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

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 01-01-2008 AND ENDING 12-31-2008  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Frederick J. Pilgrim dba  
Pilgrim Financial Services  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY  
FIRM I.D. NO.

8622 Swan St.  
(No. and Street)

Kalamazoo  
(City)

MI  
(State)

49009  
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Frederick J. Pilgrim 269-372-1829  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Robert L. Pastine  
(Name - if individual, state last, first, middle name)

802 Main St. Toms River  
(Address) (City)

N.J.  
(State)

08453  
(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)

AB  
3/1/08

OATH OR AFFIRMATION

I, Frederick J. Pilgrim, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pilgrim Financial Services, as of Dec. 31, 20 08, 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:

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

Frederick J. Pilgrim  
Signature

DIR. - OWNER

Title

Mark Jolliff  
Notary Public

MARK JOLLIFF  
Notary Public, State of Michigan  
County of Kalamazoo  
My Commission Expires Apr. 08, 2015  
Acting in the County of KALAMAZOO

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.

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



**ASSETS**

Consolidated [0198]	Unconsolidated [0199]	<b>Allowable</b>	<b>Non-Allowable</b>	<b>Total</b>
1. Cash		<u>9102</u> [0200]		<u>9102</u> [0750]
2. Receivables from brokers or dealers:				
A. Clearance account		<u>          </u> [0295]		
B. Other		<u>          </u> [0300]	<u>          </u> [0550]	<u>          </u> [0810]
3. Receivables from non-customers		<u>          </u> [0355]	<u>          </u> [0600]	<u>          </u> [0830]
4. Securities and spot commodities owned, at market value:				
A. Exempted securities		<u>          </u> [0418]		
B. Debt securities		<u>          </u> [0419]		
C. Options		<u>          </u> [0420]		
D. Other securities		<u>          </u> [0424]		
E. Spot commodities		<u>          </u> [0430]		<u>          </u> [0850]
5. Securities and/or other investments not readily marketable:				
A. At cost				
	<u>          </u> [0130]			
B. At estimated fair value		<u>          </u> [0440]	<u>          </u> [0610]	<u>          </u> [0860]
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:				
A. Exempted securities				
	<u>          </u> [0150]			
B. Other securities				
	<u>          </u> [0160]			
7. Secured demand notes market value of collateral:				
A. Exempted securities		<u>          </u> [0470]	<u>          </u> [0640]	<u>          </u> [0890]

		[0170]		
	B. Other securities			
		[0180]		
8.	Memberships in exchanges:			
	A. Owned, at market			
		[0190]		
	B. Owned, at cost		[0650]	
	C. Contributed for use of the company, at market value		[0660]	0 [0900]
9.	Investment in and receivables from affiliates, subsidiaries and associated partnerships	[0480]	[0670]	0 [0910]
10.	Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	[0490]	[0680]	0 [0920]
11.	Other assets	[0535]	[0735]	0 [0930]
12.	<b>TOTAL ASSETS</b>	<u>9102</u> [0540]	<u>0</u> [0740]	<u>9102</u> [0940]



	2.	Includes equity subordination (15c3-1(d)) of		
			[1010]	
D.		Exchange memberships contributed for use of company, at market value		0
			[1430]	[1740]
E.		Accounts and other borrowings not qualified for net capital purposes		0
			[1220]	[1750]
20.			0	0
		<b>TOTAL LIABILITIES</b>	[1230]	[1760]

**Ownership Equity**

			<b>Total</b>
21.		Sole proprietorship	<u>9102</u>
			[1770]
22.		Partnership (limited partners [1020] )	[1780]
23.		Corporations:	
	A.	Preferred stock	[1791]
	B.	Common stock	[1792]
	C.	Additional paid-in capital	[1793]
	D.	Retained earnings	[1794]
	E.	Total	0
			[1795]
	F.	Less capital stock in treasury	[1796]
24.		<b>TOTAL OWNERSHIP EQUITY</b>	<u>9102</u> [1800]
25.		<b>TOTAL LIABILITIES AND OWNERSHIP EQUITY</b>	<u>9102</u> [1810]



17.	Net Income(loss) before Federal Income taxes and items below (Item 9 less Item 16)	<u>10011</u>	
			[4210]
18.	Provision for Federal Income taxes (for parent only)		
			[4220]
19.	Equity in earnings (losses) of unconsolidated subsidiaries not included above		
			[4222]
	a. After Federal income taxes of		
			[4239]
20.	Extraordinary gains (losses)		
			[4224]
	a. After Federal income taxes of		
			[4239]
21.	Cumulative effect of changes in accounting principles		
			[4225]
22.	Net income (loss) after Federal income taxes and extraordinary items	<u>10011</u>	
			[4230]
<b>MONTHLY INCOME</b>			
23.	Income (current monthly only) before provision for Federal income taxes and extraordinary items	<u>300</u>	
			[4211]

**EXEMPTIVE PROVISIONS**

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based

- A. (k) (1)--Limited business (mutual funds and/or variable annuities only)  [4550]
- B. (k) (2)(i)--"Special Account for the Exclusive Benefit of customers" maintained  [4560]
- C. (k) (2)(ii)--All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm(s)  [4570]

Clearing Firm SEC#s	Name	Product Code
8- _____ [4335A]	_____ [4335A2]	_____ [4335B]
8- _____ [4335C]	_____ [4335C2]	_____ [4335D]
8- _____ [4335E]	_____ [4335E2]	_____ [4335F]
8- _____ [4335G]	_____ [4335G2]	_____ [4335H]
8- _____ [4335I]	_____ [4335I2]	_____ [4335J]

- D. (k) (3)--Exempted by order of the Commission  [4580]

### COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition		<u>9102</u> [3480]
2.	Deduct ownership equity not allowable for Net Capital		[3490]
3.	Total ownership equity qualified for Net Capital		<u>9102</u> [3500]
4.	Add:		
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		0 [3520]
	B. Other (deductions) or allowable credits (List)		
		<u>                    </u> [3525A]	<u>                    </u> [3525B]
		<u>                    </u> [3525C]	<u>                    </u> [3525D]
		<u>                    </u> [3525E]	<u>                    </u> [3525F]
5.	Total capital and allowable subordinated liabilities		0 <u>9102</u> [3530]
6.	Deductions and/or charges:		
	A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	<u>                    </u> [3540]	0
	B. Secured demand note deficiency	<u>                    </u> [3590]	
	C. Commodity futures contracts and spot commodities - proprietary capital charges	<u>                    </u> [3600]	
	D. Other deductions and/or charges	<u>                    </u> [3610]	0
7.	Other additions and/or credits (List)		[3620]
		<u>                    </u> [3630A]	<u>                    </u> [3630B]
		<u>                    </u> [3630C]	<u>                    </u> [3630D]
		<u>                    </u> [3630E]	<u>                    </u> [3630F]
8.	Net capital before haircuts on securities positions		0 <u>9102</u> [3630]
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):		[3640]
	A. Contractual securities commitments	<u>                    </u> [3660]	
	B. Subordinated securities borrowings	<u>                    </u> [3670]	
	C. Trading and investment securities:		
	1. Exempted securities	<u>                    </u> [3735]	
	2. Debt securities	<u>                    </u> [3733]	
	3. Options	<u>                    </u> [3730]	
	4. Other securities	<u>                    </u> [3734]	

D.	Undue Concentration		<u>                    </u>	[3650]	
E.	Other (List)		<u>                    </u>		
		<u>                    </u>	[3736A]	<u>                    </u>	[3736B]
		<u>                    </u>	[3736C]	<u>                    </u>	[3736D]
		<u>                    </u>	[3736E]	<u>                    </u>	[3736F]
				<u>                    </u>	0
				[3736]	<u>                    </u>
					0
					[3740]
10.	Net Capital				<u>                    </u>
					9102
					0
					[3750]

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

**Part A**

11.	Minimum net capital required (6-2/3% of line 19)		<u>                    </u>		0
				[3756]	
12.	Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note(A)		<u>                    </u>	5000	
				[3758]	
13.	Net capital requirement (greater of line 11 or 12)		<u>                    </u>	5000	
				[3760]	
14.	Excess net capital (line 10 less 13)		<u>                    </u>	4102	
				[3770]	
15.	Excess net capital at 1000% (line 10 less 10% of line 19)		<u>                    </u>	4102	
				[3780]	

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

16.	Total A.I. liabilities from Statement of Financial Condition		<u>                    </u>		0
				[3790]	
17.	Add:				
A.	Drafts for immediate credit		<u>                    </u>	[3800]	
B.	Market value of securities borrowed for which no equivalent value is paid or credited		<u>                    </u>	[3810]	
C.	Other unrecorded amounts(List)		<u>                    </u>		
		<u>                    </u>	[3820A]	<u>                    </u>	[3820B]
		<u>                    </u>	[3820C]	<u>                    </u>	[3820D]
		<u>                    </u>	[3820E]	<u>                    </u>	[3820F]
				<u>                    </u>	0
				[3820]	<u>                    </u>
					0
					[3830]
19.	Total aggregate indebtedness				<u>                    </u>
					[3840]
20.	Percentage of aggregate indebtedness to net capital (line 19 / line 10)			%	<u>                    </u>
					[3850]

**OTHER RATIOS**

21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d).

% \_\_\_\_\_  
[3860]

**SCHEDULED WITHDRAWALS**

**Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.**

<u>Type of Proposed Withdrawal or Accrual</u>	<u>Name of Lender or Contributor</u>	<u>Insider or Outsider</u>	<u>Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)</u>	<u>Withdrawal or Maturity Date (MMDDYYYY)</u>	<u>Expect to Renew</u>
[4600]	[4601]	[4602]	[4603]	[4604]	[4605]
[4610]	[4611]	[4612]	[4613]	[4614]	[4615]
[4620]	[4621]	[4622]	[4623]	[4624]	[4625]
[4630]	[4631]	[4632]	[4633]	[4634]	[4635]
[4640]	[4641]	[4642]	[4643]	[4644]	[4645]
[4650]	[4651]	[4652]	[4653]	[4654]	[4655]
[4660]	[4661]	[4662]	[4663]	[4664]	[4665]
[4670]	[4671]	[4672]	[4673]	[4674]	[4675]
[4680]	[4681]	[4682]	[4683]	[4684]	[4685]
[4690]	[4691]	[4692]	[4693]	[4694]	[4695]
TOTAL			0		
			\$		
				[4699]	
				Omit Pennies	

**Instructions** Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

<b>Withdrawal Code</b>	<b>Description</b>
1	Equity Capital
2	Subordinated Liabilities
3	Accruals
4	15c3-1(c)(2)(iv) Liabilities

**STATEMENT OF CHANGES**

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1.	Balance, beginning of period		<u>9092</u>
			[4240]
	A. Net income (loss)		<u>10011</u>
			0
			[4250]
	B. Additions (includes non-conforming capital of		
		<u>① [4262]</u>	[4260]
	C. Deductions (includes non-conforming capital of		
		<u>① 10000</u>	<u>10000</u>
		[4272]	[4270]
2.	Balance, end of period (From item 1800)		<u>9103</u>
			0
			[4290]

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS**

3.	Balance, beginning of period		
			[4300]
	A. Increases		
			[4310]
	B. Decreases		
			[4320]
4.	Balance, end of period (From item 3520)		0
			[4330]

① Personal Draw