

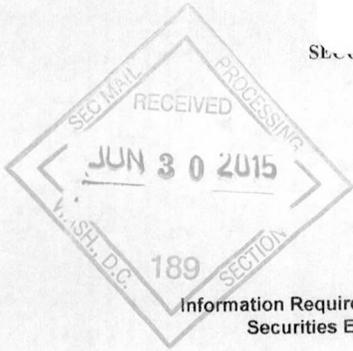


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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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



OMB APPROVAL  
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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-May-14 AND ENDING 30-Apr-15

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Kenneth Jerome & Co., Inc.

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

OFFICIAL USE ONLY  
FIRM I.D. NO.

147 Columbia Turnpike

(No. and Street)

Florham Park  
(City)

NJ  
(State)

07932  
(Zip Code)

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

973-966-6669  
(Area code- Telephone number)

B. ACCOUNTANT IDENTIFICATION

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

Donahue Associates, LLC

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

27 Beach Road- Suite C05A  
(Address)

Monmouth Beach  
(City)

NJ  
(State)

07750  
(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)

Potential persons who are to respond to the collection of  
information contained in this form are not required to respond  
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OATH OR AFFIRMATION

I, Robert Kaplon, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kenneth Jerome & Co., Inc., as of April 30, 2015, are true and correct, I further swear (or affirm) that neither 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:

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

Robert Kaplon  
Signature  
Pres  
Title

[Signature]  
Notary Public  
[Signature]  
Attorney at Law  
State of New Jersey

This report \*\* contains (check 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 the Claims of Creditors
- (g) Computation of Net Capital (including reconciliation of X-17A-5 Part II filing with this Rule 17a-5(d) report, if applicable)
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3
- (i) Information relating to the Possession of Control Requirements Under Rule 15c3-3
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for determination of the Reserve Requirements Under Exhibit A of rule 15c3-3.
- (k) A Reconciliation between the audited and the unaudited Statements of Financial Condition with respect to the 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.
- (o) Exemption report and audit review

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

**DONAHUE ASSOCIATES, L.L.C.**  
**27 BEACH ROAD, SUITE CO5-A**  
**MONMOUTH BEACH, NJ. 07750**  
**Phone: (732) 229-7723**

### **Independent Auditor's Report**

The Shareholder,  
Kenneth Jerome & Co., Inc.

We have audited the accompanying financial statements of Kenneth Jerome & Co., Inc., which comprise the balance sheet at April 30, 2015 and the related statements of operations, changes in member equity, and cash flows for the year then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to error or fraud.

#### **Auditor's Responsibility**

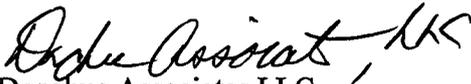
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements presented are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kenneth Jerome & Co., Inc. as of April 30, 2015 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.

The accompanying supplemental information including Schedule I – Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission, Schedule II - Reconciliation of Computation of Net Capital Pursuant to Rule 15c3-1, and Schedule III - Exemptive Provision under SEC Rule 15c3-3 have been subjected to audit procedures performed in conjunction with the audits of the Company's financial statements. The supplemental information is the responsibility of Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Rule 17a-5 of the Securities Exchange Act of 1934. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

  
Donahue Associates LLC  
Monmouth Beach, New Jersey  
June 22, 2015

**Kenneth Jerome & Co., Inc.**  
**Balance Sheet**  
**As of April 30, 2015**

**ASSETS**

Current assets:

Cash & cash equivalents	\$57,690
Deposit at clearing broker	25,000
Commissions receivable	21,334
Prepaid expenses	1,674
Total Current Assets	<u>\$105,698</u>

Total Assets \$105,698

**LIABILITIES & SHAREHOLDER'S EQUITY**

Current liabilities:

Accounts payable & accrued expenses	<u>\$14,761</u>
Total Current Liabilities	\$14,761

Shareholder's Equity:

Common stock	\$370
Additional paid in capital	30,000
Retained earnings	60,567
Total Shareholder's Equity	<u>90,937</u>

Total Liabilities & Shareholder's Equity \$105,698

**Please see the notes to the financial statements.**

**Kenneth Jerome & Co., Inc.**  
**Statement of Operations**  
**For the Year Ended April 30, 2015**

Commission & other revenues	\$629,231
Clearing expenses	<u>(66,475)</u>
Gross margin	\$562,756
General and administrative expenses:	
Salaries & consulting	\$362,187
General administration	<u>208,964</u>
Total general and administrative expenses	<u>571,151</u>
Loss from operations	(\$8,395)
Other income:	
Other income	13,983
Interest & dividend income	<u>46</u>
Net income before income tax provision	\$5,634
Provision for income taxes	<u>(1,500)</u>
Net income	<u><u>\$4,134</u></u>

**Please see the notes to the financial statements.**

**Kenneth Jerome & Co., Inc.**  
**Statement of Cash Flows**  
**For the Year Ended April 30, 2015**

Operating activities:	
Net income	\$4,134
Changes in other operating assets and liabilities:	
Commissions receivable	(1,309)
Prepaid expenses	(1,674)
Accounts payable & accrued expenses	<u>(3,467)</u>
Net cash used by operations	<u>(\$2,316)</u>
Net decrease in cash during the fiscal year	(\$2,316)
Cash & cash equivalents at April 30, 2014	<u>60,006</u>
Cash & cash equivalents at April 30, 2015	<u><u>\$57,690</u></u>
Supplemental disclosures of cash flow information:	
Interest paid during the fiscal year	\$0
Income taxes paid during the fiscal year	\$1,500

**Please see the notes to the financial statements.**

**Kenneth Jerome & Co., Inc.**  
**Statement of Changes in Shareholder's Equity**  
**For the Year Ended April 30, 2015**

	Common Stock	Additional Paid in Capital	Retained Earnings	Total
Balance at April 30, 2014	\$370	\$30,000	\$56,433	\$86,803
Net income	<u>          </u>	<u>          </u>	<u>4,134</u>	<u>4,134</u>
Balance at April 30, 2015	<u>\$370</u>	<u>\$30,000</u>	<u>\$60,567</u>	<u>\$90,937</u>

**Please see the notes to the financial statements.**

**Kenneth Jerome & Co., Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended April 30, 2015**

**1. Organization**

Kenneth Jerome & Co., Inc. (the Company) is a privately held corporation formed for the purpose of conducting business as a securities broker dealer (BD). As a BD, the Company is registered with the Financial Industry Regulatory Authority (FINRA) to market investments in registered securities.

**2. Summary of Significant Accounting Policies**

*Use of Estimates*- The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make reasonable estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses at the date of the financial statements and for the period they include. Actual results may differ from these estimates.

*Commission Revenues*- Commission revenues and related fees are recorded when they become due and the Company is reasonably assured of their collection.

*Cash*- For the purpose of calculating changes in cash flows, cash includes all cash balances and highly liquid short-term investments with original maturity date of three months or less.

*Income taxes*- The Company accounts for income taxes in accordance with generally accepted accounting principles which require an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between financial statement and income tax bases of assets and liabilities that will result in taxable income or deductible expenses in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets and liabilities to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period adjusted for the change during the period in deferred tax assets and liabilities.

The Company follows the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of April 30, 2015, the Company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. All tax returns from fiscal years 2011 to 2013 are subject to IRS audit.

### **3. Fair Value of Financial Instruments**

*Fair Value Measurements* under generally accepted accounting principles clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements are separately disclosed by level within the fair value hierarchy as follows.

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed and is determined based on the lowest level input that is significant to the fair value measurement.

Cash and cash equivalents, commission receivable, deposit with clearing broker, and accounts payable and accrued expenses in the balance sheet are estimated to approximate fair market value at April 30, 2015 because of their short term nature.

#### 4. Commitments and Contingencies

The Company is committed to a non-cancelable lease for office space in Florham Park, New Jersey, expiring in fiscal year 2016. The minimum payments due under the lease are as follows.

2016	<u>\$3,348</u>
Net minimum lease payments	<u>\$3,348</u>

Rent expense for the fiscal year 2013 was \$20,610.

#### 5. Provision for Income Taxes

**Provision for income taxes is comprised of the following:**

Net income (loss) before provision for income taxes	\$5,634
Current tax expense:	
Federal (net of net operating loss and special deductions)	\$0
State (statutory minimum)	<u>\$1,500</u>
Total	<u>\$1,500</u>

#### 7. Subsequent Events

The Company has made a review of material subsequent events from April 30, 2014 through the date of this report and found no material subsequent events reportable during this period.

**Schedule I & II**  
**Computation of Net Capital Under Rule 15c3-1 of the Securities and**  
**Exchange Commission, and Schedule II - Reconciliation of**  
**Computation of Net Capital Pursuant to Rule 15c3-1**

**CREDIT:**

Shareholder's equity	\$90,937
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**DEBITS:**

Nonallowable assets:	
Prepaid expense	(\$1,674)

<b>NET CAPITAL</b>	<b>\$89,263</b>
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Haircuts	<u>0</u>
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<b>ADJUSTED NET CAPITAL</b>	<b>\$89,263</b>
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Minimum requirements of 6-2/3% of aggregate indebtedness or \$50,000, whichever is greater.	<u>\$50,000</u>
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<b>EXCESS NET CAPITAL</b>	<u><b>\$39,263</b></u>
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<b>AGGREGATE INDEBTEDNESS:</b>	<b>\$14,761</b>
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<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	<b>16.54%</b>
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Excess net capital previously reported	\$36,309
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rounding	(\$1)
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audit adjustment to income tax provision / expense	(\$750)
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audit adjustment to accounts payable and accrued expenses	<u>\$3,705</u>
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Excess net capital per this report	<u><b>\$39,263</b></u>
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**Kenneth Jerome & Co., Inc.  
147 Columbia Turnpike  
Florham Park, NJ 07932**

**Schedule III  
April 30, 2015**

**Rule 15c3-3 Exemption Report**

This is to certify that, to the best of my knowledge and belief:

Kenneth Jerome & Co., Inc. is exempt from Rule 15c3-3 reporting pursuant to provision 15c-3(k)(2)(i) of SEC Rule 15c3-3 (the "exemption provisions").

Kenneth Jerome & Co., Inc. met the identified provision throughout the most recent fiscal year without exceptions as the company is a non-carrying broker-dealer which promptly transmits all funds and delivers all securities received in connection with our activities as a broker dealer, and does not otherwise hold funds or securities for, or owe money or securities to, customers.

Thank you.



Robert Kaplon  
President

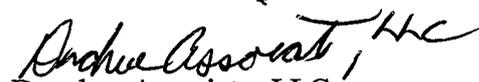
**DONAHUE ASSOCIATES, L.L.C.**  
**27 BEACH ROAD, SUITE CO5-A**  
**MONMOUTH BEACH, NJ. 07750**  
**Phone: (732) 229-7723**

**Report of Independent Registered Public Accounting Firm**

We have reviewed management's statements included in the accompanying exemption report in which Kenneth Jerome & Co., Inc. identified the provisions of SEC Rule 15c3-3 paragraph k(2)(i) under which the Company claimed an exemption from SEC Rule 15c3-3 and the Company stated that it has met the identified exemption provisions through the fiscal year ending April 30, 2015, without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is an expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph k(2)(i) of SEC Rule 15c3-3.

  
Donahue Associates LLC  
Monmouth Beach, N.J.  
June 22, 2015

**DONAHUE ASSOCIATES, L.L.C.**  
**27 BEACH ROAD, SUITE CO5-A**  
**MONMOUTH BEACH, NJ. 07750**  
**Phone: (732) 229-7723**

The Shareholder  
Kenneth Jerome & Co., Inc.

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 [Transitional Assessment Reconciliation (Form SIPC-7T)] to the Securities Investor Protection Corporation (SIPC) for the Year Ended April 30, 2015, which were agreed to by Kenneth Jerome & Co., Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Kenneth Jerome & Co., Inc.'s compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T). Kenneth Jerome & Co., Inc.'s management is responsible for the Kenneth Jerome & Co., Inc.'s compliance with those requirements.

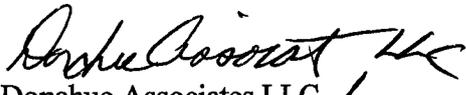
This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation 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 we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7T with respective cash disbursement records entries noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended April 30, 2015, as applicable, with the amounts reported in Form SIPC-7T for the year ended April 30, 2015, noting no differences;
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers supporting the adjustments noting no differences;

5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7T 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.



Donahue Associates LLC  
Monmouth Beach, N.J.  
June 22, 2015