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CA-D  
2/15/12

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

Washington, DC  
125

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

SEC FILE NUMBER
8- 21836

REPORT FOR THE PERIOD BEGINNING 01/01/11 AND ENDING 12/31/11  
MM/DD/YYYY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: MHA FINANCIAL CORPORATION

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPLE PLACE OF BUSINESS: (Do not use P.O. Box No.)  
4 PHEASANT HILL STREET

(No. and Street)

WESTWOOD MA 02090  
(City) (State) (Zip Code)

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

C. WILLIAM HOILMAN 781-769-8066  
(Area Code -- Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

LARRY D. LIBERFARB, P.C.

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

11 VANDERBILT AVENUE SUITE 220 NORWOOD MA 02062  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirements 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 240.17-a-8(e)(2)

SEC 1410 (05-01) Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

CA-D  
2/15/12

OATH OR AFFIRMATION

I, C. WILLIAM HOILMAN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MHA FINANCIAL CORPORATION, as of DECEMBER 31, 20 11, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principle officer or director has any proprietary interest in any account classified solely as that of A customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

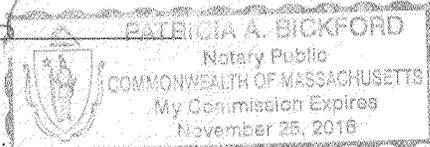
*C. William Hoilman*

Signature

PRESIDENT

Title

*Patricia A. Bickford*  
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 15c2-3.
- (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).

**MHA FINANCIAL CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

# LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062  
Tel. (781) 255-8800 Fax (781) 255-9217  
E-Mail: Info@Liberfarb.com

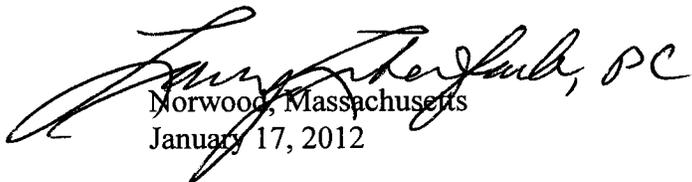
## **Independent Auditor's Report**

To the Board of Directors of  
MHA Financial Corporation

We have audited the accompanying statement of financial condition of MHA Financial Corporation as of December 31, 2011, 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 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 MHA Financial Corporation as of December 31, 2011, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

  
Norwood, Massachusetts  
January 17, 2012

**MHA FINANCIAL CORPORATION**

**STATEMENT OF FINANCIAL CONDITION**

**December 31, 2011**

**ASSETS**

Cash	\$ 209,299
Receivable from broker-dealers and clearing organizations	42,631
Securities owned, at market	232,866
Other Assets	<u>3,250</u>
	<u>\$ 488,046</u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

<b>Liabilities:</b>	
Accounts payable, accrued expenses and other liabilities	\$ 32,716
<b>Stockholder's equity:</b>	
Common stock, no par value, authorized 12,500 shares, 140 shares issued and outstanding	7,000
Additional paid-in capital	55,000
Unrealized gain on securities available for sale	109,900
Retained earnings	<u>283,430</u>
Total stockholder's equity	<u>455,330</u>
	<u>\$ 488,046</u>

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

**MHA FINANCIAL CORPORATION**

**STATEMENT OF INCOME**

**For the Year Ended December 31, 2011**

Revenues:	
Commissions	\$ 353,337
Interest and dividends	390
	<u>353,727</u>
Expenses:	
Employee compensation and benefits	31,919
Communications and data processing	2,893
Occupancy	21,894
Other expenses	273,968
	<u>330,674</u>
Income before income taxes	23,053
Provision for income taxes	<u>1,119</u>
Net Income	21,934
Other comprehensive income	
Unrealized gain	<u>7,410</u>
Comprehensive income	<u>\$ 29,344</u>

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

**MHA FINANCIAL CORPORATION**

**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**

**For the Year Ended December 31, 2011**

	Common Stock	Additional Paid-In Capital	Unrealized Gain (Loss) on Securities Available For Sale	Retained Earnings	Total
Balance at January 1, 2011	\$ 7,000	\$ 55,000	\$ 102,490	\$ 261,496	\$ 425,986
Net Income				21,934	21,934
Change in unrealized gain(loss) on investments available for sale			7,410		7,410
Balance at December 31, 2011	<u>\$ 7,000</u>	<u>\$ 55,000</u>	<u>\$ 109,900</u>	<u>\$ 283,430</u>	<u>\$ 455,330</u>

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

**MHA FINANCIAL CORPORATION**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2011**

Cash Flows From Operating Activities:	
Net income	\$ 29,344
Adjustments to reconcile net income to net cash from operating activities:	
(Increase) decrease in operating assets:	
Increase in receivable from broker-dealers and clearing organizations	(18,094)
Increase in securities owned	(7,312)
Increase in other assets	(3,250)
(Decrease) increase in operating liabilities:	
Increase in accounts payable, and accrued expenses	<u>19,202</u>
Net cash from operating activities	19,890
Cash Flows From Investing Activities	
None	
Cash Flows From Financing Activities	
None	
Increase in cash	19,890
Cash at beginning of the year	<u>189,409</u>
Cash at end of the year	<u>\$ 209,299</u>
Supplemental cash flow disclosures:	
Interest payments	\$ 0
Income tax payments	\$ 1,119

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

**MHA FINANCIAL CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Nature of Business

The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority, Inc.(FINRA).

Securities Transactions

Customers' securities transactions are recorded on a settlement date basis. The related commission income and expenses are also recorded on the settlement date basis.

Marketable Securities

Marketable securities are valued at market, cost is determined on the specific identification method; realized and unrealized gains and losses for trading securities are reflected in revenue. At December 31, 2011 there were \$21 in securities classified as trading securities.

Marketable securities classified as available for sale had a current year unrealized gain of \$7,410. This gain was reflected as a component of other comprehensive income. At December 31, 2011, there were \$232,845 in securities classified as available for sale.

Income Taxes

The Company operates as an S Corporation. As such, the Corporation's income or loss and credits are passed through to the stockholder, and reported on his individual income tax returns.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days, that are not held for sale in the ordinary course of business.

Use of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

# MHA FINANCIAL CORPORATION

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2011

### NOTE 2 - NET CAPITAL

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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. At December 31, 2011 the Company had net capital of \$377,509 which was \$327,509 in excess of its required net capital of \$50,000. The Company's net capital ratio was .09 to 1.

### NOTE 3 - RELATED PARTY TRANSACTIONS

The Company rents office space and equipment from its sole shareholder. The rent charged was \$18,000 for the fiscal year ending December 31, 2011. At December 31, 2011 the Company did not owe any monies to the related party. Because this is a related entity, operating results could vary significantly from those that would be obtained if this entity was autonomous.

### NOTE 4 - CONCENTRATIONS OF CREDIT RISK

The Company is engaged in various trading and brokerage activities whose counterparties include the general public. In the event counterparties do not fulfill their obligations the Company may be exposed to risk. The risk of default depends on the credit worthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

### NOTE 5 - EMPLOYEE BENEFITS

The Company has a SARSEP plan for all employees. Employees at their discretion may contribute up to 25% of their compensation to the plan. For the year ended December 31, 2011 \$7,500 was contributed on behalf of an employee.

### NOTE 6 - FAIR VALUE

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

# **MHA FINANCIAL CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**DECEMBER 31, 2011**

### **NOTE 6 – FAIR VALUE (Continued)**

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.

Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumption about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

A qualifying asset or liabilities level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The Company's qualifying assets or liabilities are recorded at fair value using Level 1 inputs.

### **NOTE 7 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 17, 2012, the date on which the financial statements were available to be issued. There were no subsequent events that require adjustment or disclosure in the financial statements.

**MHA FINANCIAL CORPORATION**  
**SUPPLEMENTARY SCHEDULES**  
**DECEMBER 31, 2011**

LARRY D. LIBERFARB, P.C.

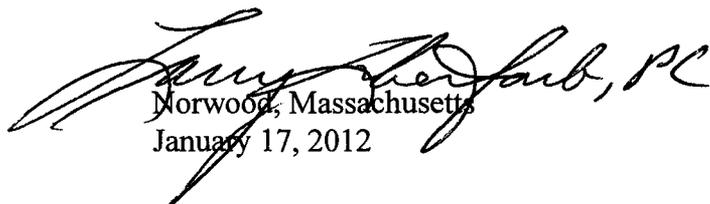
CERTIFIED PUBLIC ACCOUNTANTS  
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062  
Tel. (781) 255-8800 Fax (781) 255-9217  
E-Mail: Info@Liberfarb.com

**Independent Auditor's Report on  
Supplementary Information Required by Rule 17a-5 of the  
Securities and Exchange Commission**

To the Board of Directors of  
MHA Financial Corporation

We have audited the accompanying financial statements of MHA Financial Corporation for the year ended December 31, 2011, and have issued our report thereon dated January 17, 2012. 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 I, and II 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.

  
Norwood, Massachusetts  
January 17, 2012

**SCHEDULE I**

**MHA FINANCIAL CORPORATION**

**COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL  
PURSUANT TO RULE 15c3-1**

**DECEMBER 31, 2011**

**AGGREGATE INDEBTEDNESS:**

Accounts payable and accrued expenses \$ 32,692

**NET CAPITAL:**

Common stock \$ 7,000  
Additional paid-in capital 55,000  
Retained earnings 393,330  
\$ 455,330

**ADJUSTMENTS TO NET CAPITAL:**

Other assets (3,250)  
12 b-1 fees (10,890)  
Haircuts and undue concentration (63,681)  
Net Capital, as defined \$ 377,509

NET CAPITAL REQUIREMENT 50,000

NET CAPITAL IN EXCESS OF REQUIREMENT \$ 327,509

RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL .09 to 1

**Reconciliation with Company's computation of net capital:**

Net capital as reported in Company's Part IIA (unaudited)  
FOCUS Report \$ 377,509  
Net audit adjustments -  
Decrease in non-allowables and haircuts -  
Net capital per above \$ 377,509

**SCHEDULE II**

**MHA FINANCIAL CORPORATION**

**COMPUTATION FOR DETERMINATION OF  
RESERVE REQUIREMENTS FOR BROKER/DEALERS UNDER  
RULE 15c3-3 OF THE SECURITIES EXCHANGE ACT OF 1934**

**DECEMBER 31, 2011**

MHA Financial Corporation is exempt from the reserve requirements of Rule 15c3-3 as its transactions are limited, such that they do not handle customer funds or securities, accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirement pursuant to Rule 15c3-3 are not applicable.

# LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062  
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E-Mail: Info@Liberfarb.com

## **Independent Auditor's Report on Internal Control Required by SEC Rule 17a-5**

To The Board of Directors of  
MHA Financial Corporation

In planning and performing our audit of the financial statements of MHA Financial Corporation. (the Company), as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Company'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 Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 Company, 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 determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions, 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 and recordations 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 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 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 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.

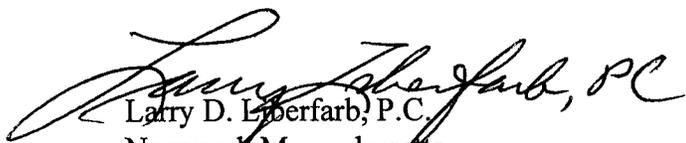
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 considered 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 the Company's practices and procedures, as described in the second paragraph of the report, were adequate at December 31, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, the Financial Industry Regulatory Authority, Inc., 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.

  
Larry D. Liberfarb, P.C.  
Norwood, Massachusetts  
January 17, 2012

# LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062  
Tel. (781) 255-8800 Fax (781) 255-9217  
E-Mail: Info@Liberfarb.com

## **Independent Auditor's Report on Applying Agreed-Upon Procedures Related to an Entity's SIPC Assessment Reconciliation**

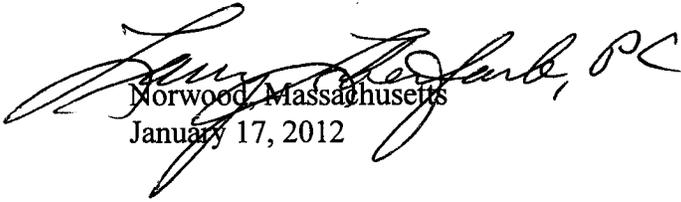
To the Board of Directors of  
MHA Financial Corporation

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessments and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ending December 31, 2011, which were agreed to by MHA Financial Corporation and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating MHA Financial Corporation's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7), MHA Financial Corporation's management is responsible for the MHA Financial Corporation's compliance with those requirements. The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures were performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
2. Compared amounts reported on the audited Form X-17A-5 for the period January 1, 2010 to December 31, 2011, as applicable, with the amounts reported in Form SIPC-7 for the period ended December 31, 2011 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.



Morwood, Massachusetts  
January 17, 2012

**MHA FINANCIAL CORPORATION**  
**SCHEDULE OF ASSESSMENTS AND PAYMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Payment Date</u>	<u>To Whom Paid</u>	<u>Amount</u>
7/30/2011	SIPC	\$ 196.00
1/17/2012	SIPC	<u>\$ 179.00</u>
	Total Paid	<u>\$ 375.00</u>

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