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

SEC FILE NUMBER
B- 27911

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 January 1, 2004 AND ENDING December 31, 2004
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: *OLD NAME: Kaufman, Sumner*
KA: Kaufman & Company, LLC

OFFICIAL USE ONLY

FIRM I.D. NO.

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

45 Milk Street

(No. and Street)

Boston, MA 02109

(City)

(State)

(Zip Code)

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

Sumner Kaufman (617) 426-0444

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Starr, Finer, Starr LLP

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

1280 Soldiers Field Road, Boston, MA 02135

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 29 2005

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**THOMSON
FINANCIAL**

*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)

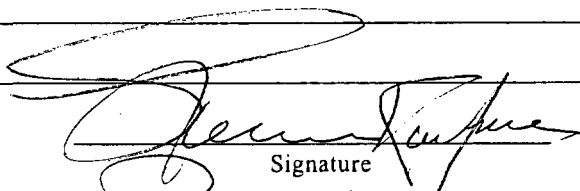
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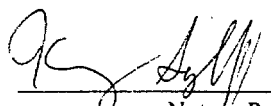
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3-24-2005*

*AKP
3-24-2005*

OATH OR AFFIRMATION

I, Sumner Kaufman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kaufman & Company, LLC, as of December 31, 2004, 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:

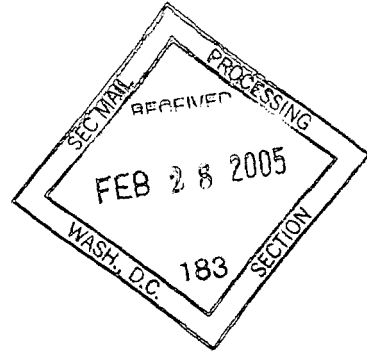

Signature
President
Title

 DATE: 2/24/2005
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 15c3-3 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).



KAUFMAN & COMPANY, LLC

BALANCE SHEETS

DECEMBER 31, 2004 and 2003

KAUFMAN & COMPANY, LLC

DECEMBER 31, 2004 AND 2003

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STARR, FINER, STARR LLP

CERTIFIED PUBLIC ACCOUNTANTS

1280 SOLDIERS FIELD ROAD

BOSTON, MASS. 02135-1096

SHERMAN H. STARR, C.P.A.
ARTHUR G. GOLDSTEIN, C.P.A.
HARVEY SEGALOFF, C.P.A.
LOUIS J. KATES, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

Sumner Kaufman
Kaufman & Company, LLC

We have audited the accompanying balance sheets of Kaufman & Company, LLC as of December 31, 2004 and 2003. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 this financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheets. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheets referred to above present fairly, in all material respects, the financial position of Kaufman & Company, LLC as of December 31, 2004 and 2003 in conformity with accounting principles generally accepted in the United States of America.

STARR, FINER, STARR LLP



Boston, Massachusetts
February 4, 2005

KAUFMAN & COMPANY, LLC

Balance Sheets as of December 31,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
CURRENT:		
Cash and Cash Equivalent	\$42,806	\$587,337
Accounts Receivable-Trade	55,000	--
Accrued Interest Receivable	--	550
Prepaid Expenses	<u>10,115</u>	<u>9,230</u>
Total Current Assets	<u>107,921</u>	<u>597,117</u>
PROPERTY AND EQUIPMENT, at Cost		
Accumulated Depreciation	109,240	105,470
	<u>70,766</u>	<u>57,147</u>
	<u>38,474</u>	<u>48,323</u>
OTHER:		
Marketable Securities -		
Available for Sale	--	51,045
Rental Deposits	<u>5,181</u>	<u>5,014</u>
	<u>5,181</u>	<u>56,059</u>
	<u>\$151,576</u>	<u>\$701,499</u>
<u>LIABILITIES AND MEMBER'S EQUITY</u>		
LIABILITIES:		
Current:		
Accounts Payable	\$48,531	\$ 4,416
Other Accruals	<u>35,006</u>	<u>117,900</u>
Total Current Liabilities	83,537	122,316
MEMBERS'S EQUITY (NOTE D)		
	<u>68,039</u>	<u>579,183</u>
	<u>\$151,576</u>	<u>\$701,499</u>
COMMITMENTS AND CONTINGENCIES (NOTE C)		

Notes to the Balance Sheets as of December 31, 2004 and 2003

NOTE A - NATURE OF ORGANIZATION

Kaufman & Company, LLC (effective January 1, 2004, successor to Sumner Kaufman d/b/a Kaufman & Company, a Massachusetts proprietorship founded in 1978) is a registered broker-dealer offering financial advisory services primarily in connection with arranging private placements, mergers and acquisitions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue and Expense Recognition. Revenue and expenses are reported on the accrual method of financial reporting. This method is used because various regulatory agencies require annual filings to be on the accrual method.

Cash and Cash Equivalent. Cash equivalent consists of a money market fund.

Accounts Receivable. Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Property and Equipment. The cost and estimated service lives used in computing depreciation are as follows:

	<u>SERVICE YEARS</u>	<u>2004</u>	<u>2003</u>
Furniture and Fixtures	5	\$41,947	\$38,178
Automobile	5	67,293	67,292
		<u>\$109,240</u>	<u>\$105,470</u>

Depreciation and amortization have been computed on straight line and accelerated methods.

Income Taxes. No provision has been made for Federal or state taxes as the net income or loss flows through to the sole member, Sumner Kaufman. For income tax purposes, the Company reports its operations on the cash basis.

Retirement Plan.

Profit Sharing Plan - The Company has a profit sharing plan and makes annual contributions, dependent upon profits and at the discretion of management, to the trustee of the profit sharing trust to provide funds with which to pay benefits to employees at retirement. Contributions charged to operations totaled \$-0- and \$76,948 in 2004 and 2003 respectively.

Notes to the Balance Sheets as of December 31, 2004 and 2003
(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising. The Company charges advertising costs to operations when incurred.

Concentration of Credit Risk:

(a) Cash. The Company maintains its cash account in one financial institution. At times, the balance may exceed federally insured limits. The Company has not experienced any loss in such account.

(b) Money Market Funds. The Company places its money market funds with a quality investment institution. The Company believes no significant concentration of credit risk exists with respect to the money market funds.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE C - OPERATING LEASES

The Company is obligated under certain lease agreements for office space and equipment expiring in various years through July 2007. Annual minimum future rental payments under the noncancellable lease agreements are as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2005	\$61,215
2006	26,120
2007	614
	<u>\$87,949</u>

Rentals charged to operations totaled \$61,866 and 60,434 in 2004 and 2003 respectively.

The Company is obligated under a lease agreement for office space expiring May 31, 2006. Provisions of the lease agreement include: (1) base annual rent of \$60,162 and (2) payment of certain operating costs.

NOTE D - CAPITAL

Pursuant to SEC Rule 15c3-1, the Company has a net capital deficit of \$46,300 at December 31, 2004 which was cured by the receipt and deposit of \$50,000 contributed to member's equity by Sumner Kaufman on January 27, 2005.