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

SEC FILE NUMBER
8-17609

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

REPORT FOR THE PERIOD BEGINNING 01/01/2016 AND ENDING 12/31/2016
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: <u>Kuykendall & Schneider INC</u>			OFFICIAL USE ONLY
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) <u>3405 22nd Street, Suite 202</u>			FIRM I.D. NO.
(No. and Street)			
<u>Lubbock</u>	<u>TX</u>	<u>79410-1305</u>	
(City)	(State)	(Zip Code)	

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT	
<u>Miles Hornak</u>	<u>806-793-2525</u>
(Area Code - Telephone Number)	

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Davis Kinard & Co PC

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

<u>400 Pine Street #600</u>	<u>Abilene</u>	<u>TX</u>	<u>79601</u>
(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

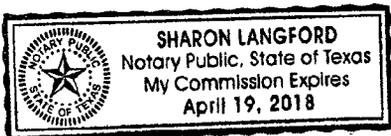
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Miles Hornak, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kuykendall & Schneider, Inc. of December 31, 2016, 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 of Sharon Langford, Notary Public

Signature of Miles Hornak, President

This report ** contains (check all applicable boxes):

- Checkboxes for report contents: (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).

KUYKENDALL & SCHNEIDER, INC.

**FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION**

together with

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015
AND
SUPPLEMENTAL REPORT ON EXEMPTION REPORT**

KUYKENDALL & SCHNEIDER, INC.

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Schedule I – Computation of Aggregate Indebtedness and Net Capital in
Accordance with Rule 15c3-1 of the Securities and Exchange Commission

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON EXEMPTION REPORT

EXEMPTION REPORT FROM BROKER/DEALER

INDEPENDENT ACCOUNTANTS AGREED-UPON PROCEDURES REPORT
ON SCHEDULE OF ASSESSMENTS AND PAYMENTS (FORM SIPC-7)

SCHEDULE OF ASSESSMENT AND PAYMENTS
[GENERAL ASSESSMENT RECONCILIATION (FORM SIPC-7)]



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of Kuykendall & Schneider, Inc.

We have audited the accompanying balance sheets of Kuykendall & Schneider, Inc. (the Company) as of December 31, 2016 and 2015, and the related statements of operations, change in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 the Company as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The supplemental information of Computation of Aggregate Indebtedness and Net Capital in Accordance with Rule 15c3-1 of the Securities and Exchange Commission has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the 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 17 C.F.R. §240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Davis Kinard & Co, PC
Certified Public Accounts

Abilene, Texas
February 24, 2017

KUYKENDALL & SCHNEIDER, INC.

FINANCIAL STATEMENTS
December 31, 2016 and 2015

Exhibit A

KUYKENDALL & SCHNEIDER INC.

BALANCE SHEETS
December 31, 2016 and 2015

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Cash in Bank	\$ 94,971	\$127,489
Receivables:		
Broker or Dealer	52,439	37,199
Deposits and Other Assets, Net	<u>20,836</u>	<u>21,464</u>
TOTAL ASSETS	<u>\$168,246</u>	<u>\$186,152</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities:		
Accounts Payable and Accrued Expenses	<u>\$100,918</u>	<u>\$116,767</u>
Stockholders' Equity:		
Common Stock, \$10 par; Authorized 500,000 Shares; Issued 670	6,700	6,700
Retained Earnings	<u>60,628</u>	<u>62,685</u>
	<u>67,328</u>	<u>69,385</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$168,246</u>	<u>\$186,152</u>

KUYKENDALL & SCHNEIDER, INC.**STATEMENTS OF OPERATIONS**
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>REVENUE</u>		
Commissions	\$1,060,103	\$985,623
Other Income	-	1,432
Interest Income	<u>162</u>	<u>175</u>
	<u>1,060,265</u>	<u>987,230</u>
<u>EXPENSES</u>		
Employee Compensation	185,625	195,711
Commissions	711,592	633,015
Occupancy and Furniture Rental	29,742	29,742
Taxes - Other than Income	32,111	37,352
Other Operating Expense	<u>103,252</u>	<u>90,051</u>
	<u>1,062,322</u>	<u>985,871</u>
Net (Loss) Income	\$ <u>(2,057)</u>	\$ <u>1,359</u>
(Loss) Income Earnings per Share of Common Stock	\$ <u>(3.07)</u>	\$ <u>2.03</u>

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

Exhibit C

KUYKENDALL & SCHNEIDER, INC.

**STATEMENTS OF CHANGE IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2016 and 2015**

	Common <u>Stock</u>	Retained <u>Earnings</u>
Balance, December 31, 2014	\$6,700	\$61,326
Net Income Year Ended December 31, 2015	<u>-</u>	<u>1,359</u>
Balance, December 31, 2015	6,700	62,685
Net Loss Year Ended December 31, 2016	<u>-</u>	<u>(2,057)</u>
Balance, December 31, 2016	<u>\$6,700</u>	<u>\$60,628</u>

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

KUYKENDALL & SCHNEIDER, INC.**STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Net (Loss) Income	\$(2,057)	\$1,359
Change in Assets and Liabilities		
Receivables	(15,240)	23,385
Deposits and Other Assets	628	(12)
Liabilities	<u>(15,849)</u>	<u>42,470</u>
Net (Decrease) Increase in Cash	(32,518)	67,202
Cash and Cash Equivalents at Beginning of Year	<u>127,489</u>	<u>60,287</u>
Cash and Cash Equivalents at End of Year	<u>\$ 94,971</u>	<u>\$127,489</u>

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

KUYKENDALL & SCHNEIDER, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2016 and 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Kuykendall & Schneider, Inc. (the Company) entered into a contract with First Southwest Company on June 9, 2010 to provide clearing services and to maintain cash, margin, option or other accounts for the Company or customers of the Company. First Southwest Company merged with Southwest Securities in October 2015 and formed Hilltop Securities.

No separation of assets and liabilities as between current and non-current is made since, for a brokerage, such distinction has little meaning and requires arbitrary decisions. Such practice is generally accepted in the industry.

Securities transactions (and the related commission revenue) are recorded on a trade date basis.

The Company has elected self-insurance as to certain risks. Any losses are recorded when determinable. No losses were recorded during the years ending December 31, 2016 and 2015.

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: FEDERAL INCOME TAX

The Company has elected to be taxed as an S corporation. Gains and losses are included in the personal income tax return of the stockholder and taxed depending on his personal tax strategies. Accordingly, the Company has no provision for current or deferred income taxes.

NOTE 3: COMMITMENT AND CONTINGENT LIABILITIES

The Company started contributing to employee Health Savings Accounts in 2009. The Company contributed \$1,200 toward employee Health Savings Accounts in 2015. There were no contributions made to employee Health Savings Accounts in 2016.

KUYKENDALL & SCHNEIDER, INC.

**NOTES TO FINANCIAL STATEMENTS, Page 2.
For the Years Ended December 31, 2016 and 2015**

NOTE 4: RESTRICTIONS OF RETAINED EARNINGS

Pursuant to net capital provisions of various regulatory agencies, the Company is required to maintain certain minimum net capital as defined under such provisions. Such rules may effectively restrict the payment of dividends.

NOTE 5: CONCENTRATIONS OF RECEIVABLES AND DEPOSITS

Hilltop Securities (HTS) clears trades for the Company and requires that a deposit of \$15,000 be maintained at HTS for this service. In addition, HTS owes the Company for certain December trades and other miscellaneous charges in the amount of \$13,641 for 2015. There was no outstanding balance due from HTS as of December 31, 2016.

NOTE 6: BUSINESS CONCENTRATION

One mutual fund company accounted for 71% and 78% of revenues in 2016 and 2015, respectively.

NOTE 7: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 24, 2017 which is the date the financial statements were available to be issued. There were no events required to be disclosed.

SUPPLEMENTAL INFORMATION

KUYKENDALL & SCHNEIDER, INC.**COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL IN
ACCORDANCE WITH RULE 15c3-1 OF SECURITIES AND EXCHANGE
COMMISSION
December 31, 2016**

Stockholders' Equity (Qualified)	\$67,328
Non-allowable Assets	<u>30,755</u>
NET CAPITAL	36,573
Minimum Net Capital Required (6 2/3% of Aggregate Indebtedness) (A)	<u>6,727</u>
Minimum Dollar Net Capital Requirement (B)	<u>5,000</u>
Net Capital Requirement (Greater of A or B)	<u>6,727</u>
Excess Net Capital	<u>29,846</u>
Net Capital less 10% of Aggregated Indebtedness	<u>\$26,482</u>

Kuykendall & Schneider, Inc. is exempt from the Determination of Reserve Requirements pursuant to Rule 15c3-3 under paragraph (k) (2) (ii).

Kuykendall & Schneider, Inc. does not have any liabilities subordinated to claims of general creditors.

No material differences were noted between the audited financial statements and the December 31, 2016, Part IIA, FOCUS report filing of Kuykendall & Schneider, Inc., with respect to the Computation of Net Capital under Rule 15c3-1.



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stakeholders
of Kuykendall & Schneider, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Kuykendall & Schneider, Inc. (the Company) identified the following provisions of 17 C.F.R. §15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3(k)(2)(ii): (the "exemption provisions") and (2) the Company stated that the Company met the identified exemption provisions throughout the most recent fiscal year 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 the 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)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Davis Kinard & Co, PC
Certified Public Accountants

Abilene, Texas
February 24, 2017

KUYKENDALL & SCHNEIDER, INC.

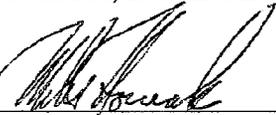
3405 22ND STREET, SUITE 202 ~ LUBBOCK, TEXAS 79410
PHONE 806-793-2525 ~ FAX 806-793-2528

EXEMPTION REPORT

It is our best knowledge and belief that Kuykendall & Schneider, Inc., a licensed broker/dealer, is exempt from the filing requirements of Rule 15c3-3 as identified in paragraph (k)(2)(ii), Kuykendall & Schneider, Inc., as an introducing broker dealer:

- Clears all transactions with and for customers on a fully disclosed basis with an appropriate clearing broker/dealer,
- Promptly transmits all customer funds (Kuykendall & Schneider, Inc. does not receive client securities) to the clearing broker/dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto.

Kuykendall & Schneider, Inc. believes it has met the identified exemption provision throughout the year ended December 31, 2016 and to the date of this report, without exception.



Miles Hornak
President
Kuykendall & Schneider, Inc.

February 23, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON APPLYING AGREED-
UPON PROCEDURES ON SCHEDULE OF ASSESSMENTS AND PAYMENTS (FORM SIPC-7)

To the Board of Directors and Stakeholders
of Kuykendall & Schneider, Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2016, which were agreed to by Kuykendall & Schneider, Inc. (the Company) and the Securities and Exchange Commission, Financial Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of Form SIPC-7. The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). 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-7 with respective cash disbursement records entries in the general ledger, noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 (FOCUS Report) for the year ended December 31, 2016 with the amounts reported in Form SIPC-7 for the year ended December 31, 2016, 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.

Davis Kinard & Co, PC
Certified Public Accountants

Abilene, Texas
February 24, 2017

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning 1/1/2016
and ending 12/31/2016

Item No.	Eliminate cents
2a. Total revenue (FOCUS Line 12/PART IIA Line 8, Code 4030)	\$ 1,060,266
2b. Additions:	
(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.	_____
(2) Net loss from principal transactions in securities in trading accounts.	_____
(3) Net loss from principal transactions in commodities in trading accounts.	_____
(4) Interest and dividend expense deducted in determining Item 2a.	_____
(5) Net loss from management of or participation in the underwriting or distribution of securities.	_____
(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.	_____
(7) Net loss from securities in investment accounts.	_____
Total additions	_____
2c. Deductions:	
(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.	1,045,611
(2) Revenues from commodity transactions.	_____
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.	_____
(4) Reimbursements for postage in connection with proxy solicitation.	_____
(5) Net gain from securities in investment accounts.	_____
(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.	_____
(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(b)(1) of the Act).	_____
(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):	_____
(Deductions in excess of \$100,000 require documentation)	_____
(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 18, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.	\$ _____
(ii) 40% of margin interest earned on customer securities accounts 140% of FOCUS line 5, Code 3960.	\$ _____
Enter the greater of line (i) or (ii)	_____
Total deductions	1,045,611
	14,655
2d. SIPC Net Operating Revenue	\$ _____
2e. General Assessment @ .0025	\$ 36.64

(On page 1, line 2 & J)