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ANNUAL AUDITED REPORT  
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PART III

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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 07/01/09 AND ENDING 06/30/10  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: YORK STOCKBROKERS INC.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

610 FIFTH AVENUE, 6TH FLOOR

(No. and Street)

NEW YORK

NY

10020

(City)

(State)

(Zip Code)

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

JONATHAN TAYLOR

212-453-2541

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

SPIELMAN KOENIGSBERG & PARKER, LLP

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

888 Seventh Avenue, 35th Floor New York

NY

10106

(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, KAI TAM, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of YORK STOCKBROKERS INC, as of JUNE 30, 2010, 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
DIRECTOR
Title

JENNIFER CORONA
NOTARY PUBLIC-STATE OF NEW YORK
No. 01CO6171237
Qualified in Kings County
My Commission Expires July 23, 2011

[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.
x (o) Independent Auditor's Report on Internal Control

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

YORK STOCKBROKERS, INC.

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**Spielman Koenigsberg & Parker, LLP**

Certified Public Accountants

888 Seventh Avenue

New York, NY 10106

Phone: 212.489.5200

Fax: 212.489.5217

*Independent Auditors' Report*

To the Board of Directors  
York Stockbrokers, Inc.:

We have audited the accompanying statements of financial condition of York Stockbrokers, Inc. as of June 30, 2010 and 2009, and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial condition of York Stockbrokers, Inc. as of June 30, 2010 and 2009 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedule on page eleven is presented for the purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Spielman Koenigsberg & Parker LLP*

New York, New York  
August 16, 2010

YORK STOCKBROKERS, INC.

STATEMENTS OF FINANCIAL CONDITION

June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 268,106	\$ 246,912
Prepaid taxes		<u>501</u>
<b>Total current assets</b>	268,106	247,413
<b>Fixed assets, net of accumulated depreciation</b> of \$424,116 and \$456,323, respectively	161,872	203,900
Clearing deposit	25,000	25,000
Security deposits	<u>57,500</u>	<u>57,500</u>
<b>Total assets</b>	<u>\$ 512,478</u>	<u>\$ 533,813</u>
 <b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued expenses	\$ 22,196	\$ 45,954
Deferred rent	9,157	1,590
Taxes payable	<u>336</u>	<u>          </u>
<b>Total liabilities</b>	<u>31,689</u>	<u>47,544</u>
 <b>Stockholders' equity</b>		
Common stock, no par value; 1,000 shares authorized, 1,000 shares issued and outstanding	1,000	1,000
Additional paid-in capital	1,564,000	1,414,000
Accumulated deficit	<u>(1,084,211)</u>	<u>(928,731)</u>
<b>Total stockholders' equity</b>	<u>480,789</u>	<u>486,269</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 512,478</u>	<u>\$ 533,813</u>

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

YORK STOCKBROKERS, INC.

STATEMENTS OF OPERATIONS

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Revenue</b>		
Commission income	\$ 29,987	\$ 99,614
License fees	63,000	25,000
Consulting income	414,457	560,245
Service fee income	133,554	129,277
Interest and dividend income	499	2,156
Realized loss on marketable securities	<u>                    </u>	<u>(6,009)</u>
Total revenue	<u>641,497</u>	<u>810,283</u>
<b>Expenses</b>		
Salaries and related taxes	315,220	466,926
General and administrative	257,893	316,615
Professional fees	81,391	73,907
Depreciation and amortization	58,525	70,916
Insurance	29,991	69,868
Equipment leasing	28,783	68,705
Travel and entertainment	11,744	1,453
Clearing and floor brokerage fees	6,166	9,471
Regulatory fees	5,632	6,167
Corporate taxes	1,632	1,425
Commission expense	<u>                    </u>	<u>14,294</u>
Total expenses	<u>796,977</u>	<u>1,099,747</u>
<b>Net loss</b>	<u>\$ (155,480)</u>	<u>\$ (289,464)</u>

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

YORK STOCKBROKERS, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For the Years Ended June 30, 2010 and 2009

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Amount</u>			
<b>Balance, June 30, 2008</b>	1,000	\$ 1,000	\$1,264,000	\$ (639,267)	\$ 625,733
Capital contribution			150,000		150,000
Net loss				(289,464)	(289,464)
<b>Balance, June 30, 2009</b>	1,000	1,000	1,414,000	(928,731)	486,269
Capital contribution			150,000		150,000
Net loss				(155,480)	(155,480)
<b>Balance, June 30, 2010</b>	<u>1,000</u>	<u>\$ 1,000</u>	<u>\$1,564,000</u>	<u>\$ (1,084,211)</u>	<u>\$ 480,789</u>

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

YORK STOCKBROKERS, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (155,480)	\$ (289,464)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	58,525	70,916
Decrease (increase) in:		
Accounts receivable		18,565
Prepaid taxes	501	(501)
Marketable securities		26,525
(Decrease) increase in:		
Accounts payable and accrued expenses	(23,758)	773
Deferred rent	7,567	(6,361)
Taxes payable	336	(454)
Net cash used in operating activities	<u>(112,309)</u>	<u>(180,001)</u>
<b>Cash flows from investing activities:</b>		
Purchases of fixed assets	<u>(16,497)</u>	<u>(92,389)</u>
Net cash used in investing activities	<u>(16,497)</u>	<u>(92,389)</u>
<b>Cash flows from financing activities:</b>		
Capital contributions	<u>150,000</u>	<u>150,000</u>
Net cash provided by financing activities	<u>150,000</u>	<u>150,000</u>
Net increase (decrease) in cash	21,194	(122,390)
<b>Cash and cash equivalents, beginning of year</b>	<u>246,912</u>	<u>369,302</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 268,106</u>	<u>\$ 246,912</u>
<b>Supplemental disclosure:</b>		
Cash paid during the year for:		
Taxes	\$ 794	\$ 2,380

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



# YORK STOCKBROKERS, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2010 and 2009

### 1. Organization

York Stockbrokers, Inc. ("YSI" or the "Company") is a Delaware corporation that was formed on June 17, 1999. YSI is a 100% owned subsidiary of York Group Limited. Effective June 15, 2000, the Company commenced operations as a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and became a member of FINRA (formerly NASD). The Company is currently engaged in various types of businesses, such as selling corporate debt securities, corporate equity securities, over-the-counter stocks and government securities. The Company also effects, on behalf of clients, transactions in foreign exchange and distributes private placements. The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 in that the Company's activities are limited to those set forth in the conditions for exemption appearing in Paragraph(k)(2)(ii) of that rule.

### 2. Significant Accounting Policies

#### Cash and Cash Equivalents

Cash and cash equivalents include highly liquid instruments with a maturity of three months or less.

#### Fixed Assets

Fixed assets are stated at cost and are depreciated using the straight-line method over their estimated useful lives. Fixed assets at June 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Leasehold improvements	\$ 474,108	\$ 525,034
Computer equipment	51,997	75,306
Computer software	14,293	14,293
Furniture and fixtures	42,559	42,559
Equipment	2,531	2,531
Non-depreciable assets	<u>500</u>	<u>500</u>
	585,988	660,223
Less: accumulated depreciation	<u>(424,116)</u>	<u>(456,323)</u>
	<u>\$ 161,872</u>	<u>\$ 203,900</u>

## YORK STOCKBROKERS, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **Revenue and Expense Recognition**

The Company records commission revenue and related expenses on a trade date basis.

#### **Fair Value of Financial Instruments**

In accordance with accounting principles generally accepted in the United States, the Company adopted the standard related to fair value measurements and disclosures. The standard defines fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes 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 or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The Company has funds in a Federated Capital Reserves account with a fair value of \$20,466 at June 30, 2010 which qualifies as Level 1. This is included in cash and cash equivalents in the statement of financial condition.

#### **Income Taxes**

Income taxes are accounted for in accordance with the standard of "Accounting for Income Taxes". As required under this standard, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of assets and liabilities and the respective tax basis amounts. Deferred tax assets and liabilities are measured under tax rates that are expected to apply to taxable income in the years in which these differences are expected to be settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period of the tax change.

# YORK STOCKBROKERS, INC.

## NOTES TO FINANCIAL STATEMENTS

### **Use of Estimates**

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 these estimates.

### **Reclassifications**

Certain amounts in the 2009 financial statements have been reclassified in order to conform with the 2010 presentation.

### **3. Financial Instruments with Off-Balance Sheet Risk and Concentration of Credit Risk**

As a securities broker/dealer, the Company engaged in various brokerage activities on an agency basis. As a non-clearing broker, the Company has their own and customers' transactions cleared through other broker dealers pursuant to fully disclosed clearance agreements. Nonperformance by its customers in fulfilling their contractual obligation pursuant to securities transactions with the clearing brokers may expose the Company to risk and potential loss. Substantially all of the Company's cash is held at clearing brokers and other financial institutions. Recognizing the concentration of credit risk that this implies, the Company utilizes clearing brokers that are highly capitalized.

### **4. License Fees**

License fees represent income earned from separate companies under license agreements, whereby YSI grants the licenses the right to use the Company's desk space. This space shall be used by the licensees solely for administrative office purposes relating to their businesses. The Company charges the licensees a monthly fee ranging from \$750 to \$14,000.

YORK STOCKBROKERS, INC.

NOTES TO FINANCIAL STATEMENTS

**5. Clearing Deposit**

The clearing deposit consists of money deposited into a capital account with the Company's clearing firm, Pershing, a Bank of New York Securities Group Company. As of June 30, 2010 and 2009, the balance is \$25,000.

**6. Net Capital Requirements**

The Company is subject to the Uniform Net Capital Rule under the Securities Exchange Act of 1934. The rule 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. The net capital and aggregate indebtedness change from day to day, but as of June 30, 2010 the company had net capital of \$260,986, which was \$160,986 in excess of SEC required net capital of \$100,000. As of June 30, 2009 the Company had net capital of \$223,891, which was \$123,891 in excess of SEC required net capital of \$100,000.

**7. Commitments and Contingencies**

The Company rents office space in which the underlying lease provides for rent escalations. As required by the standard "Accounting for Leases," the Company amortizes its rent expense on a straight-line basis over the life of the related lease. In July 2009 the Company signed a second amendment to the original lease which was effective on October 1, 2009. Minimum lease obligations under the amended lease at June 30, 2010 are approximately, as follows, for the years ended June 30:

2011	136,458
2012	136,458
2013	136,458
2014	<u>34,115</u>
	<u>\$ 443,489</u>

## YORK STOCKBROKERS, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **8. Related Party Transactions**

The Company received \$54,000 in license fees in 2010 from York Asset Management, Inc., an affiliate. In 2009 the Company received \$16,000 in license fees from York R.E., Inc., an affiliate. These fees are included in license fees on the statement of operations. Also during 2010 and 2009 the Company received \$405,000 and \$480,000, respectively, from YAM Ltd, an affiliate. During 2009 the Company received \$40,000 in consulting fees from York R.E., Inc. These fees are included in consulting income on the statement of operations. The Company entered into a service agreement with Ardbeck Limited, a related party, for consulting services. The Company paid Ardbeck Limited \$7,551 in 2010. These fees are included in professional fees on the statement of operations.

Management represents that all transactions with affiliates are made at arms-length.

#### **9. Income Taxes**

At June 30, 2010 and 2009, the Company had federal and state net operating loss carryforwards of approximately \$785,000 and \$649,000, respectively. The net operating losses will expire in the various years through June 30, 2030.

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial purposes and the amounts used for income tax purposes. The Company has a net deferred tax asset at June 30, 2010 of \$267,000. The temporary differences that give rise to the deferred tax asset are net operating losses and the book to the tax differences for depreciation. A valuation allowance has been established to reduce this net deferred asset to zero based upon the uncertainty regarding realization of such tax benefits in future periods.

The tax years of fiscal 2007, 2008 and 2009 remain subject to examination by federal and state taxing authorities.

#### **10. Liabilities Subordinated to General Creditors**

The Company has no liabilities subordinated to general creditors.

**SUPPLEMENTARY INFORMATION**

YORK STOCKBROKERS, INC.

SCHEDULE OF COMPUTATION OF NET CAPITAL FOR  
BROKERS AND DEALERS PURSUANT TO RULE 15c3-1

For the Year Ended June 30, 2010

Stockholders' equity	<u>\$ 480,789</u>
Less: nonallowable assets:	
Fixed assets, net	161,872
Security deposits	57,500
Petty cash	<u>22</u>
Total non-allowable assets	<u>219,394</u>
Net capital before haircut on securities positions	261,395
Haircut	<u>409</u>
Net capital	260,986
Computation of basic net capital requirement:	
Minimum net capital requirement (greater of 6 2/3% of aggregate indebtedness or \$100,000)	<u>100,000</u>
Capital in excess of minimum requirement	<u>\$ 160,986</u>
Aggregate indebtedness	<u>\$ 31,689</u>
Ratio of aggregate indebtedness to net capital.	<u>.12:1</u>

There were no material differences between the computation of net capital in the above schedule and the amount reported in the Company's unaudited Form X-17A5, Part IIA filing as of June 30, 2010.

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



**Spielman Koenigsberg & Parker, LLP**

Certified Public Accountants

888 Seventh Avenue

New York, NY 10106

Phone: 212.489.5200

Fax: 212.489.5217

*Independent Auditors' Report on Internal Control Structure*

Board of Directors  
York Stockbrokers, Inc.

In planning and performing our audit of the financial statements of York Stockbrokers, Inc. (the "Company"), as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting 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 and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3(e). We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, comparisons and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.





*Independent Auditors' Report on Internal Control Structure (continued)*

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or 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 above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second and fourth paragraphs of this report, were adequate at June 30, 2010 to meet the SEC's objectives.

This report recognizes that it is not practical in an organization the size of York Stockbrokers, Inc. to achieve all of the divisions or duties and cross-checks generally included in a system of internal accounting control, and that, alternatively, greater reliance must be placed on surveillance by management.



**Spielman Koenigsberg & Parker, LLP**  
Certified Public Accountants

*Independent Auditors' Report on Internal Control Structure (continued)*

This report is intended solely for the use of the Board of Directors, management, the SEC, FINRA, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered broker-dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Spielman Koenigsberg & Parker LLP*

New York, New York  
August 16, 2010

YORK STOCKBROKERS, INC.

FINANCIAL STATEMENTS

June 30, 2010 and 2009

(With Independent Auditors' Report)