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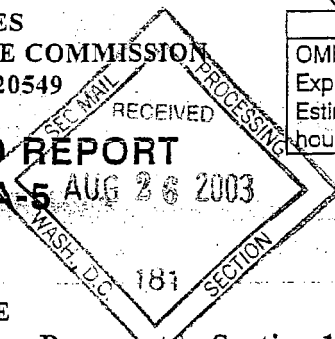
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

UF 8-29-03

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2004
Estimated average burden hours per response.....	12.00

**ANNUAL AUDITED REPORT**  
**FORM X-17A-5** AUG 28 2003  
**PART III**



SEC FILE NUMBER
8- 36060

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 7/1/2002 AND ENDING 6/30/2003  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Tempo Securities Corporation

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

8180 Brecksville Road, Suite 200

(No. and Street)

Brecksville

(City)

Ohio

(State)

44141

(Zip Code)

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

Dennis W. Zauszniewski

440 838-5300

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

McCurdy & Associates CPA's, Inc.

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

27955 Clemens Road

(Address)

Westlake

(City)

Ohio

(State)

44145

(Zip Code)

CHECK ONE:

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

**PROCESSED**

SEP 04 2003

**FOR OFFICIAL USE ONLY**

THOMSON  
FINANCIAL

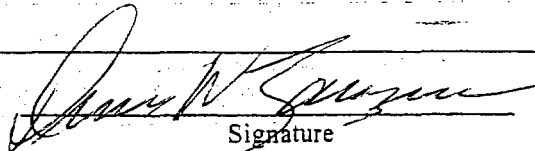
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

4-6-03

OATH OR AFFIRMATION

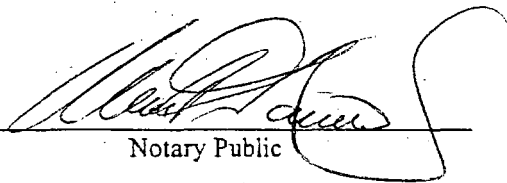
I, Dennis W. Zauszniewski, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Tempo Securities Corporation, as of June 30, 2003, are true and correct. I further swear (or affirm) that neither the company 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:

None

  
Signature

Sr VP/Treasurer

Title

  
Notary Public

**Charles R. Laurie, Jr., Attorney at Law**  
Notary Public - State of Ohio  
My commission has no expiration date  
**Section 147.03 R.C.**

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).

**Tempo Securities Corporation**  
Financial Statements and Additional Information  
For the Year Ended June 30, 2003

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McCurdy  
& Associates  
CPA's, Inc.

27955 Clemens Road  
Westlake, Ohio 44145-1121  
Phone: (440) 835-8500  
Fax: (440) 835-1093

CERTIFIED PUBLIC ACCOUNTANTS

## Report Of Independent Auditors

To The Board of Directors  
Tempo Securities Corporation

We have audited the accompanying statement of financial condition of Tempo Securities Corporation, as of June 30, 2003, and the related statements of income, stockholder's equity and cash flows for the year 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. 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 Tempo Securities Corporation as of June 30, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II 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 our 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.

*McCurdy & Associates CPA's, Inc.*

McCurdy & Associates CPA's, Inc.  
Westlake, Ohio  
July 22, 2003

Financial Statements  
And Additional Information

**Tempo Securities Corporation**

For the Year Ended June 30, 2003  
With Report of Independent Auditors

**Tempo Securities Corporation**  
Statement of Financial Condition  
June 30, 2003

**Assets**

Current assets	
Cash	\$17,054
Cash, segregated and restricted	10,000
Prepaid expenses	1,305
Commissions receivable, no allowance for doubtful accounts is deemed necessary	<u>23,572</u>
Total current assets	51,931
Deposits	<u>800</u>
 Total assets	 <u><u>\$52,731</u></u>

**Liabilities and stockholder's equity**

Current liabilities	
Commissions payable	\$16,608
Regulatory fees payable	<u>4,930</u>
Total current liabilities	21,538
 Stockholder's equity	
Common shares, no par value; authorized 750 shares, issued and outstanding 600 shares, at stated value	30,000
Retained earnings	<u>1,193</u>
 Total stockholder's equity	 <u><u>31,193</u></u>
 Total liabilities and stockholder's equity	 <u><u>\$52,731</u></u>

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

**Tempo Securities Corporation**  
Statement of Income  
For The Year Ended June 30, 2003

<b>Revenues</b>	
Commissions	\$224,355
Interest	139
Other Income	<u>1,952</u>
 Total revenues	 226,446
 <b>Expenses</b>	
Commissions and other compensation	166,306
Clearing charges	15,966
Employee benefits	7,822
Brokerage fees	3,752
Professional fees	4,915
Occupancy	11,491
Quotes	5,283
Taxes, other than federal income tax	5,590
Other operating expenses	<u>4,726</u>
 Total expenses	 <u>225,851</u>
 Income (loss) before federal income tax	 595
 Federal income tax	 <u>0</u>
 Net income (loss)	 <u>\$ 595</u>

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

**Tempo Securities Corporation**  
Statement of Stockholder's Equity  
For The Year Ended June 30, 2003

	<u>Common Shares</u>		<u>Retained Earnings</u>
	<u>Shares</u>	<u>Amount</u>	
Beginning Balances	600	\$30,000	\$ 598
Additional Paid-In Capital			
Net Income (Loss)	—	—	<u>595</u>
Ending Balances	<u>600</u>	<u>\$30,000</u>	<u>\$1,193</u>

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



**Tempo Securities Corporation**  
Statement of Cash Flows  
For The Year Ended June 30, 2003

<b>Cash flows from operating activities</b>	
Net income (loss)	\$ 595
Adjustments to reconcile net income to net cash provided by operating activities:	
(Increase) decrease in:	
Commissions receivable	(825)
Prepaid expenses	627
Increase (decrease) in:	
Accounts payable	(42)
Commissions payable	(311)
Payroll taxes payable	(20)
Regulatory fees payable	<u>(296)</u>
Net cash provided (used) by operating activities	(272)
<b>Cash flows from investing activities</b>	
Net cash provided (used) by investing activities	0
<b>Cash flows from financing activities</b>	
Net cash provided (used) by financing activities	0
Increase (decrease) in cash	<u>(272)</u>
Unrestricted cash at beginning of year	<u>17,326</u>
Unrestricted cash at end of year	<u>\$17,054</u>

Interest paid \$0; Income taxes paid \$0.

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

**Tempo Securities Corporation**  
Notes to Financial Statements  
For The Year Ended June 30, 2003

**Note A – Summary of Significant Accounting Policies**

Business

Tempo Securities Corporation (the “Company”) is a securities broker-dealer registered with the Securities Exchange Commission and incorporated on May 2, 1986 in the State of Ohio for the purpose of selling investment securities. The Company derives substantially all its revenue from commissions on sales of securities, investment funds, and annuities to customers throughout the state of Ohio.

Commission revenues and expenses are accrued on a trade date basis. All securities transactions are executed on a fully-disclosed basis, and non-mutual fund transactions are cleared through other brokers.

The Company is exempt from special reserve requirements for brokers and dealers under Rule 15c3-3 of the Securities and Exchange Commission. This exemption is claimed under Section (k)(2)(ii).

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to loss carryforwards. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable to deductible when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses and tax credits that are available to offset future taxable income.

Use of Estimates

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

**Note B - Segregated Cash**

The segregated and restricted cash is \$10,000 on deposit with the clearing brokerage firm.

**Tempo Securities Corporation**  
Notes to Financial Statements (Cont'd)  
For The Year Ended June 30, 2003

**Note C - Lease Commitments**

The company leases office space from June 1, 2001 through May 31, 2004 for \$9,600 per year. Future minimum payments for the next five years follow:

<u>June 30,</u>	
2004	\$8,800
2005	\$ 0
2006	\$ 0
2007	\$ 0
2008	\$ 0

**Note D - Net Capital Requirements**

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) of the Securities and Exchange Commission 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 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At June 30, 2003, the Company had net capital of \$24,481 which was \$19,481 in excess of its required net capital of \$5,000. The Company's aggregate indebtedness to net capital ratio was .88 to 1.

**Note E - Income Taxes**

The Company has a net operating loss carryforward of \$1,436 which will begin to expire in 2020. A deferred tax asset has not been recognized due to the uncertainty of its realization.

**Note F - Financial Instruments With Off-Balance Sheet Risk**

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the company has to purchase or sell the financial instrument underlying the contract at a loss.

**Note G - Employee Benefit Plan**

The Company provides a SAR-SEP plan to all employees and has not made a company contribution to the plan.

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Additional Information

**Tempo Securities Corporation**  
 Computation of Net Capital  
 June 30, 2003

**Computation of net capital**

Total stockholder's equity qualified for net capital	\$31,193
Deductions and/or charges - non-allowable assets:	
Receivables	(4,607)
Prepaid expenses	(1,305)
Deposits	<u>(800)</u>
Net capital before haircuts	\$24,481
Haircuts	<u>0</u>
Net capital	<u>\$24,481</u>

**Computation of basic net capital requirement**

Minimum net capital requirements:	
6.67% x \$22,207	<u>\$ 1,435</u>
Minimum dollar requirement	<u>\$ 5,000</u>
Net requirement	<u>\$ 5,000</u>
Excess net capital at 1,500%	<u>\$19,481</u>
Excess net capital at 1,000%	<u>\$22,327</u>
Ratio: Aggregate indebtedness to net capital	<u>.88 to 1</u>

**Computation of aggregate indebtedness**

Regulatory fees payable	\$ 4,930
Commissions payable	<u>16,608</u>
Total aggregate indebtedness	<u>\$21,538</u>

**Tempo Securities Corporation**  
Statement Pursuant to Rule 17a-5(d)(4)  
June 30, 2003

A reconciliation of the computation of net capital under Rule 15c3-1 as included in the Company's unaudited Form X-17a-5 as of June 30, 2003 filed with the Securities and Exchange Commission and the amount included in the accompanying Schedule I computation is as follows:

	<u>June 30, 2003</u>
Net capital, as reported in company's form X-17a-5, Part IIA	\$24,481
Net audit adjustments	<u>      0</u>
Net capital, as reported in Schedule I	<u>\$24,481</u>

Inasmuch as Tempo Securities Corporation is operating as a fully-disclosed broker/dealer and does not carry customer accounts, the following supporting schedules are not applicable:

- A. Computation for determination of the reserve requirements under Exhibit A of Rule 15c3-3.
- B. Information relating to the possession or control requirements under Rule 15c3-3.



McCurdy  
& Associates  
CPA's, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

27955 Clemens Road  
Westlake, Ohio 44145-1121  
Phone: (440) 835-8500  
Fax: (440) 835-1093

## Independent Auditors' Supplementary Report on Internal Control

The Board of Directors  
Tempo Securities Corporation

In planning and performing our audit of the financial statements of Tempo Securities Corporation for the year ended June 30, 2003, 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 internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and 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 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 the quarterly securities examinations, counts, verifications and comparisons
2. Recordation of differences required by Rule 17a-13
3. 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

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, error 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 internal control would not necessarily disclose all matters in 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 the specific internal control components does not reduce to a relatively low level the risk that 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 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 June 30, 2003, to meet the SEC's objectives.

This report is intended solely for the information and use of the board of directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers 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.

*McCurdy & Associates CPA's, Inc.*

McCurdy & Associates CPA's, Inc.  
Westlake, Ohio  
July 22, 2003