

# *Evans and Bennett, LLP*

CERTIFIED PUBLIC ACCOUNTANTS  
2112 Erie Blvd. East Suite 100  
Syracuse, New York 13224  
(315) 474-3986  
FAX # (315) 474-0716

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders  
Hazard & Siegel, Inc.  
Dewitt, New York

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Hazard & Siegel, Inc. as of December 31, 2020, and the related notes (collectively referred to as the financial statement). In our opinion, the statement of financial condition presents fairly, in all material respects, the financial position of Hazard & Siegel, Inc. as of December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

This financial statement is the responsibility of Hazard & Siegel, Inc.'s management. Our responsibility is to express an opinion on Hazard & Siegel, Inc.'s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Hazard & Siegel, Inc. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

*Evans and Bennett, LLP*

---

Certified Public Accountants

We have served as Hazard & Siegel, Inc.'s auditor since 1999.

Syracuse, New York

February 26, 2021

**HAZARD & SIEGEL, INC.**

**DEWITT, NEW YORK**

**AUDITED STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2020**

**PUBLIC DOCUMENT**

## **C O N T E N T S**

	<b>Pages</b>
ANNUAL AUDITED REPORT FORM X-17A-5 PART III (Facing Page)	<b>1</b>
OATH OR AFFIRMATION	<b>2</b>
INDEPENDENT AUDITORS' REPORT	<b>3</b>
FINANCIAL STATEMENTS:	
Statement of Financial Condition	<b>4</b>
Notes to Financial Statement	<b>5</b>

PUBLIC  
DOCUMENT

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

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

OMB APPROVAL

OMB Number : 3235-0123  
Expires: October 31, 2023  
Estimated average burden  
hours per response...12.00

SEC FILE NUMBER

8- 13942

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 01/01/20 AND ENDING 12/31/20

MM/DD/YY

MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **HAZARD & SIEGEL, INC.**

Official Use Only

FIRM I.D. NO.

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

**5793 WIDEWATERS PARKWAY**

(No. and Street)

**DEWITT**

**NEW YORK**

**13214**

(City)

(State)

(Zip Code)

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

**DAVID M. MULLEN, PRESIDENT**

**(315) 414-0722**

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

**EVANS AND BENNETT, LLP**

**2112 ERIE BLVD. E., STE. 100 SYRACUSE**

**NEW YORK 13224**

(Address)

(City)

(State)

(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)

SEC 1410 (06-02)

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, **DAVID M. MULLEN**, swear (or affirm) that to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of **HAZARD & SIEGEL, INC.**, as of **DECEMBER 31, 2020**, 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:

N/A

DAVID M. MULLEN

Signature

PRESIDENT/CFO

Title

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 Cash Flows.
- ☐ (e) Statement of Changes in Stockholder's Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital for brokers and dealers Pursuant to Rule 15c3-1.
- ☐ (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.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition and Net Capital.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the Securities Investor Protection Corporation Supplemental Report. (Bound Separately)
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☐ (o) Independent auditors' report on internal accounting control.

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

HAZARD & SIEGEL, INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2020

ASSETS

Cash	\$ 124,314
Commissions receivable	263,712
Prepaid expenses	11,547
Fixed Asset - Right of Use	231,788
Property and equipment - net	<u>12,711</u>
Total assets	<u>\$ 644,072</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	
Accrued expenses	\$ 260,366
PPP Loan - Debt	\$ 86,360
Lease liability	<u>\$ 245,304</u>
Total liabilities	<u>592,030</u>
Stockholder's equity	<u>52,042</u>
Total liabilities and stockholder's equity	<u>\$ 644,072</u>

A copy of our most recent Annual Audited Report, Form X-17a-5 Part III, is available for examination and copying at the principal office of the firm in Dewitt, New York, as well as the office of the Securities and Exchange Commission in New York, New York.

The accompanying notes are an integral part of these financial statements

HAZARD & SIEGEL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**Note 1. Organization and Nature of Business**

Hazard & Siegel, Inc. (the Company) is a regional securities broker-dealer, registered with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA).

The Company is an introducing broker, and limits its business to the sales and service of investment company products, insurance company variable insurance products, group annuities within retirement plans, public non-trade REITS, and public non-traded BDCs.

**Note 2. Summary of Significant Accounting Policies**

Use of Estimates

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

Cash - Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Property, Equipment and Depreciation

Property and equipment are recorded at cost. Renewals and betterments of property are accounted for as additions to asset accounts. Repairs and maintenance charges are expensed as incurred. Depreciation is computed using accelerated methods for financial reporting and income tax purposes. Estimated useful lives vary from 5 to 7 years for office equipment.

Brokerage Commissions

The Company arranges for the purchase and sale of securities for its customers. Each time a customer enters into a buy transaction, the Company generally receives a commission. Commissions are recorded on the trade date (the date that the Company fills the trade order by contracting with a counterparty and confirms the trade with the customer). The Company believes that the performance obligation is satisfied on the trade date because that is when 1.) the underlying financial instrument or purchaser is identified, 2.) the pricing is agreed upon, and 3.) the risks and rewards of ownership have been transferred to the customer.

HAZARD & SIEGEL, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**Note 2. Summary of Significant Accounting Policies (continued)**

Distribution fees

The Company enters into arrangements with pooled investment vehicles (funds) to distribute shares to investors. The Company may receive distribution fees paid by the fund up front (trade date), over time, or as a combination thereof. The Company believes that its performance obligation is the sale of securities to investors and as such this is fulfilled on the trade date. Any fixed amounts are recognized on the trade date as a commission, as outlined in the previous note. For variable amounts paid over time, as the uncertainty is dependent on the value of the shares at future points in time as well as the length of time the investor remains in the fund, both of which are highly susceptible to factors outside the Company's influence, the Company does not believe that it can overcome this constraint until the market value of the fund and the investor activities are known, which is usually monthly or quarterly. Distribution fees recognized into the current period are primarily related to performance obligations that have been satisfied in prior periods.

Practical expedients

As part of the adoption of the ASU, the Company elected to use the following practical expedients: the Company states its accounts receivable at their transaction price and does not adjust for financing components; costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year.

Recent Accounting Pronouncements

In February 2016 FASB issued Accounting Standards Update 2016-02, Leases (Topic 842). The new standard sets forth a change in accounting to bring operating leases onto the balance sheet, by way of a Right of Use Asset and a Lease Liability. The right of use asset will be amortized straight line over the life of the lease, while the lease liability will follow NPV amortization as a loan would. This update was effective January 1, 2019, and was implemented by the Company as of that date.

In June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments related to ASC Topic 326 ("ASC 326"), requiring the immediate recognition of management's estimates of current expected credit losses. ASC 326 is effective for fiscal years beginning after December 15, 2019, and has been adopted by the Company for fiscal year ended December 31, 2020.

The Company currently has no assets on its balance sheet that require measurement of credit losses. As such, the Company has determined that there is no material impact on the Company's financials resulting from the adoption of ASC 326.



HAZARD & SIEGEL, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**Note 2. Summary of Significant Accounting Policies (continued)**

Income Taxes

The Company has analyzed filing positions in all of the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. The Company believes that its income tax filing positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position. Therefore, no reserves for uncertain income tax positions have been recorded. In addition, the Company did not record a cumulative effect adjustment related to this adoption.

The Company's policy for recording interest and penalties associated with audits is to record such items as a component of income before taxes. There were no such items during the periods covered in this report.

The Company has elected to be treated as a Subchapter "S" Corporation under the Internal Revenue Code and the New York State Corporation Tax Law. Under these elections, the income, generally, is taxed directly to the stockholder. New York State has a minimum tax on corporations, which resulted in a corporate level tax of \$1,000 and is reflected in these financial statements. The Company also accrued \$1,050 for anticipated state income tax payments to other states.

Compensated Absences

The Company has not accrued for compensated absences. The Company recognizes compensation expense when it is paid to the employees.

Events Occurring After Reporting Date

Management has evaluated subsequent events through February 26, 2021, which is the date the financial statements were available to be issued.

**Note 3. Commissions Receivable and Concentration of Credit Risk**

The Company is engaged in various trading and brokerage activities whose counterparties include financial institutions. In the event the counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty. The Company has not experienced any credit risk related to loss and there has been no bad debt related expense from these transactions during the reporting period. It is the Company's policy to review, as necessary, the credit standing of each counterparty. The Company uses the direct write-off method in recognizing bad debt. There was no bad debt expense incurred during the year ended December 31, 2020

HAZARD & SIEGEL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**Note 4. Off-Balance-Sheet Credit Risk**

The Company does not handle either customer cash or securities. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's obligations. Settlement of these transactions is not expected to have a significant effect upon the Company's financial position.

The Company does not engage in proprietary trading of volatile securities such as short options and futures.

**Note 5. Property and Equipment - Net**

A schedule of property and equipment is as follows:

Office equipment	\$ 62,752
Leasehold improvements	12,804
	<u>75,556</u>
Accumulated depreciation	<u>(62,845)</u>
Property and equipment - net	<u>\$ 12,711</u>

Depreciation expense was \$7,500 for the year ended December 31, 2020.

**Note 6. Long-Term Debt**

Long-term debt as of December 31, 2020 consists of the following:

	2020
PPP loan payable to Key Bank N.A, bearing interest at 1%, due April 2022, unsecured	\$ 86,360
Current maturities	<u>57,477</u>
Long-term debt	<u>\$ 28,883</u>

Maturities of Long Term Debt are as follows:

2021	\$ 57,477
2022	<u>\$ 28,883</u>
Total	<u>\$ 86,360</u>

HAZARD & SIEGEL, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**Note 7. Commitments and Contingencies**

Operating Leases

The Company has a seven year lease on its office in Dewitt, New York with 5793 Widewaters Parkway, LLC commencing April of 2017 through July 31, 2024. Total rent expense was \$7,228, with an additional amortization of right of use expense of \$66,225 for the year ended December 31, 2020.

The minimum annual rental commitments over the next five years are as follows:

	Real Estate operating lease
2021	70,982
2022	73,395
2023	74,803
2024	<u>43,635</u>
Total	262,815
Less effects of discounting	<u>(17,511)</u>
Lease liabilities recognized	<u><u>\$ 245,304</u></u>

HAZARD & SIEGEL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

**Note 8. Net Capital Requirements**

As a registered broker-dealer, Hazard & Siegel, Inc. is subject to the requirements of Rule 15c3-1 ("The Net Capital Rule") under the Securities Exchange Act of 1934. The basic concept of the rule is liquidity, its object being to require a broker-dealer to have, at all times, sufficient liquid assets to cover its current indebtedness. Specifically, the rule prohibits a broker-dealer from permitting its "aggregate indebtedness" from exceeding fifteen times its "net capital" as those terms are defined and the rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. On December 31, 2020, Hazard & Siegel, Inc.'s aggregate indebtedness and net capital were \$273,882 and \$94,119 respectively, a ratio of 2.91 to 1 and net capital exceeded the minimum capital requirement of \$18,259 by \$75,860.

**Note 9. Related Party Transactions**

The Company shares the expense of the cost of its Spectrum cable and Northlands Communications internet service bill. The annual expense was \$2,891 for the year ended December 31, 2020.

The Company shares the expense of its errors and omission insurance coverage. The annual expense paid to the related party for the year ended December 31, 2020 was \$72,303.

**Note 10. Forgivable Loan Received under the SBA Payroll Protection Program**

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Company obtained a PPP loan for \$86,360, which is included in the Company's debt balance. The note matures in April 2022 and bears interest at a fixed annual rate of 1%, with the first ten months of interest deferred. The Company believes it used the proceeds from the note for qualifying expenses and thus expects to receive approval of its application for the loan to be forgiven in the future, at which time the Company will recognize gain on forgiveness of the loan.

**Note 11. Risks and Uncertainties**

The recent COVID-19 outbreak in the United States has resulted in economic uncertainties which may negatively impact the Company. Given the uncertainty and daily evolution of the COVID-19 outbreak, the Company is not able to estimate the effects on financial operations.