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ANNUAL AUDITED REPORT

FORM X-17A-5

PART III

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

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SEC FILE NUMBER
8-51816

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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 7/01/2002 AND ENDING 6/30/2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: SG LONG & COMPANY

OFFICIAL USE ONLY
FIRM I.D. NO.

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

283 W. FRONT ST. SUITE 302

(No. and Street)

MISSOULA

(City)

MT

(State)

59802

(Zip Code)

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

MARY STEVENS

406-721-0999

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

ELMORE & ASSOCIATES PC

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

3819 STEPHENS

(Address)

MISSOULA

(City)

MT

(State)

59806

(Zip Code)

CHECK ONE:

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

PROCESSED
AUG 25 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).

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, MARY C. STEVENS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SG LONG & COMPANY, 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

Mary C. Stevens
Signature

FINANCIAL OPERATIONS PRINCIPAL
Title

Kim J. Smith
Notary Public
Kim J. Smith

Notary Public for the State of Montana
Residing at Missoula, Montana
My Commission Expires April 16, 2006

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 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).

S. G. LONG & COMPANY

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2003

(With Independent Auditors' Report Thereon)

This report contains 17 pages.

S. G. LONG & COMPANY

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ELMORE & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

Board of Directors and Stockholders
S. G. Long & Company
Missoula, Montana

Independent Auditors' Report

We have audited the accompanying statement of financial condition of S. G. Long & Company as of June 30, 2003, and the related statements of income, stockholders' equity, and cash flows for the year 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 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 S. G. Long & Company at 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 1 and 2 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 under 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.

Elmore & Associates, P.C.

Certified Public Accountants
July 24, 2003

S. G. LONG & COMPANY

Statement of Financial Condition

June 30, 2003

ASSETS

Cash and Cash Equivalents	\$ 141,988
Receivables from Brokers and Clearing Organizations	81,759
Prepaid Expenses and Other	15,231
Investments	30,343
Furniture and Equipment, at Cost, Less Accumulated Depreciation of \$38,608	25,019
Deposits	50,000
Total assets	<u>\$ 344,340</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts Payable and Accrued Expenses	\$ <u>83,862</u>
Total current liabilities	<u>83,862</u>
Stockholders' Equity	
Common stock (no stated value, 50,000 shares authorized, 46,202 issued)	166,215
Retained earnings	<u>102,919</u>
	269,134
Less treasury stock at cost (2,385 shares)	<u>(8,656)</u>
Total stockholders' equity	<u>260,478</u>
Total liabilities and stockholders' equity	<u>\$ 344,340</u>

S. G. LONG & COMPANY

Statement of Income

For the Year Ended June 30, 2003

Revenues	
Commissions and trails	\$ 832,114
Managed accounts fees	180,674
Outside fees	<u>376,236</u>
	<u>1,389,024</u>
Expenses	
Commissions and trails payouts	535,788
Managed and outside fees payouts	336,532
Broker expenses and charges	127,811
Board of directors fees	3,000
Office salaries	141,687
Rent	57,273
Depreciation and amortization	10,553
Advertising	4,350
Taxes and licenses	9,812
Professional fees	27,454
Cleaning	3,378
Dues and subscriptions	27,407
Office supplies and postage	20,582
Computer and stock quotes	11,146
Miscellaneous	8,761
Insurance	1,991
Travel and entertainment	1,109
Employee benefits	13,507
Contributions	1,820
Training	1,199
Telephone	13,364
Utilities	4,427
Payroll taxes	27,173
Retirement plan	<u>20,411</u>
	<u>1,410,535</u>
Loss from operations	<u>(21,511)</u>
Interest Expense	(340)
Other Income	<u>29,109</u>
	<u>28,769</u>
Income before income taxes	7,258
Provision for Income Taxes - Current	<u>(1,848)</u>
Net Income	<u>\$ 5,410</u>

S. G. LONG & COMPANY

Statement of Stockholders' Equity
For the Year Ended June 30, 2003

	<u>Common Stock</u>		<u>Treasury Stock</u>		<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>		
Balance, June 30, 2002	24,385	\$ 51,965	4,185	\$ (18,656)	\$ 97,509	\$ 130,818
Sale of common stock	21,817	114,250	-	-	-	114,250
Sale of treasury shares	-	-	(1,800)	10,000	-	10,000
Net income	-	-	-	-	5,410	5,410
Balance, June 30, 2003	<u>46,202</u>	<u>\$ 166,215</u>	<u>2,385</u>	<u>\$ (8,656)</u>	<u>\$ 102,919</u>	<u>\$ 260,478</u>

S. G. LONG & COMPANY

Statement of Cash Flows
For the Year Ended June 30, 2003

Cash Flows from Operating Activities	
Net Income	\$ <u>5,410</u>
Adjustments to reconcile net income to net cash provided by operations:	
Depreciation and amortization	10,553
Changes in operating assets and liabilities:	
Receivables	(69,622)
Prepaid expenses	(252)
Accounts payable and accrued expenses	<u>31,214</u>
Total adjustments	<u>(28,107)</u>
Net cash used in operating activities	<u>(22,697)</u>
Cash Flows from Investing Activities	
Purchase of investments	(14,755)
Acquisition of furniture and equipment	<u>(23,474)</u>
Net cash used in investing activities	<u>(38,229)</u>
Cash Flows from Financing Activities	
Payment on long-term debt	(9,404)
Issuance of stock	<u>124,250</u>
Net cash provided by financing activities	<u>114,846</u>
Net increase in cash and cash equivalents	53,920
Cash and Cash Equivalents	
Beginning of year	<u>88,068</u>
End of year	\$ <u><u>141,988</u></u>
Supplemental Disclosure of Cash Flow Information:	
Cash paid for interest	\$ <u><u>839</u></u>

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

S. G. LONG & COMPANY

Notes to Financial Statements

June 30, 2003

Note 1 - Summary of Significant Accounting Policies

Operations – S. G. Long & Company is an independent brokerage firm operating in Missoula, Montana, with representatives registered in various states. The Company operates as an introducing broker and also is a registered investment advisor.

Cash Equivalents – For purposes of the statement of cash flows, the Company considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Investments – Marketable securities are classified as available-for-sale and are valued at fair value. The resulting difference between cost and market is reflected in the current period income or loss.

Revenue Recognition – Commission income is recorded on a settlement date basis, which does not materially differ from trade date basis.

Property, Plant and Equipment – Property, plant and equipment are stated at cost. Depreciation and amortization is provided using the straight-line method over estimated useful lives of five to seven years for furniture, fixtures and equipment. Repair and maintenance costs are expensed as incurred and betterments are capitalized.

Advertising Costs – The Company generally expenses the costs of advertising as incurred. Total advertising expense was \$4,350 for the year ended June 30, 2003.

Income Taxes – Deferred tax assets and liabilities are recognized for the estimated future consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. The current and noncurrent portion of these deferred tax assets and liabilities are classified in the statement of financial condition based on the respective classification of the assets and liabilities which give rise to such deferred income taxes. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in tax expense in the period that includes the enactment date.

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, disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Note 2 – Investments

Investments at June 30, 2003, consist of a mutual fund at fair value of \$30,343. Investment income for the year ended June 30, 2003, consists of interest and dividends totaling \$1,641.

Note 3 – Retirement Plan

The Company has a contributory retirement plan generally covering the employees that earn over \$5,000 during the year. The employer matches up to 3% of compensation and vesting of the matching contributions is immediate. The employee may also elect to contribute to the plan with no stated limitation other than those imposed by the Internal Revenue Code. The Company's contributions totaled \$20,411 for 2003.

Note 4 – Related Party Transactions

The Company rents office space from an entity owned by the majority shareholder. Payments for rent and related utilities totaled \$54,188 for the year ended June 30, 2003.

Note 5 – Net Capital Requirement

The Company is subject to the Securities and Exchange Commission Uniform Net Capital 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 (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 \$205,677, which was \$155,677 in excess of its required net capital of \$50,000. The Company's net capital ratio was 0.41 to 1.

Note 6 – Commitments

The Company has an operating lease for office equipment. Minimum commitments under this lease are \$2,302 annually through 2004 and \$576 in 2005.

SUPPLEMENTARY INFORMATION

S. G. LONG & COMPANY

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

June 30, 2003

Total stockholders' equity	\$ 260,478
Deduct equity not allowable for net capital	-
Total equity qualified for net capital	<u>260,478</u>
Nonallowable assets:	
Nonallowable advances	7,764
Prepaid expenses	15,231
Furniture and equipment	<u>25,019</u>
	48,014
Net capital before haircuts	212,464
Haircuts on securities:	
Trading and investment securities	<u>6,787</u>
Net Capital	<u><u>\$ 205,677</u></u>

Computation of Basic Net Capital Requirement

Minimum net capital required: (based on aggregate indebtedness)	\$ <u>5,591</u>
Minimum dollar requirement	<u>50,000</u>
Net capital requirement	<u>50,000</u>
Net capital	<u>205,677</u>
Excess net capital (net capital less minimum dollar requirement)	\$ <u><u>155,677</u></u>
Excess net capital at 1,000%	\$ <u><u>197,291</u></u>

Computation of Aggregate Indebtedness

Total aggregate indebtedness liability per statement of financial condition	\$ <u><u>83,862</u></u>
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S. G. LONG & COMPANY

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

June 30, 2003

Reconciliations with Company's Computations

Stockholders' Equity

Stockholders' Equity - as Reported in FOCUS Report	\$ 262,288
Adjustments	
Income tax provision	(1,848)
Other	<u>38</u>
Stockholders' Equity - Per Audited Financial Statements	<u>\$ 260,478</u>

Net Capital

Net Capital - as Reported in FOCUS Report	<u>\$ 205,677</u>
Net Capital - Per Audited Financial Statements	<u>\$ 205,677</u>

S. G. LONG & COMPANY

Computation for Determination of Reserve Requirements Under
Rule 15c3-3 of the Securities and Exchange Commission
June 30, 2003

S. G. Long & Company is exempt from Securities and Exchange Commission
Rule 15c3-3 under subsection k2(i).



ELMORE & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

Board of Directors and Stockholders
S. G. Long & Company
Missoula, Montana

Independent Auditors' Report
on Internal Control Required by SEC Rule 17a-5

In planning and performing our audit of the financial statements of S. G. Long & Company 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 compliance with 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 the procedures 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.

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 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 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, 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.

Elmore & Associates, P.C.

Certified Public Accountants
July 24, 2003