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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 27911

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 January 1, 2002 AND ENDING December 31, 2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: KAUFMAN & COMPANY

Applicant's Name: Sumner Kaufman

OFFICIAL USE ONLY
FIRM ID NO.

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

45 Milk Street

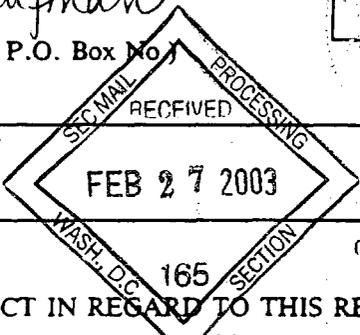
(No. and Street)

Boston, MA 02109

(City)

(State)

(Zip Code)



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

Sumner Kaufman (617) 426-0444

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Starr, Finer, Starr LLP

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

1280 Soldiers Field Road, Boston, MA 02135

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

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

PROCESSED

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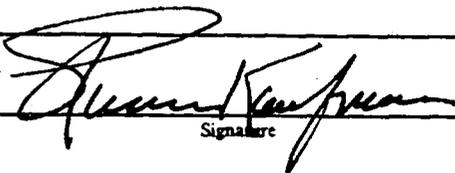
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THOMSON FINANCIAL

*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).

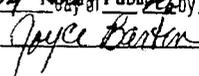
OATH OR AFFIRMATION

I, Sumner Kaufman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kaufman & Company, as of

December 31, 2002, ~~19~~x, 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:

X 
Signature

Proprietor
Title

The foregoing document was acknowledged before me this 24 day of February by 2003

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).

SUMNER KAUFMAN
D/B/A
KAUFMAN & COMPANY

Balance Sheets as of December 31,

	<u>2002</u>	<u>2001</u>
<u>ASSETS</u>		
CURRENT:		
Cash and Cash Equivalent	\$ 25,691	\$ 4,503
Accounts Receivable (NOTE C)	181,644	245,833
Accrued Interest Receivable	550	805
Prepaid Expenses	<u>1,743</u>	<u>12,598</u>
Total Current Assets	<u>209,628</u>	<u>263,739</u>
PROPERTY AND EQUIPMENT, at Cost		
Accumulated Depreciation	93,491	107,301
	<u>46,184</u>	<u>51,067</u>
	<u>47,307</u>	<u>56,234</u>
OTHER:		
Marketable Securities -		
Available for Sale (NOTE D)	<u>52,301</u>	<u>104,218</u>
	<u>\$309,236</u>	<u>\$424,191</u>
<u>LIABILITIES AND CAPITAL</u>		
LIABILITIES:		
Current:		
Accounts Payable	\$ 1,492	\$ 30,069
Other Accruals	<u>73,795</u>	<u>87,877</u>
Total Current Liabilities	75,287	117,946
CAPITAL		
	<u>233,949</u>	<u>306,245</u>
	<u>\$309,236</u>	<u>\$424,191</u>
COMMITMENTS AND CONTINGENCIES (NOTE E)		

(Reference is made to the accompanying notes)

STARR, FINER, STARR LLP

CERTIFIED PUBLIC ACCOUNTANTS

1280 SOLDIERS FIELD ROAD

BOSTON, MASS. 02135-1096

SHERMAN H. STARR, C.P.A.
ARTHUR G. GOLDSTEIN, C.P.A.
HARVEY SEGALOFF, C.P.A.
LOUIS J. KATES, C.P.A.

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TELECOPIER: (617) 782-5954
www.starrllp.com

INDEPENDENT AUDITOR'S REPORT

Sumner Kaufman
d/b/a Kaufman & Company

We have audited the accompanying balance sheets of Sumner Kaufman d/b/a Kaufman & Company as of December 31, 2002 and 2001, and the related statements of (loss)/income and capital 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 audits.

We conducted our audits 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 audits provide 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 Sumner Kaufman d/b/a Kaufman & Company as of December 31, 2002 and 2001, 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.

STARR, FINER, STARR LLP



Boston, Massachusetts
January 31, 2003