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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- 38407

Washington, DC

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 01/01/10 AND ENDING 12/31/10  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: KEVIN HART KORNFIELD AND COMPANY INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

2137 EMBASSY DRIVE, SUITE 105

LANCASTER,	(No. and Street) PENNSYLVANIA	17603
(City)	(State)	(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
KEVIN HART KORNFIELD, PRESIDENT 717-392-0002

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

J.H. WILLIAMS & CO., LLP Certified Public Accountants

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

270 PIERCE STREET, SUITE 202 KINGSTON, PENNSYLVANIA 18704

(Address)	(City)	(State)	(Zip Code)
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**CHECK ONE:**

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

9A 020787 KEVIN HART KORNFIELD & COMPANY, INC. KEVIN HART KORNFIELD P.O. BOX 6423 LANCASTER, PA 17607-6423
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**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)

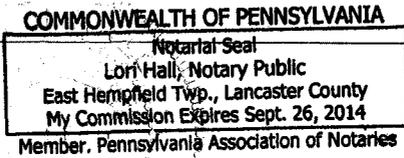
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OATH OR AFFIRMATION

I, KEVIN HART KORNFIELD, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of KEVIN HART KORNFIELD AND COMPANY, INC., as of DECEMBER 31, 2010, 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



Handwritten signature of Kevin Hart Kornfield over a line, with the word 'Signature' printed below it. Below the signature line is the word 'PRESIDENT'.

Title

Handwritten signature of Lori Hall over a line, with the words 'Notary Public' printed below it.

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 15c3-1 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).



### Independent Auditors' Report

Kevin Hart Kornfield & Company, Inc.  
2137 Embassy Drive  
Lancaster, Pennsylvania

We have audited the accompanying statement of financial condition of Kevin Hart Kornfield & Company, Inc. (the "Firm") as of December 31, 2010, and the related statements of income, changes in stockholder's 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 Firm'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 Kevin Hart Kornfield & Company, Inc. as of December 31, 2010, 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 Page 11 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 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.

*J. H. Williams & Co., LLP*

February 21, 2011

**Kevin Hart Kornfield & Company, Inc.**  
**Statement of Financial Condition**  
**December 31, 2010**

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ASSETS

Cash - operating accounts	\$ 41,778
Deposit held by clearing broker	50,045
Accounts receivable	13,276
Deferred income tax assets	4,828
Office equipment and leasehold improvements at cost, less accumulated depreciation and amortization of \$63,068	<u>8,132</u>
	<u>\$ 118,059</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

Accounts payable and accrued expenses	\$ 4,344
Accrued and withheld payroll taxes	<u>242</u>

TOTAL LIABILITIES 4,586

STOCKHOLDER'S EQUITY

Common stock, \$10 par value; authorized 5,000 shares; issued and outstanding 3,703 shares	37,030
Retained earnings	<u>76,443</u>

TOTAL STOCKHOLDER'S EQUITY 113,473

\$ 118,059

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

**Kevin Hart Kornfield & Company, Inc.**  
**Statement of Income**  
**For the year ended December 31, 2010**

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REVENUES

Commissions	\$ 270,171
Interest and dividends	356
Investment gains	<u>534</u>

TOTAL REVENUES 271,061

OPERATING EXPENSES

Salaries and other employment costs	159,935
Regulatory fees and expenses	4,887
Other expenses	<u>98,817</u>

TOTAL OPERATING EXPENSES 263,639

INCOME FROM OPERATIONS 7,422

PROVISION FOR INCOME TAXES

Federal income tax	600
State income tax	<u>658</u>

TOTAL PROVISION FOR INCOME TAXES 1,258

NET INCOME \$ 6,164

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

**Kevin Hart Kornfield & Company, Inc.**  
**Statement of Changes in Stockholder's Equity**  
**For the year ended December 31, 2010**

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	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
BALANCES - BEGINNING	\$ 37,030	\$ 70,279	\$ 107,309
Net income	<u>-</u>	<u>6,164</u>	<u>6,164</u>
BALANCES - ENDING	<u>\$ 37,030</u>	<u>\$ 76,443</u>	<u>\$ 113,473</u>

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

**Kevin Hart Kornfield & Company, Inc.**  
**Statement of Cash Flows**  
**For the year ended December 31, 2010**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income	\$ 6,164
Adjustments to reconcile net income to cash (used in) operating activities:	
Deferred income taxes	1,258
Realized gains on sales of trading securities	(534)
Depreciation expense	626
(Increase) decrease in:	
Accounts receivable	(6,150)
Prepaid corporate taxes	3,151
Increase (decrease) in:	
Accounts payable - trade	<u>(5,159)</u>
<b>NET CASH FLOWS (USED IN) OPERATING ACTIVITIES</b>	<u>(644)</u>
 <b>CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>	
Purchase office equipment and leasehold improvements	<u>(16,258)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Grant proceeds received applied to purchase of leasehold improvements	7,500
Proceeds received from sale of investments	<u>18,809</u>
<b>NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	<u>26,309</u>
<b>NET INCREASE IN CASH</b>	9,407
<b>CASH - BEGINNING</b>	<u>32,371</u>
<b>CASH - ENDING</b>	<u>\$ 41,778</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>	
Income tax refunds received	\$ 3,151

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

**Kevin Hart Kornfield & Company, Inc.**  
**Notes to Financial Statements**  
**December 31, 2010**

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**NOTE 1 – Nature of Operations**

Kevin Hart Kornfield & Company, Inc. (the "Firm") conducts business as a securities and investment brokerage dealer located in Lancaster County, Pennsylvania.

The Firm was incorporated on August 21, 1986, and was capitalized by the issuance of 2,517 shares of its \$10 par value common stock. Subsequent to incorporation, additional \$10 par value common stock was issued as follows:

<u>Date of Issue</u>	<u>Common Shares Issued</u>	<u>Contributed Capital</u>
12/01/98	136	\$ 1,360
01/31/99	1,050	\$ 10,500

**NOTE 2 – Summary of Significant Accounting Policies**

**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 and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash Equivalents**

For purposes of the statement of cash flows, the Firm considers all short-term instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2010.

**Allowance for Bad Debts**

The Firm does not normally extend credit to its customers. Amounts shown as accounts receivable arise only as a result of trades which are in process and uncompleted as of the financial statement date. Such trades are normally completed during the next business day. The Firm considers accounts receivable to be fully collectible; accordingly, no allowance for bad debts is required.

### **Trading Securities and Investments**

The Firm classifies its trading securities and investments as trading. Such securities are carried in the financial statements at fair value. Realized gains and losses are included in earnings and computed using the specific identification method. Unrealized gains and losses are included in earnings.

The Firm measures its trading securities at fair value on a quarterly basis. Fair value is defined as a price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Authoritative guidance classifies the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurements fall is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

- Level 1: Fair value is based on unadjusted quoted prices in active markets that are accessible to the Firm for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.
- Level 2: Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets and quoted market prices that are not active for identical or similar assets and other observable inputs.
- Level 3: Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

The Firm sold all its trading securities during the year ended December 31, 2010. Proceeds from the sale of trading securities and investments were \$14,163. Gross gains realized on these sales were \$4,648. Gross losses on these sales were \$4,114.

### **Depreciation and Amortization**

Office equipment and leasehold improvements are recorded at cost and depreciated using accelerated methods over 7 years.

Maintenance and repairs are charged to operations as incurred, and expenditures for significant betterments and renewals are capitalized.

Gains or losses on sales or retirement of such fixed assets are reflected in income.

Depreciation expense for the year was \$626.

**Kevin Hart Kornfield & Company, Inc.**  
**Notes to Financial Statements**  
**December 31, 2010**

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**Advertising Costs**

The Company follows the policy of charging the costs of advertising to expense during the year in which the advertising first takes place. Advertising costs for the year ended December 31, 2010 were \$3,332.

**Income Taxes**

The Firm uses an asset and liability approach to financial accounting and reporting of income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities measured by using enacted tax rates and laws expected to be in effect when the timing differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Principal timing differences are due primarily to net operating loss carryforwards.

As of December 31, 2010, the Firm had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, the Firm had no interest and penalties related to income taxes.

The Firm is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2007.

**NOTE 3 – Net Capital Requirements**

The Firm is subject to the Securities and Exchange Commission Uniform Net Capital Rule which requires the maintenance of minimum net capital. A computation of net capital under Rule 15c3-1 is included as Schedule I of this report.

**NOTE 4 – Customer Accounts Fully Disclosed**

The Firm does not hold any customer securities. All such accounts are carried at National Financial Services, LLC. Therefore, the Firm claims exemption from the reporting requirements of Rule 15c3-3.

**Kevin Hart Kornfield & Company, Inc.**  
**Notes to Financial Statements**  
**December 31, 2010**

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**NOTE 5 – Liabilities Subordinated to Claims of General Creditors**

There are no liabilities subordinated to claims of general creditors.

**NOTE 6 – Pension Plan**

Effective January 1, 1997, the Firm established a SIMPLE pension plan under section 408(p) of the Internal Revenue Code for the benefit of eligible employees. Eligibility is limited to employees who are reasonably expected to receive \$5,000 in compensation for the calendar year. The Firm may contribute amounts as determined by the Board of Directors, which is currently a matching contribution up to a limit of 3% of the employee's compensation. The Firm made a contribution of \$3,493 to the Plan for the year ended December 31, 2010.

**NOTE 7 – Lease Agreements**

The Firm leases office space from its sole stockholder – see Note 9.

**NOTE 8 – Provision for Income Taxes**

Income tax expense for the year ended December 31, 2010 consisted of the following:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ -	\$ 600	\$ 600
State	-	658	658
TOTALS	<u>\$ -</u>	<u>\$ 1,258</u>	<u>\$ 1,258</u>

Deferred tax assets consisted of federal and state net operating losses available for carryforward to future years, as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Net operating losses	<u>\$ 2,898</u>	<u>\$ 1,930</u>	<u>\$ 4,828</u>

**Kevin Hart Kornfield & Company, Inc.**  
**Notes to Financial Statements**  
**December 31, 2010**

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Federal and state net operating losses available for carryforward and their respective year of expiration are as follows:

<u>Federal</u>			<u>State</u>		
<u>Originating Year</u>	<u>Amount</u>	<u>Year of Expiration</u>	<u>Originating Year</u>	<u>Amount</u>	<u>Year of Expiration</u>
12/31/2009	\$ 19,317	2028	12/31/2009	\$ 19,317	2029

It is anticipated that all deferred tax assets are to be realized and, accordingly, no valuation allowance has been provided.

**NOTE 9 – Related Party Transactions**

The Firm leases office space under an informal lease agreement from its sole stockholder. Total rent paid during the year under this agreement was \$336.

**NOTE 10 – Subsequent Events**

Management has evaluated subsequent events through February 21, 2011 which is the date that the Firm's financial statements were available to be issued. No material subsequent events have occurred since December 31, 2010 that required recognition or disclosure in the accompanying financial statements.

**Kevin Hart Kornfield & Company, Inc.**  
**Schedule I - Computation of Net Capital Under Rule 15c-3-1 of the**  
**Securities and Exchange Commission**  
**December 31, 2010**

NET CAPITAL

Total stockholder's equity	\$ 113,473
Deduct stockholder's equity not allowable for net capital computation	-
<b>TOTAL STOCKHOLDER'S EQUITY ALLOWABLE FOR NET CAPITAL COMPUTATION</b>	<u>113,473</u>
<b>Deductions</b>	
Interest accumulated on deposit with clearing broker	45
Non-security related debit balances due 12b-1 fees (net of related accounts payable)	413
Office equipment and leasehold improvements (net)	8,132
Deferred income tax assets	4,828
<b>TOTAL DEDUCTIONS</b>	<u>13,418</u>
<b>ADJUSTED NET CAPITAL</b>	<u>\$ 100,055</u>

AGGREGATE INDEBTEDNESS

Accounts payable	\$ 4,344
Accrued and withheld payroll taxes	242
<b>TOTAL AGGREGATE INDEBTEDNESS</b>	<u>\$ 4,586</u>

Computation of Basic Net Capital

Minimum net capital required (6 2/3% of total aggregate indebtedness)	\$ 306
Minimum dollar net capital required	<u>\$ 50,000</u>

Adjusted Net Capital	\$ 100,055
Minimum Net Capital Required (Greater of Above)	50,000
<b>EXCESS NET CAPITAL</b>	<u>\$ 50,055</u>

RECONCILIATION WITH COMPANY'S COMPUTATION

(included in Part II of Form X-17A-5 as of December 31, 2010)

There were no material differences between the computation of net capital under Rule 15c3-1 in the above computation and the corresponding unaudited Part IIA filing by Kevin Hart Kornfield & Company, Inc. for the year ended December 31, 2010.



Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5(g)(1) for a  
Broker-Dealer Claiming an Exemption from SEC Rule 15c-3-3

Kevin Hart Kornfield & Company, Inc.  
2137 Embassy Drive  
Lancaster, Pennsylvania

In planning and performing our audit of the financial statements of Kevin Hart Kornfield & Company, Inc., (the "Firm") as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Firm's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Firm's internal control. Accordingly, we do not express an opinion on the effectiveness of the Firm's 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 Firm including consideration of control activities for safeguarding securities. This study included 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 15c-3-3. Because the Firm 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 Firm in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
2. 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 Firm 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 previously 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 Firm 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5(g)(1) for a  
Broker-Dealer Claiming an Exemption from SEC Rule 15c-3-3  
(Cont'd)

Because of inherent limitations in internal control and 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.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Firm's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

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 Firm's practices and procedures as described in the second paragraph of this report were adequate at December 31, 2010, to meet the SEC's objectives.

This report is intended solely for the information and use of 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.

*J. H. Williams & Co., LLP*

February 21, 2011