness \$ 2,323Minimum dollar net capital requirement of reporting broker-dealer \$ 5,000Excess net capital \$ 43,723Excess net capital at 1,500% \$ 46,400Excess net capital at 1,000% \$ 45,240Ratio: Aggregate indebtedness to net capital .71 to 1

## RECONCILIATION WITH COMPANY'S COMPUTATION

(Included in Part II of Form X-17A-5 as of December 31, 2005)

Net capital, as reported in Company's Part II (unaudited) FOCUS report \$ 48,723NET CAPITAL PER ABOVE \$ 48,723

**GRIMALDI & NELKIN**  
CERTIFIED PUBLIC ACCOUNTANTS, P.L.L.C.

**REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17A-5  
FOR A BROKER-DEALER CLAIMING AN  
EXEMPTION FROM SEC RULE 15C3-3**

Board of Directors of  
Huss Services, Inc.  
Norwich, New York

In planning and performing our audit of the financial statements and supplemental schedules of **HUSS SERVICES, INC.** (the Company), for the year ended December 31, 2005, 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 the internal control.

Also, as required by rule 17a-5(g)(1) of the Securities 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 (or aggregate debits) 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 and recordation of differences required by rule 17a-13
2. 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
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customer as required by Rule 15c3-3.

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 the preparation of financial statements in conformity with generally accepted accounting principles. 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, errors 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 the internal control would not necessarily disclose all matters in the 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 one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by 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 the 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, 2005 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the New York Stock Exchange, National Association of Securities Dealers, Inc. and other regulatory agencies that 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.



**GRIMALDI & NELKIN**  
CERTIFIED PUBLIC ACCOUNTANTS, P.L.L.C.  
February 17, 2006