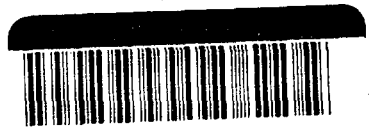
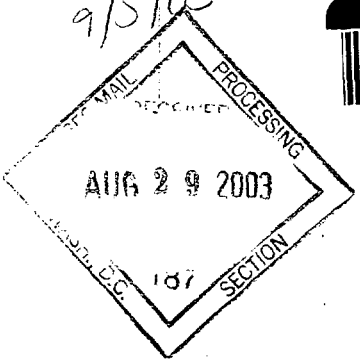


SO
9/5/03



03051701

STATES
CHANGE COMMISSION
Washington, D.C. 20549

VE9-4-03
OMB APPROVAL
OMB Number: 3235-0123
Expires: January 31, 1993
Estimated average burden
hours per response . . . 12.00

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

SEC FILE NUMBER
8- 21242

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 July 1, 2002 AND ENDING June 30, 2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: William C. Burnside & Company, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

111 N. Vermilion St.
(No. and Street)
Danville, Illinois 61832

(City) (State) (Zip Code)

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

William C. Burnside (217) 443-3310
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT ACCOUNTANT whose opinion is contained in this Report*

Daughetee & Parks, P.C.
(Name - if individual, state last, first, middle name)
2200 A Kickapoo Dr.
Danville, Illinois 61832
(City) (State) Zip Code

(Address) (City) (State) Zip Code

(217) 431-0200

CHECK ONE

BA-006400-C1
WILLIAM C. BURNSIDE &
COMPANY, INC.
P.O. BOX 507
DANVILLE
AUD &
61832

lic Accountant
nant
ot resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

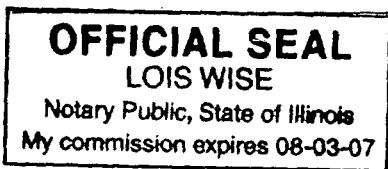
PROCESSED
SEP 10 2003
THOMSON
FINANCIAL

*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.

OATH OR AFFIRMATION

I, William C. Burnside, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of William C. Burnside & Company, Inc., as of June 30 2003, ~~xxx~~, 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:

none



William C. Burnside
Signature

President & Treasurer
Title

Lois Wise
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 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 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).

WILLIAM C. BURNSIDE & COMPANY, INC.
AND WHOLLY OWNED SUBSIDIARY

Danville, **Illinois**

FINANCIAL STATEMENTS and
INDEPENDENT AUDITOR'S REPORT
PURSUANT to RULE 171-5

June 30, 2003

TABLE of CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Annual Audited Report Form X-17A-5, Part III	i	
Oath or Affirmation	ii	
Independent Auditor's Report		1
Comparative Statement of Financial Condition	I	2
Comparative Statement of Income	II	3
Comparative Statement of Changes in Shareholders' Equity	III	4
Comparative Statement of Changes in Liabilities Subordinated to Claims of General Creditors	IV	5
Comparative Statement of Cash Flows	V	6
Notes to the Financial Statement	VI	7-10

SUPPLEMENTAL SCHEDULES

Schedule

Computation of Net Capital and Aggregate Indebtedness	11
Independent Auditor's Report on Internal Control	12-13

Daughhete
& Parks, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
William C. Burnside & Company, Inc.
Danville, Illinois

We have audited the accompanying statements of financial condition of William C. Burnside & Company, Inc., and its wholly owned subsidiary as of June 30, 2003 and 2002, and the related statements of income, changes in shareholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the years 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 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, whether caused by error or fraud. 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. Our audit will not necessarily detect misstatements less than this materiality level that might exist due to error, fraudulent financial reporting, or misappropriation of assets. We believe that our audit provides reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of William C. Burnside & Company, Inc., and its wholly owned subsidiary as of June 30, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule A 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 and Exchange Commission. 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.

Daughhete & Parks PC

August 23, 2003
Danville, Illinois

WILLIAM C. BURNSIDE & COMPANY, INC.
AND WHOLLY OWNED SUBSIDIARY
Danville, Illinois

Exhibit I

COMPARATIVE STATEMENT OF FINANCIAL CONDITION
As of June 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash on Hand	71,250	108,484
Receivable from Broker/Dealers	20,954	22,774
Securities Owned, at Market Value	81,483	79,028
Prepaid Insurance	2,310	2,310
Furniture and Equipment, Net of Accumulated Depreciation of \$29,215 and \$27,384 respectively	2,402	4,228
Leasehold Improvements, Net of Accumulated Depreciation of \$18,423	-	-
Organization Cost, Net of Amortization of \$600 in 2003 and \$400 in 2002	400	600
Total Assets	<u>178,799</u>	<u>217,424</u>
 <u>LIABILITIES and SHAREHOLDERS' EQUITY</u>		
<u>LIABILITIES</u>		
Accounts Payable	5,191	11,629
Accrued Expenses	3,053	6,308
Commissions Payable	10,572	17,062
Subordinated Loan	250,000	320,000
Total Liabilities	<u>268,816</u>	<u>354,999</u>
 <u>SHAREHOLDERS' EQUITY</u>		
Common Stock -No Par Value, 1,000,000 Shares Authorized; Issued and Outstanding 225,000 Shares	75,000	75,000
Retained Earnings (Deficit)	(165,017)	(212,575)
Total Shareholders' Equity	<u>(90,017)</u>	<u>(137,575)</u>
Total Liabilities and Shareholders' Equity	<u>178,799</u>	<u>217,424</u>

WILLIAM C. BURNSIDE & COMPANY, INC.
AND WHOLLY OWNED SUBSIDIARY
Danville, Illinois

Exhibit II

COMPARATIVE STATEMENT OF INCOME
For the Years Ended June 30,

	<u>2003</u>	<u>2002</u>
<u>REVENUE</u>		
Commissions & Concessions	376,891	427,148
Other Income, Net of Trade Income (Loss) of \$-0- and \$(84), respectively	1,326	2,000
Total Revenue	<u>378,217</u>	<u>429,148</u>
<u>OPERATING EXPENSES</u>		
Compensation and Related Benefits	30,334	36,585
Commission Expense	151,598	148,678
Clearing and Execution Charges	41,593	50,607
Occupancy and Equipment Rental	21,051	21,994
Communications	11,487	9,703
Interest	18,195	19,238
Other Operating Expense	56,444	79,481
Total Operating Expenses	<u>330,702</u>	<u>366,286</u>
<u>NET INCOME (LOSS)</u>	<u>47,515</u>	<u>62,862</u>

WILLIAM C. BURNSIDE & COMPANY, INC.
AND WHOLLY OWNED SUBSIDIARY
Danville, Illinois

Exhibit III

COMPARATIVE STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY
For the Year Ended June 30, 2003

	<u>Common Stock</u>	<u>Retained Earnings (Deficit)</u>	<u>Total Shareholders' Equity</u>
<u>BALANCE</u> - Beginning of Period	75,000	(212,575)	(137,575)
Prior Period Adjustments		43	43
<u>NET INCOME(LOSS)</u>	-	47,515	47,515
<u>BALANCE</u> - End of Period	<u>75,000</u>	<u>(165,017)</u>	<u>(90,017)</u>

For the Year Ended June 30, 2002

	<u>Common Stock</u>	<u>Retained Earnings (Deficit)</u>	<u>Total Shareholders' Equity</u>
<u>BALANCE</u> - Beginning of Year	75,000	(275,437)	(200,437)
<u>NET INCOME (LOSS)</u>	-	62,862	62,862
<u>BALANCE</u> - End of Period	<u>75,000</u>	<u>(212,575)</u>	<u>(137,575)</u>

WILLIAM C. BURNSIDE & COMPANY, INC.
AND WHOLLY OWNED SUBSIDIARY
Danville, Illinois

Exhibit IV

COMPARATIVE STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
For the Year Ended June 30, 2003

Subordinated Liabilities at July 1, 2002	320,000
Increases (Decreases)	<u>(70,000)</u>
Subordinated Liabilities at June 30, 2003	<u><u>250,000</u></u>

For the Year Ended June 30, 2002

Subordinated Liabilities at July 1, 2001	320,000
Increases (Decreases)	<u>-</u>
Subordinated Liabilities at June 30, 2002	<u><u>320,000</u></u>

WILLIAM C. BURNSIDE & COMPANY, INC.
AND WHOLLY OWNED SUBSIDIARY
Danville, Illinois

Exhibit V

COMPARATIVE STATEMENT OF CASH FLOW
For the Years Ended June 30,

	<u>2 0 0 3</u>	<u>2 0 0 2</u>
<u>CASH FLOW from OPERATING ACTIVITIES</u>		
Income (Loss) from Operations	47,515	62,862
Adjustments		
Amortization Costs	200	200
Depreciation	1,826	3,873
(Increase) Decrease in Receivable from Broker/Dealer	1,820	(4,765)
(Increase) Decrease in Securities Owned	(2,455)	509
(Increase) Decrease in Investments	-	-
(Increase) Decrease in Prepaid Expense	-	(1,196)
Increase (Decrease) in Accounts Payable	(6,438)	9,384
Increase (Decrease) in Accrued Expenses	(3,255)	4,999
Increase (Decrease) in Commissions Payable	(6,490)	7,664
	<u>32,723</u>	<u>83,530</u>
 <u>CASH FLOWS from INVESTING ACTIVITIES</u>		
Proceeds from Fixed Asset Liquidation	-	200
Organization Costs	-	-
Purchase of Office Equipment	-	-
Net Cash Flow Provided (Used) From Investing	<u>-</u>	<u>200</u>
 <u>NET CASH FLOWS PROVIDED (USED)</u>		
<u>by FINANCING ACTIVITIES</u>		
Prior Period Adjustments	43	-
Decrease in Subordinated Note	(70,000)	-
	<u>(69,957)</u>	<u>-</u>
 <u>NET INCREASE (DECREASE) in CASH and</u>		
<u>CASH EQUIVALENTS</u>	<u>(37,234)</u>	<u>83,730</u>
 <u>CASH and CASH EQUIVALENTS - Balance at June 30, 2002</u>	<u>108,484</u>	<u>24,754</u>
 <u>CASH and CASH EQUIVALENTS - Balance at June 30, 2003</u>	<u>71,250</u>	<u>108,484</u>

SUPPLEMENTAL INFORMATION

WILLIAM C. BURNSIDE & COMPANY, INC.
AND WHOLLY OWNED SUBSIDIARY
Danville, Illinois

Exhibit VI
Page 1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

- A. Organization - The Company was incorporated in the state of Illinois on September 30, 1976. The Company is registered with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. The Company's principal business activity is the sale of securities.
- B. Consolidation - As of June 28, 2000 a 100% owned subsidiary (Burnside & Associates, Ltd., an Illinois corporation) was formed as an investment advisor company. During the period ending June 30, 2000, there was no activity by this company. During the current year, the consolidated statements of both of these companies are presented.
- C. Securities Transactions - Commission revenue and related expense arising from securities transactions are recorded on a trade date basis.
- D. Securities - Securities in firm investment and trading accounts are carried at market value or estimated fair value as determined by management for book purposes. The resulting difference between cost and market or estimated fair value is included in income.
- E. Cash Equivalents - Cash equivalents are defined as certificates of deposit and U.S. government obligations with an original maturity date of less than 90 days, and those securities registered under the Investment Company Act of 1940 which are comprised of cash and other short-term debt instruments and which are commonly referred to as "money market funds."
- F. Furniture and Equipment - Depreciation is provided under various accelerated methods using estimated useful life of five years.
- G. Leasehold Improvements - Leasehold improvements were amortized over the remaining term of an office lease, which expired on December 31, 1989.
- H. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- I. Economic Dependency - The risk or economic dependency of an investment firm is directly related to the psychological mood swings of the investing public, and the general economic strength and weakness of investors.

WILLIAM C. BURNSIDE & COMPANY, INC.
AND WHOLLY OWNED SUBSIDIARY
Danville, Illinois

Exhibit VI
Page 2

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

NOTE 2 - NET CAPITAL

As a registered broker/dealer and member of the National Association of Securities Dealer, Inc., the Company is subject to the Uniform Net Capital Rule, which requires the maintenance of minimum net capital and requires that the ratio of aggregated indebtedness to net capital, both as defined, shall not exceed 1500%. At June 30, 2003, the Company's net capital and required net capital were \$236,741 and \$50,000, respectively. The ratio of aggregate indebtedness to net capital was 7.95%.

NOTE 3 - NET OPERATING LOSS CARRY FORWARD

The Company has unused net operating loss carry forwards for federal income tax purposes of approximately \$93,032 which expires on various dates beginning July 1, 2003.

<u>For the Year Ended</u>	<u>Amount of Loss</u>	<u>Amount Utilized</u>	<u>Amount Carried Forward</u>	<u>Date of Expiration</u>
June 30, 1988	111,536	111,536	-	July 1, 2003
June 30, 1989	43,973	43,973	-	July 1, 2004
June 30, 1991	13,272	5,078	8,194	July 1, 2006
June 30, 1992	1,861	-	1,861	July 1, 2007
June 30, 1993	1,385	-	1,385	July 1, 2008
June 30, 1995	44,375	-	44,375	July 1, 2010
June 30, 1996	6,613	-	6,613	July 1, 2011
June 30, 1997	7,086	-	7,086	July 1, 2012
June 30, 1999	1,289	-	1,289	July 1, 2019
June 30, 2001	22,229	-	22,229	July 1, 2021
Totals	<u>253,619</u>	<u>160,587</u>	<u>93,032</u>	

NOTE 4 - LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

The borrowings under subordination agreements at June 30, 2003 are listed below. The subordinated lender is a shareholder of the Company.

Subordinated Loan 6% Due July 30, 2003

The subordinated borrowings are covered by agreements approved by the NASD and are thus available in computing net capital under the Securities and Exchange Commission's Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

WILLIAM C. BURNSIDE & COMPANY, INC.
AND WHOLLY OWNED SUBSIDIARY
Danville, Illinois

Exhibit VI
Page 3

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

NOTE 5 - RELATED PARTY INFORMATION

The sole shareholder of the Company leases office space in two locations to the Company. Total payments to the shareholder for rent during the year ended June 30, 2003 was \$10,651. There are no future minimum payments on these leases.

NOTE 6 - COMMITMENTS

On June 1, 1999, the company terminated the agreement with Ameritrade/Advanced Clearing, Inc., and entered into an agreement with Miller, Johnson & Kuehn (MJK) whereby MJK, Inc. will execute and clear securities transactions for the Company on a fully disclosed basis. The original term of the agreement was for one year and is automatically renewable until written notice of termination is given 30 days prior to termination date. Under the terms of the agreement, the company is prohibited from entering into a similar agreement with another broker/dealer without prior approval from MJK. The company has deposited \$10,000 with MJK to assure the company's performance under the agreement. This amount is included in "Receivable from broker/dealer" on the statement of financial condition.

NOTE 7 - CASH AND SECURITIES SEGREGATED UNDER FEDERAL AND OTHER REGULATIONS

Included in cash and cash equivalents is cash of \$-0-, which has been segregated in a special bank account for the benefit of the customers under rule 15C3-3(k)(2)(i) of the Securities and Exchange Commission. None of this amount represents customer funds.

NOTE 8 - SECURITIES OWNED, AT MARKET VALUE

Marketable securities owned, at quoted market values are illustrated below.

	<u>6/30/03</u>	<u>6/30/02</u>
Federated Money Market Account	71,983	69,528
U.S. Treasury Bill (Maturity date in excess of 90 Days)	9,500	9,500
Other Money Market Account	-	-
Total	<u>81,483</u>	<u>79,028</u>

NOTE 9 - OPERATING LEASES

The Company leases various office equipment through operating leases on a monthly basis. No future minimum payments are required.

WILLIAM C. BURNSIDE & COMPANY, INC.
AND WHOLLY OWNED SUBSIDIARY
Danville, Illinois

Exhibit VI
Page 4

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

	2 0 0 3					
	Cost 6/30/02	Additions	Deletions	Cost 6/30/03	Accumulated Depreciation	Book Value
Leasehold Improvements	18,423	-	-	18,423	18,423	-
Furniture and Equipment	31,617	-	-	31,617	29,215	2,402
Totals	<u>50,040</u>	<u>-</u>	<u>-</u>	<u>50,040</u>	<u>47,638</u>	<u>2,402</u>
	2 0 0 2					
	Cost 6/30/01	Additions	Deletions	Cost 6/30/02	Accumulated Depreciation	Book Value
Leasehold Improvements	18,423	-	-	18,423	18,423	-
Furniture and Equipment	54,841	-	23,224	31,617	27,389	4,228
Totals	<u>73,264</u>	<u>-</u>	<u>23,224</u>	<u>50,040</u>	<u>45,812</u>	<u>4,228</u>

Depreciation expense is \$1,826 and \$3,873 for 2003 and 2002, respectively.

SUPPLEMENTAL SCHEDULES

WILLIAM C. BURNSIDE & COMPANY, INC.
AND WHOLLY OWNED SUBSIDIARY
Danville, Illinois

Schedule A

COMPUTATION OF NET CAPITAL and
AGGREGATE INDEBTEDNESS
June 30, 2003

COMPUTATION of NET CAPITAL

Total Shareholders' Equity	(90,017)
Additions:	
Subordinated Loan	250,000
Deductions:	
Nonallowable Assets	2,802
Haircuts*	1,440
	<u>1,440</u>

NET CAPITAL

236,741

COMPUTATION of BASIC NET CAPITAL REQUIREMENT

Minimum net Capital Requirement (6 2/3% of Total Aggregate Indebtedness)	1,255
Minimum Dollar Net Capital Requirement	50,000

NET CAPITAL REQUIREMENT

50,000

COMPUTATION of AGGREGATE INDEBTEDNESS

Total Liabilities	268,816
Less - Subordinated Loan	250,000
	<u>250,000</u>

TOTAL AGGREGATE INDEBTEDNESS

18,816

Percentage of Aggregate Indebtedness to Net Capital

7.95%

Note: There are no material differences between the computations above and the computations included in the Company's corresponding unaudited Form X-17a-5 Part IIA filing.

* The money market account was included under the heading "Securities Owned" in the Statements of Financial Position. For purposes of computing net capital, a 2% haircut was used.

*Daughhietee
& Parks, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT
on the INTERNAL CONTROL STRUCTURE**

Board of Directors
William C. Burnside & Company, Inc.
and Wholly Owned Subsidiary
Danville, Illinois

In planning and performing our audit of the financial statements of William C. Burnside & Company, Inc., (and its wholly owned subsidiary) for the year ended June 30, 2003, we considered its internal control structure, including procedures 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 structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by William C. Burnside & Company, Inc. 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). We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedure can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control structure 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 of disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit 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 any internal control structure or the practices and procedures referred to above, errors or irregularities 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 or their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 the specific internal control structure elements does not reduce to a relatively low level the

Board of Directors
William C. Burnside & Company, Inc.
and Wholly Owned Subsidiary
Page Two

risk that errors or irregularities 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, our study and evaluation disclosed that a lack of segregation of functions exists. Although this condition may be considered to be a material weakness in internal control, it is a common condition in entities of this size. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of William C. Burnside & Company, Inc. and Wholly Owned Subsidiary, for the year ended June 30, 2003, and this report does not affect our report thereon dated August 17, 2003. In addition, no facts came to our attention that would indicate that Company was not in compliance with its type k(2)(i) and k(2)(ii) exemptions from the requirements of SEC Rule 15c3-3. However, it should be noted that our examination was not directed primarily toward obtaining knowledge of such noncompliance.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission 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 June 30, 2003, to meet the commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

Daugherty Parks PC

August 23, 2003
Danville, Illinois