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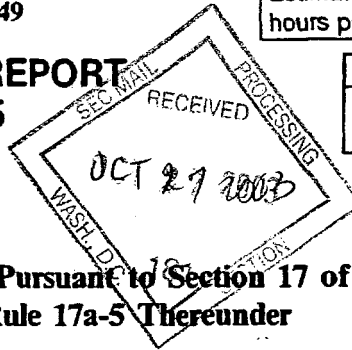
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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



SEC FILE NUMBER  
8- 23179

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 10/01/02 AND ENDING 09/30/03  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

SULLIVAN MORRISSEY & MICKLE SECURITIES CORP.

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

450 PARK AVENUE

(No. and Street)

NEW YORK

NY

10022

(City)

(State)

(Zip Code)

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

THOMAS F. FLYNN

212-832-7440

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

CONROY, SMITH & CO.

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

805 THIRD AVENUE

NEW YORK

NY

10022

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

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

PROCESSED

DEC 01 2003

FOR OFFICIAL USE ONLY	THOMSON FINANCIAL
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\*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).

SEC 1410 (3-91)

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, John F. Sullivan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Sullivan Morrissey & Mickle Securities Corp., as of September 30, ~~19~~ 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

Chairman

Title



Notary Public

THOMAS F. FLYNN  
NOTARY PUBLIC OF NEW JERSEY  
MY COMMISSION EXPIRES FEB 1, 2008

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~~ Cash Flows
- (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).

SULLIVAN, MORRISSEY & MICKLE SECURITIES CORP.

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2003





# CONROY, SMITH & CO.

certified public accountants

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Sullivan, Morrissey & Mickle Securities Corp.

We have audited the accompanying statement of financial condition of Sullivan, Morrissey & Mickle Securities Corp. as of September 30, 2003, and the related statements of loss, changes in stockholders' 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 Sullivan, Morrissey & Mickle Securities Corp. as of September 30, 2003, and the results of its operations, changes in stockholders' equity, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in supplementary schedules I, II and III 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, and in conformity with the rules of the Securities and Exchange Commission.

*Conroy, Smith & Co.*

Certified Public Accountants

October 14, 2003  
New York, NY

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SULLIVAN, MORRISSEY & MICKLE SECURITIES CORP.

STATEMENT OF FINANCIAL CONDITION

AS OF SEPTEMBER 30, 2003

ASSETS

Cash and cash equivalents	\$38,113
Due from broker	<u>1,298</u>
<b>Total assets</b>	<b><u>\$39,411</u></b>

LIABILITIES AND STOCKHOLDERS' EQUITY

**Liabilities:**

Accounts payable and accrued expenses	\$ 4,125
Due to parent	<u>17,109</u>
<b>Total liabilities</b>	<b><u>\$21,234</u></b>

**Stockholders' equity:**

Common stock, \$1.00 par value; 1,000 shares authorized, 200 shares issued and outstanding	\$ 200
Capital in excess of par	9,800
Retained earnings	<u>8,177</u>
<b>Total stockholders' equity</b>	<b><u>\$18,177</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$39,411</u></b>

See the accompanying notes to financial statements.



SULLIVAN, MORRISSEY & MICKLE SECURITIES CORP.

STATEMENT OF LOSS

FOR THE YEAR ENDED SEPTEMBER 30, 2003

**Revenues:**

Commissions	\$22,615
Interest	<u>89</u>
<b>Total revenues</b>	<b><u>\$22,704</u></b>

**Expenses:**

Intercompany expenses	\$15,000
Accounting fees	3,500
Other fees and expenses	<u>10,645</u>
<b>Total expenses</b>	<b><u>\$29,145</u></b>

**Net (loss) before income tax expense** (\$ 6,441)

**Income tax expense** 625

**Net (loss)** **(\$ 7,066)**

See the accompanying notes to financial statements.



SULLIVAN, MORRISSEY & MICKLE SECURITIES CORP.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Common Stock</u>	<u>Capital in Excess of Par Value</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, October 1, 2002	\$200	\$9,800	\$15,243	\$25,243
Net (loss)	<u>-</u>	<u>-</u>	( 7,066)	( 7,066)
Balance, September 30, 2003	<u>\$200</u>	<u>\$9,800</u>	<u>\$ 8,177</u>	<u>\$18,177</u>

See the accompanying notes to financial statements.



SULLIVAN, MORRISSEY & MICKLE SECURITIES CORP.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2003

**Cash Flows From Operating Activities**

Net (loss)	(\$ 7,066)
Adjustments to reconcile net (loss) to net cash:	
Changes in assets and liabilities:	
(Increase) in due from broker	( 1,033)
(Decrease) in due to parent	( 8,516)
<b>Net cash (used in) operating activities</b>	<b><u>(\$16,615)</u></b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(\$16,615)</b>
<b>Cash and cash equivalents, October 1</b>	<b><u>54,728</u></b>
<b>Cash and cash equivalents, September 30</b>	<b><u>\$38,113</u></b>

See the accompanying notes to financial statements.





SULLIVAN, MORRISSEY & MICKLE SECURITIES CORP.

NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

Organization

Sullivan, Morrissey & Mickle Securities Corp. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission and the National Association of Securities Dealers, Inc. In this capacity, the Company introduces agency transactions for its customers.

Commission revenue and related expenses are recorded on a trade-date basis.

Income Taxes

The Company and its Parent file a consolidated federal income tax return and combined state and local tax returns. The Parent has an agreement with its subsidiary to allocate its share of income tax expense (benefit) based upon the income (loss) included in the consolidated tax returns.

Cash Equivalents

Cash and cash equivalents include an investment in a money market fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires the use of estimates by management.

**Note 2. Transactions With Parent**

The Company is a wholly owned subsidiary of Sullivan, Morrissey & Mickle Capital Management Corp. (the "Parent").

The Company derives its revenue primarily from securities brokerage commissions on transactions introduced by the Parent and is charged its proportionate share of allocable expenses incurred by the Parent.

The Parent pays substantially all liabilities incurred by the Company and charges the Company accordingly.



SULLIVAN, MORRISSEY & MICKLE SECURITIES CORP.

NOTES TO FINANCIAL STATEMENTS

(Continued)

**Note 3. Due From Broker**

The Company earns commissions as an introducing broker for the transactions of its customers. The clearing and depository operations for the Company's customer accounts are performed by its clearing broker pursuant to a clearance agreement. In connection therewith, the Company guarantees the related customer transactions.

**Note 4. Off-Balance-Sheet Risk and Concentration of Credit Risk**

In the normal course of business, securities transactions of customers are introduced to and cleared through a clearing broker. Pursuant to an agreement between the Company and its clearing broker, the clearing broker has the right to charge the Company for unsecured losses that result from a customer's failure to complete such transactions.

Amounts due from the clearing broker represent a concentration of credit risk. The Company does not anticipate nonperformance by customers or its clearing broker in the above situations. In addition, the Company has a policy of reviewing, as considered necessary, the credit standing of the customers, the clearing broker and financial institutions with which it conducts business.

**Note 5. Net Capital Requirements**

The Company is subject to the Securities and Exchange Commissions 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. As of September 30, 2003, the Company had net capital of \$17,885 which was \$12,885 in excess of its required net capital. The Company's net capital ratio was 1.19 to 1.



SUPPLEMENTARY INFORMATION  
PURSUANT TO RULE 17a-5 OF THE  
SECURITIES EXCHANGE ACT OF 1934

AS OF SEPTEMBER 30, 2003



SULLIVAN, MORRISSEY & MICKLE SECURITIES CORP.SCHEDULE OF COMPUTATION OF NET CAPITAL UNDER  
SECURITIES AND EXCHANGE COMMISSION RULE 15c3-1AS OF SEPTEMBER 30, 2003Net Capital

Total stockholders' equity	<u>\$18,177</u>
Total stockholders' equity qualified for net capital	<u>\$18,177</u>
Haircuts on securities:	
Other	<u>292</u>
Net capital	<u>\$17,885</u>

Computation of Basic Net Capital Requirement

Minimum net capital required (6-2/3% of aggregate indebtedness)	<u>\$ 1,415</u>
Minimum dollar net capital required	<u>\$ 5,000</u>
Excess net capital	<u>\$12,885</u>

Computation of Aggregate Indebtedness

Total A.I. liabilities	<u>\$21,234</u>
Percent of aggregate indebtedness to net capital	<u>119</u>

Reconciliation of Computation of Net Capital Under  
Securities and Exchange Commission Rule 15c3-1

There was no material difference between the unaudited and the audited filings.



SULLIVAN, MORRISSEY & MICKLE SECURITIES CORP.

SCHEDULE OF COMPUTATION OF RESERVE REQUIREMENTS  
UNDER EXHIBIT A OF SECURITIES AND EXCHANGE COMMISSION RULE 15c3-3

AS OF SEPTEMBER 30, 2003

The firm is engaged in a general securities business and carried no customer accounts on its books. All customer transactions are cleared through another stock brokerage firm on a fully disclosed basis.



SULLIVAN, MORRISSEY & MICKLE SECURITIES CORP.

SCHEDULE RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS  
UNDER SECURITIES AND EXCHANGE COMMISSION RULE 15c3-3

AS OF SEPTEMBER 30, 2003

The firm is engaged in a general securities business and carried no customer accounts on its books. All customer transactions are cleared through another stock brokerage firm on a fully disclosed basis and the firm does not have possession of customer securities.





# CONROY, SMITH & CO.

certified public accountants

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5

The Board of Directors and Shareholders  
Sullivan, Morrissey & Mickle Securities Corp.

In planning and performing our audit of the financial statements and supplemental schedule of Sullivan, Morrissey & Mickle Securities Corp. (the "Company"), for the year ended September 30, 2003, we considered its internal control structure, including control activities 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 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
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 an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements 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 procedures can be expected to achieve the SEC'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 or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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Because of inherent limitations in internal control structure 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 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 errors 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 September 30, 2003, to meet the SEC's objectives.

Our opinion recognizes that it is not practicable in a company the size of Sullivan, Morrissey & Mickle Securities Corp. to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control, and alternatively, greater reliance must be placed on surveillance by management. This report is intended solely for the use of management, the SEC, 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 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.

*Conroy, Smith & Co.*

Conroy, Smith & Co.

October 14, 2003  
New York, NY

