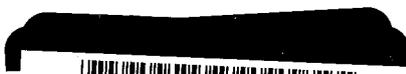


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**ANNUAL AUDITED REPORT**  
**FORM X-17A-5/A**  
**PART III**

SEC  
Mail Processing  
Section

SEC FILE NUMBER
8- 51198

MAY 15 2012

FACING PAGE

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

Washington DC  
405

REPORT FOR THE PERIOD BEGINNING 01/01/2011 AND ENDING 12/31/2011  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Kildare Capital, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

555 East Lancaster Avenue, Suite 540

(No. and Street)

Radnor

PA

19087

(City)

(State)

(Zip Code)

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

Sean Sweeney

610-254-1707

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Stephano Slack LLC

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

125 Stafford Avenue

Wayne

PA

19087

(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.

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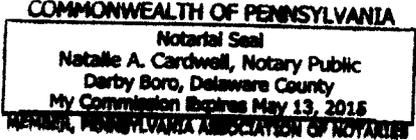
OATH OR AFFIRMATION

I, SEAN SWEENEY, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kildare Capital, Inc., as of December 31, 2011, 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:

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

[Signature]  
Signature  
President  
Title

[Signature]  
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 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).

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INDEPENDENT AUDITORS' REPORT

To the Stockholder  
Kildare Capital, Inc.  
Radnor, Pennsylvania

We have audited the accompanying statement of financial condition of Kildare Capital, Inc., (the "Company") 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 are filed 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 Kildare Capital, Inc. as of December 31, 2011, 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.

  
Stephano Slack LLC

February 24, 2012  
Wayne, Pennsylvania

**KILDARE CAPITAL, INC.**  
Statement of Financial Condition  
December 31, 2011

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**ASSETS**

Cash and Cash Equivalents	\$ 74,253
Accounts Receivable	714,457
Deposit with Clearing Organization	929,962
Securities Owned, at Fair Value	7,668,989
Property and Equipment, Net Accumulated Depreciation	<u>120,825</u>
TOTAL ASSETS	<u><u>\$ 9,508,486</u></u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

<b>Liabilities</b>	
Accrued Expenses	\$ 1,139,540
Payable to Clearing Organization	5,223,645
Securities Sold, Not Yet Purchased	1,324,402
Due to Related Party	<u>100,000</u>
TOTAL LIABILITIES	7,787,587
Stockholder's Equity	<u>1,720,899</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u><u>\$ 9,508,486</u></u>

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

**KILDARE CAPITAL, INC.**  
Statement of Income  
For the Year Ended December 31, 2011

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Revenues

Principal Trading Income	\$ 8,413,381
Underwriting Fees	954,893
Success Fees	162,861
Interest Income	128,713
Other Income	<u>560,711</u>
TOTAL INCOME	<u>10,220,559</u>

Expenses

Commissions	5,565,980
Employee Compensation and Benefits	1,732,177
Communications and Data Processing	365,875
Regulatory Fees	131,622
Occupancy Expense	95,368
Other Expenses	<u>1,513,537</u>
TOTAL EXPENSES	<u>9,404,559</u>
NET INCOME	<u><u>\$ 816,000</u></u>

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

**KILDARE CAPITAL, INC.**  
Statement of Changes in Stockholder's Equity  
For the Year Ended December 31, 2011

	Preferred		Common		Additional Paid-In Capital	Accumulated Deficit	Total Stockholder's Equity
	Share	Amount	Shares	Amount			
Balance, January 1, 2011	2,300,000	\$ 23,000	10,000,000	\$ 260,000	\$ 2,317,000	\$ (1,207,840)	\$ 1,392,160
Net Income	0	0	0	0	0	816,000	816,000
Stockholder's Distributions	0	0	0	0	0	(487,261)	(487,261)
<b>BALANCE, DECEMBER 31, 2011</b>	<b>2,300,000</b>	<b>\$ 23,000</b>	<b>10,000,000</b>	<b>\$ 260,000</b>	<b>\$ 2,317,000</b>	<b>\$ (879,101)</b>	<b>\$ 1,720,899</b>

Preferred Stock, 5,000,000 shares authorized, 2,300,000 Shares Outstanding, \$0.01 Par Value

Common Stock, 100,000,000 shares authorized, 10,000,000 Shares Outstanding, No Par Value

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

**KILDARE CAPITAL, INC.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2011**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income	\$ 816,000
Adjustments to Reconcile Net Income to Net Cash Flows Provided by Operating Activities	
Depreciation	39,928
Decrease (Increase) in Assets	
Accounts Receivable	(477,507)
Prepaid Expenses	12,631
Deposit with Clearing Organization	253,842
Securities Owned, at Fair Value	(18,905)
Increase (Decrease) in Liabilities	
Accrued Expenses	144,665
Due to Related Party	(100,000)
	(100,000)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	\$ 670,654
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Securities Owned, at Fair Value	611,113
Payable to Clearing Organization	(1,874,943)
Securities Sold, Not Yet Purchased	832,527
Acquisition of Property and Equipment	(73,276)
	(73,276)
NET CASH FLOWS USED BY INVESTING ACTIVITIES	(504,579)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Stockholder's Distributions	(487,261)
Payments Under Capital Lease Obligations	(14,084)
	(14,084)
NET CASH FLOWS USED BY FINANCING ACTIVITIES	(501,345)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(335,270)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	409,523
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 74,253
<b><u>Supplemental Disclosure of Cash Flow Information</u></b>	
Cash Paid During the Year for Interest	\$ 2,387

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

**KILDARE CAPITAL, INC.**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 1 - Organization and Nature of Business**

Kildare Capital, Inc. (the "Company"), a Pennsylvania S corporation, is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is licensed by the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Company is a wholly-owned subsidiary of Kildare Financial Group, Inc. ("KFG"). The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services, including trading in securities issued by the government of the United States of America and various state and municipal authorities, and investment banking. The Company is an introducing broker and clears all transactions through a clearing organization on a fully disclosed basis.

**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 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 and Cash Equivalents - The Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

The Company maintains cash balances at a financial institution. Each interest bearing account is insured by the Federal Deposit Insurance Corporation up to \$250,000 for its interest bearing accounts and unlimited deposit insurance coverage for its non-interest bearing accounts through December 31, 2012. In the normal course of business, the Company may have deposits that exceed the insured balance in its interest bearing accounts.

Securities Transactions - Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade-date basis. Securities are valued at fair value. Fair value is generally based upon quoted market prices. If quoted market prices are not available, fair value is determined by management.

Investment Banking - Investment banking revenues include gains, losses, and fees, net of syndication expenses, arising from securities offerings in which the Company acts as an underwriter or agent. Investment banking revenues also include fees earned from providing merger-and-acquisition and financial restructuring advisory services. Investment banking management fees are recorded on the offering date, sales concessions on the settlement date, and underwriting fees at the time the underwriting is completed and the income is reasonably determinable.

**KILDARE CAPITAL, INC.**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 2 - Summary of Significant Accounting Policies (continued)**

Accounts Receivable - Accounts receivable are carried at cost. Accounts receivable consists of monies due from other brokerage firms for syndication engagements relating to the purchase and subsequent sale of bonds. On a periodic basis, management evaluates its accounts receivable based on the history of past write-offs, collections and current credit conditions. An account is written off when it is determined that all collection efforts have been exhausted.

The Company uses the specific write-off method to provide for doubtful accounts, since experience and management's estimation indicate an adequate allowance for such amounts is immaterial.

Deposit with and Payable to Clearing Organization - Amounts of deposits with and payable to clearing organization relate to transactions through a clearing organization and are collateralized by securities owned by the Company.

Fair Value of Financial Instruments - As required by the *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification No. 820 ("FASB ASC 820"), the carrying amounts for cash and cash equivalents, accounts receivable, deposits with clearing organization, accounts payable, accrued expenses, due to related party and payable to clearing organization approximate their fair value because of their short-term maturity.

Property and Equipment - Property and equipment are recorded at cost. Depreciation is provided on the straight-line method. Maintenance and minor repairs are charged to operations when incurred. When assets are retired or sold, the related costs and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in current operations.

The estimated useful lives for depreciation are:

Equipment	5 Years
Furniture and Fixtures	5 Years
Leasehold Improvements	4-5 Years

Leasehold improvements are amortized over the shorter of the estimated useful life of the improvement or the remaining term of the lease.

Long-Lived Assets - As required by the *Property, Plant, and Equipment* Topic of the FASB Accounting Standards Codification No. 360 ("FASB ASC 360"), long-lived assets are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at lower of carrying amount or fair value less cost to sell.

**KILDARE CAPITAL, INC.**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 2 - Summary of Significant Accounting Policies (continued)**

Commissions - Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Investment Advisory Income - Investment advisory fees are recognized when earned on a pro rata basis over the term of the contract.

Income Taxes - The Company, with the consent of its stockholder (KFG), has elected to be an "S" Corporation under Section 1371 of the Internal Revenue Code. In lieu of corporation income taxes, the stockholder of an S Corporation is taxed on his proportionate share of the Company's taxable income. Therefore, no provision for federal and state income taxes has been included in the accompanying financial statements.

The Company has evaluated all tax positions, including their status as a pass-through entity, and has concluded that the Company has no uncertain tax positions that need to be evaluated under the *Income Tax* Topic of FASB Accounting Standards Codification No. 740 ("FASB ASC 740"). The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company's management believes it is no longer subject to income tax examinations for year prior to 2008.

Advertising Cost - Costs incurred for advertising are expensed when incurred. Advertising expense for the year ended December 31, 2011 was \$27,223.

**NOTE 3 - Securities Owned and Securities Sold, Not Yet Purchased**

Marketable securities owned and sold, not yet purchased, consists of trading and investment securities at fair value, as of December 31, 2011 as follows:

	<b>Securities Owned</b>	<b>Securities Sold, Not Yet Purchased</b>
U.S. Treasury Bonds	\$ 1,291,784	\$ 1,324,402
State and Municipal Obligations	5,285,644	0
U.S. Equities	1,091,561	0
	\$ 7,668,989	\$ 1,324,402

**KILDARE CAPITAL, INC.**  
Notes to Financial Statements  
December 31, 2011

**NOTE 4 - Deposit with and Payable to Clearing Organization**

Deposit with and payable to the Company's clearing organization at December 31, 2011, consist of the following:

	<b>Deposit with</b>	<b>Payable</b>	
Deposit with Clearing Organization	\$ 929,962	\$ 0	
Payable to Clearing Organization	0	5,223,645	
	\$ 929,962	\$ 5,223,645	

**NOTE 5 - Property and Equipment**

Property and equipment at December 31, 2011 were as follows:

Office Equipment	\$ 148,387
Furniture and Fixtures	136,927
Leasehold Improvements	15,219
TOTAL PROPERTY AND EQUIPMENT	300,533
Less: Accumulated Depreciation	179,708
NET PROPERTY AND EQUIPMENT	\$ 120,825

Depreciation expense for the year ended December 31, 2011 was \$39,928.

**NOTE 6 - Obligations under Capital Leases**

The Company had acquired furniture and fixtures under the provisions of long-term capital leases. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized. The leased property under capital leases as of December 31, 2011 had a cost of \$71,647 accumulated amortization of \$71,647 and a net book value of \$0. Amortization expense for the year ended December 31, 2011 was \$28,965. Amortization of the leased property is included in depreciation expense.

**NOTE 7 - Line of Credit**

The Company has a line of credit with a commercial bank, which allows maximum borrowings of \$100,000, expiring on July 27, 2012. Principal is payable on demand, with interest paid monthly at the bank's prime rate plus 2.5% (effective rate of 5.75% at December 31, 2011). The line of credit is secured by cash on deposit with the commercial bank. The balance outstanding on the line of credit at December 31, 2011 was \$0.

**KILDARE CAPITAL, INC.**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 8 - Accrued Expenses**

Accrued expenses at December 31, 2011 were as follows:

Commissions Payable	\$ 953,977
FINRA Fees	17,714
Professional Fees	46,693
Rent Expense	41,421
SIPC Fees	13,117
State Taxes	20,280
Miscellaneous	14,501
Technology	8,333
Travel Expense Reports	<u>23,504</u>
TOTAL ACCRUED EXPENSES	<u><u>\$ 1,139,540</u></u>

**NOTE 9 - Lease Commitments**

The Company leases office space under a month to month operating lease, with monthly payments totaling \$500. Rent expense was \$5,000 for the year ended December 31, 2011.

The Company entered into a non-cancellable operating lease for office space, with monthly payments totaling \$2,200 and expires in February 2012. Rent expense was \$26,400 for the year ended December 31, 2011.

The Company leased office space under a non-cancellable operating lease with monthly payments totaling \$10,234 which was renegotiated in 2011. Rent expense was \$63,968 for the year ended December 31, 2011.

In 2011, the Company renegotiated their lease for the above office space for a seven year non-cancellable operating lease with monthly payments beginning February 1, 2012. Minimum rental payments under the operating lease are recognized on a straight-line basis over the term of the lease including any periods of free rent. The lease expires February 1, 2019. The Company accrued \$41,421 for the rent free period. Rent expense was \$41,421 for the year ended December 31, 2011.

**KILDARE CAPITAL, INC.**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 9 – Lease Commitments (continued)**

The following is a schedule by years of future minimum payments for the non-cancellable operating lease described above for the years ending December 31:

2012	\$	230,095
2013		249,633
2014		253,363
2015		257,094
2016		260,824
Thereafter		555,223
<b>TOTAL</b>	<b>\$</b>	<b><u>1,806,232</u></b>

**NOTE 10 – Related Party Transactions**

The Company has an advance from a sub-contractor of the Company. There are no defined terms of repayment. The balance due as of December 31, 2011 was \$100,000.

**NOTE 11 – Commitments and Contingencies**

In the normal course of business, the Company enters into underwriting commitments. Transactions relating to such underwriting commitments that were open at December 31, 2011, and were subsequently settled, had no material effect on the financial statements as of that date.

The Company is subject to litigation from time to time in the ordinary course of business. Although the amount of any liability with respect to such litigation cannot be determined, in the opinion of management, such liabilities will not have a material adverse effect on the Company's financial condition or results of operations.

**NOTE 12 – Stockholder's Equity**

The Company issued 2,300,000 shares of Series A, 12%, \$0.01 par value non-convertible, non-voting preferred stock to its parent, KFG. The Series A stock pays dividends at an annual rate of 12%.

KFG has the option to redeem 1) 1,000,000 shares of the Series A stock after June 1, 2007, and 2) 1,300,000 shares of the Series A stock after June 1, 2010, upon written notice. The Company's obligation to repurchase the Series A shares would be suspended if the repurchase would cause the Company to violate its net capital requirements under the Company's current membership agreement with FINRA. At December 31, 2011, the stock had not been redeemed.

**KILDARE CAPITAL, INC.**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 12 - Stockholder's Equity (continued)**

The Company has the right to call the Series A stock in full or partial amounts upon proper written notification. The Company may not repurchase share if the repurchase would cause the Company to violate its net capital requirements under the Company's current membership agreement with FINRA

**NOTE 13 - Financial Instruments with Off-Balance-Sheet Risk**

The Company sold securities that it does not currently own and is therefore obligated to purchase such securities at a future date. The Company recorded these obligations in the financial statements as of December 31, 2011, at the current fair value of the related securities and will incur an additional loss if the fair value of the securities increases prior to the date of purchase.

In the normal course of business, the Company's activities involve the execution, settlement, and financing of various securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instruments underlying the contract at a loss.

**NOTE 14 - Independent Contractor Agreements**

The Company and various individuals (the "Contractors") have entered into Independent Contractors Agreements (the "Contractors Agreements"). Under the terms of these Contractors Agreements, the Company and the individual Contractors have agreed that the Contractors will operate a branch office on behalf of the Company utilizing certain amounts of the Company's operating funds for securities trading purposes. Each individual Contractors Agreement contains specific terms and covenants regarding the relationship between the Company and the individual Contractors, such as length of term, duties of the parties, trading funds limitations, compensation, and additional covenants.

**NOTE 15 - Net Capital Requirements**

The Company is subject to the SEC 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 \$925,467 which was \$825,467 in excess of its required net capital of \$100,000. The Company's net capital ratio was 1.34 to 1.

**KILDARE CAPITAL, INC.**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 16 - Exempt Provisions of Rule 15c3-3**

The Company operates under the provision of paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Commissions, and accordingly, is exempt from the remaining provisions of that rule.

The Company is subject to the exemptive requirements of SEC Rule 15c3-3 and did not maintain possession or control of any customer funds or securities at December 31, 2011.

**NOTE 17 - Fair Value of Financial Instruments**

*Fair Value Measurements and Disclosure* Topic of the FASB Accounting Standards Codification No. 820 ("FASB ASC 820") establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). 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. The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.
Level 2	Inputs to the valuation methodology include <ul style="list-style-type: none"><li>• Quoted prices for similar assets or liabilities in active markets;</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• Inputs, other than quoted prices, that are observable for the asset or liability;</li><li>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**KILDARE CAPITAL, INC.**  
Notes to Financial Statements  
December 31, 2011

**NOTE 17 - Fair Value of Financial Instruments (continued)**

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables sets forth by level, within the fair value hierarchy, the Company's assets and liabilities at fair value as of December 31, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Deposit with Clearing Organization	\$ 929,962	\$ 0	\$ 0	\$ 929,962
<b>Securities Owned</b>				
U.S. Treasury Bonds	\$ 1,291,784	\$ 0	\$ 0	\$ 1,291,784
State and Municipal Obligations	0	5,285,644	0	5,285,644
U.S. Equities	1,091,561	0	0	1,091,561
<b>TOTAL SECURITIES OWNED</b>	<b>\$ 2,383,345</b>	<b>\$ 5,285,644</b>	<b>\$ 0</b>	<b>\$ 7,668,989</b>
<b>Liabilities</b>				
Payable to Clearing Organization	\$ 5,223,645	\$ 0	\$ 0	\$ 5,223,645
<b>Securities Sold, Not Yet Purchased</b>				
U.S. Treasury Bonds	\$ 1,324,402	\$ 0	\$ 0	\$ 1,324,402

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2011.

*Deposit with Clearing Organization and Payable to Clearing Organization:* Values based on cash and cash equivalents and are considered Level 1 within the fair value hierarchy of the Company.

*U.S. Treasury Bonds:* Values based on the closing price reported on the active market in which the securities are traded and are considered Level 1 within the fair value hierarchy of the Company.

*State and Municipal Obligations:* Valued based on yields currently available on comparable securities of issuers with similar credit ratings are considered Level 2 within the fair value hierarchy of the Company.

**KILDARE CAPITAL, INC.**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 17 - Fair Value of Financial Instruments (continued)**

*U.S. Equities:* Values based on the closing price reported on the active market in which the securities are traded and are considered Level 1 within the fair value hierarchy of the Company.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**NOTE 18 - Subsequent Events**

In accordance with the *Subsequent Events* Topic of the FASB Accounting Standards Codification No. 855 ("FASB ASC 855"), the Company has evaluated those events and transactions that occurred from January 1, 2012 through February 24, 2012, the date the financial statements were available to be issued. No material events or transactions have occurred during the period which would render these financial statements to be misleading.

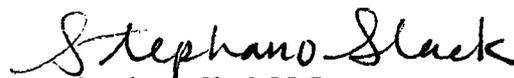
# STEPHANO SLACK LLC

ACCOUNTANTS AND TAX ADVISORS

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION

To the Stockholder  
Kildare Capital, Inc.  
Radnor, Pennsylvania

We have audited the accompanying financial statements of Kildare Capital, Inc. as of and for the year ended December 31, 2011, and have issued our report thereon dated February 24, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in Schedule I required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
Stephano Slack LLC

February 24, 2012  
Wayne, Pennsylvania

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**KILDARE CAPITAL, INC.**  
**SCHEDULE I - COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
December 31, 2011

**NET CAPITAL**

Total Shareholder's Equity \$ 1,720,899

Deductions

Non-Allowable Assets

Escrow Account	\$	83
Property and Equipment, Net Accumulated Depreciation		120,825

TOTAL DEDUCTIONS 120,908

Net Capital Before Haircuts on Security Positions 1,599,991

Haircuts on Securities Positions

U.S. Treasury Bonds	\$	69,340
State and Municipal Obligations		296,559
U.S. Equities		163,734
Undue Concentration on U.S. Equities		137,783
Undue Concentration on State and Municipal Obligations		7,108

TOTAL HAIRCUTS ON SECURITIES POSITIONS 674,524

NET CAPITAL \$ 925,467

**COMPUTATION OF AGGREGATE INDEBTEDNESS**

Accounts Payable and Accrued Expenses	\$	1,139,540
Due to Related Party		100,000

TOTAL AGGREGATE INDEBTEDNESS \$ 1,239,540

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:**

MINIMUM NET CAPITAL REQUIRED (6 2/3% x \$1,239,540) \$ 82,636

MINIMUM DOLLAR NET CAPITAL REQUIREMENT  
OF REPORTING BROKER-DEALER \$ 100,000

NET CAPITAL REQUIREMENT \$ 100,000

EXCESS NET CAPITAL \$ 825,467

NET CAPITAL LESS 120% OF MINIMUM (\$100,000 x 120%) \$ 805,467

**KILDARE CAPITAL, INC.**  
**SCHEDULE I - COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION (CONTINUED)**  
December 31, 2011

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TOTAL AGGREGATE INDEBTEDNESS	<u>\$ 1,239,540</u>
RATIO: AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>1.34 to 1</u>

**RECONCILIATION WITH COMPANY'S COMPUTATION**  
**(INCLUDED IN PART II OF FORM X-17A-5 AS OF DECEMBER 31, 2011)**

NET CAPITAL, AS REPORTED IN COMPANY'S PART II (UNAUDITED) FOCUS REPORT	\$ 1,601,005
AUDIT ADJUSTMENTS	
ADJUSTMENT TO HAIRCUTS ON SECURITIES POSITIONS	(674,524)
ADJUSTMENT TO ACCRUED EXPENSES	19,058
ADJUSTMENT TO ACCUMULATED DEPRECIATION	<u>(20,072)</u>
NET CAPITAL PER ABOVE	<u>\$ 925,467</u>

# STEPHANO SLACK LLC

ACCOUNTANTS AND TAX ADVISORS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY SEC RULE 17a-5(g)(1) FOR A BROKER-DEALER  
CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3

To the Stockholder  
Kildare Capital, Inc.  
Radnor, Pennsylvania

In planning and performing our audit of the financial statements of Kildare Capital, Inc. (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 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 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 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 previously mentioned objectives.

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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 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.

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 *deficiency in internal control* 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 and correct, 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 company'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 Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the stockholder, management, the SEC, 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.

  
Stephano Slack LLC

February 24, 2012  
Wayne, Pennsylvania

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON  
PROCEDURES RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION

To the Stockholder  
Kildare Capital, Inc.  
Radnor, Pennsylvania

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 Assessment and Payments, [General Assessment and Reconciliation (Form SIPC-7)], to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2011, which were agreed to by Kildare Capital, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC and the New York Stock Exchange, solely to assist you and the other specified parties in evaluating Kildare Capital, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Kildare Capital, Inc.'s management is responsible for Kildare Capital Inc.'s compliance with those requirements. This 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 those 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 the amount reported on the audited Form X-17A-5 for the year ended December 31, 2011, as applicable, with the amount reported in Form SIPC-7 for the year 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.

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.

*Stephano Slack LLC*  
Stephano Slack LLC

February 24, 2012  
Wayne, Pennsylvania

**SEC  
Mail Processing  
Section**

**MAY 15 2012**

**Washington DC  
405**

**KILDARE CAPITAL, INC.**

**Financial Statements**

**December 31, 2011**