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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER  
8-67706

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, 2009 AND ENDING DECEMBER 31, 2009  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER: **KC WARD FINANCIAL, LLC**

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

**4175 VETERANS MEMORIAL HIGHWAY**

(No. and Street)

**RONKONKOMA**

**NEW YORK**

**11779**

(City)

(State)

(Zip Code)

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

**LOUIS WARD CEO**

**631-981-6803**

(Area Code - Telephone No.)

B. ACCOUNTANT DESIGNATION

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

**OHAB AND COMPANY, PA**

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

**100 E. SYBELIA AVENUE, SUITE 130**

**FLORIDA**

(Address and City)

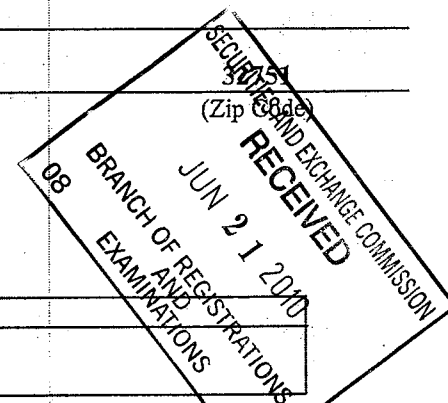
(State)

(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 audit 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).

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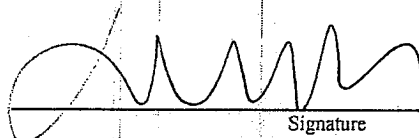
SEC 1410 (06-02)

OATH OR AFFIRMATION

I, LOUIS WARD, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm or KC WARD FINANCIAL, LLC, as of December 31, 2009 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:

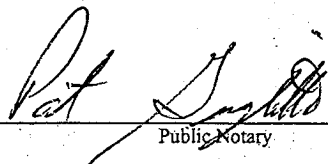
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**PATRICK GUGLIOTTA**  
Notary Public, State of New York  
Qualified in Suffolk County  
Expires 03 / 31 / 2011  
Notary No 01GU6089935

  
Signature

**MANAGING MEMBER/CEO**

Title

  
Public Notary

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 Proprietor's 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 15c3-1.
- (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).

**KC WARD FINANCIAL, LLC**  
**FINANCIAL STATEMENTS**  
**December 31, 2009**

**KC WARD FINANCIAL LLC  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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# Ohab and Company, P.A.

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Certified Public Accountants

100 East Sybelia Avenue, Suite 130  
Maitland, FL 32751

E-Mail: ohabco@earthlink.net

Phone: 407-740-7311

Fax: 407-740-6441

## INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders  
NSM Securities, Inc.  
Ft. Lauderdale, Florida

We have audited the accompanying statements of financial condition of NSM Securities, Inc. as of November 30, 2009 and the related statements of operations, changes in stockholder's equity, and cash flows for the year 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 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, evidenced 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 provide 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 NSM Securities, Inc. as of November 30, 2009 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the schedule presented on pages 8 and 10 is presented for purposes of additional analysis and is not required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act or 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.

*Ohab and Company, P.A.*

Maitland, Florida  
January 22, 2010

**KC WARD FINANCIAL, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
December 31, 2009

**ASSETS**

**Assets:**

Cash and cash equivalents	\$ 470
Commissions receivable	171,246
Other assets	514
Deposits with clearing broker	26,015
Loan to member	27,000
	<hr/>
	\$ 225,245
	<hr/> <hr/>

**LIABILITIES AND MEMBER'S EQUITY**

**Liabilities:**

Accrued liabilities	\$ 38,879
Commissions payable	112,917
Loan from member	9,700
	<hr/>
	161,496
	<hr/>

**Member's equity:**

Member's capital	142,300
Accumulated deficit	(78,551)
	<hr/>
	63,749
	<hr/>
	\$ 225,245
	<hr/> <hr/>

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

**KC WARD FINANCIAL, LLC**  
**STATEMENT OF OPERATIONS**  
For the Year Ended December 31, 2009

**Revenues:**

Commissions	\$ 2,057,254
Other income	93
	<hr/>
<b>Total revenues</b>	<b>2,057,347</b>

**Expenses:**

Clearing fees	31,297
Compensation and employee benefit	1,486,244
Occupancy and administrative	366,000
Memberships and registration	68,065
Other operating expenses	108,175
	<hr/>
<b>Total expenses</b>	<b>2,059,781</b>

<b>Net income (loss)</b>	<b>\$ (2,434)</b>
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The accompanying notes are an integral part of these financial statements.

**KC WARD FINANCIAL, LLC**

**STATEMENTS OF CHANGES IN MEMBER'S EQUITY**

For the Year Ended December 31, 2009

Balance - beginning of year	\$ 66,183
Capital contributions	-
Net income (loss)	(2,434)
Distributions	<u>-</u>
Balance - end of year	<u><u>\$ 63,749</u></u>

The accompanying notes are an integral part of these financial statements



**KC WARD FINANCIAL, LLC**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2009

<b>Cash flows from operating activities:</b>	
Net income (loss)	\$ (2,434)
Adjustments to reconcile net (loss) to net cash provided by (used in) operating activities	
Increase (decrease) in cash attributable to changes in assets and liabilities	
Receivable from clearing broker	(46,048)
Deposits crd	3,925
Clearing deposit	(948)
Member's loans	(17,300)
Accounts payable and accrued expenses	20,380
Commissions payable	42,773
<b>Total adjustments</b>	<b>2,782</b>
<b>Net cash provided in operating activities</b>	<b>348</b>
Net increase in cash and cash equivalents	348
<b>Cash and cash equivalents at beginning of year</b>	<b>122</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 470</b>

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

**KC WARD FINANCIAL, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**Note 1 – Summary of Significant Accounting Policies**

*Nature of Business*

KC Ward Financial, LLC (“the Company”) is a securities broker-dealer, registered with the Securities Exchange Commission (“SEC”), a member of the Financial Industry Regulatory Authority (“FINRA”), and a member of the Securities Investor Protection Corporation (“SIPC”). The Company was formed in May 2007. The Company’s brokerage activity is transacted on a fully disclosed basis through a clearing broker.

As is typical in the industry, the Company engages in activities with various financial institutions and brokers. In the event these counter parties do not fulfill their obligations, the Company may be exposed to risks.

*Cash and Cash Equivalents*

For purposes of reporting the statement of cash flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash balances in excess of FDIC and similar insurance coverage are subject to the usual banking risks associated with funds in excess of those limits. At December 31, 2009, the Company had no uninsured cash balances.

*Estimates*

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Income Taxes*

The Company, with the consent of its member, has elected under the Internal Revenue Code to be a Limited Liability Company for both federal and state income tax purposes. In lieu of corporation income taxes, the members of an Limited Liability Company are taxed on their proportionate share of the Company’s taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

*Fair Value of Financial Instruments*

All of the Company’s financial assets and liabilities are carried at market value or at amounts, which, because of their short-term nature, approximate current fair value.

**Note 2 – Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission’s Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital at amount equal to the greater of \$5,000 or 6 2/3% of aggregate indebtedness, and requires that the ratio of aggregate indebtedness to net capital not to exceed 15 to 1.

At December 31, 2009, the Company’s had excess net capital of \$25,470 and a net capital ratio of 4.46 to 1.

**KC WARD FINANCIAL, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**Note 3 – Financial Instruments with Off-Balance Sheet Risk and Concentrations of Credit Risk**

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company's Clearing Broker extends credit to the customer, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customer's account. As a result of guaranteeing customer margin balances carried by the Clearing Broker, the Company may be exposed to off-balance sheet risk in the event margin requirements are not sufficient to fully cover losses the customer may incur. At December 31, 2009, margin accounts guaranteed by the Company guaranteed by the Company were not material.

The Company is also exposed to off-balance sheet risk of loss on transactions during the period from the trade date to the settlement date, which is generally three business days. If the customer fails to satisfy its contractual obligations to the Clearing Broker, the Company may have to purchase or sell financial instruments at prevailing market prices in order to fulfill the customer's obligations. Settlement of these transactions is not expected to have a material effect on the Company's financial position.

The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and the Clearing Broker's guidelines. The Company monitors required margin levels daily and, pursuant to such guidelines, require customers to deposit additional collateral, or to reduce positions, when necessary.

The Company maintains cash and other deposits with banks and brokers, and, at times, such deposits exceed applicable insurance limits. The Company reduces its exposure to credit risk by maintaining such deposits with high quality financial institutions.

**Note 4 – Litigation**

In July 2009, a customer commenced arbitration before FINRA, seeking damages against the Company and one of its account executive's. The claim was fully concluded by the Company in March of 2010. In connection with claim settlement, the Company paid an insurance deductible in the amount of \$25,000, and it is also paying a settlement of \$10,000 on behalf of its account executive.

In February 2010, another customer commenced arbitration before FINRA for an unspecified amount of alleged damages regarding losses due to the Company's allegedly unsuitable investment recommendations. Outside counsel represents that the Company's insurance has accepted defense of the matter and that any exposure should not exceed the Company's deductible of \$25,000.

**Note 5 – Related party transactions**

The Company is party to an administrative services agreement with a corporation owned by the Company's sole owner. The agreement covers furnished office space, use of office equipment and use of communication devices. The Company minimum monthly payment is \$32,000. Administrative fees paid for the year 2009 totaled \$366,000.

**KC WARD FINANCIAL, LLC**  
**COMPUTATION AND RECONCILIATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**As of December 31, 2009**

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<b>Computation of basic net capital requirements:</b>	
Total member's equity qualified for net capital	\$ 63,749
Deductions:	
Non-allowable assets	
CRD - daily account	514
Loan to member	27,000
Total non-allowable assets	<u>27,514</u>
Net capital before haircuts and securities positions	<u>36,235</u>
Haircuts:	
Securities positions	<u>-</u>
	<u>-</u>
Net capital	36,235
Minimum net capital requirements:	
6 2/3% of total aggregate indebtedness (\$161,496)	
Minimum dollar net capital for this broker-dealer (\$5,000)	
Net capital requirement (greater of above two requirements)	<u>10,765</u>
Net capital in excess of required minimum	<u>\$ 25,470</u>
Reconciliation with Company's computation (included in Part IIA of Form X-17A-5 as of November 30, 2009)	
Net capital, as reported in Company's Part IIA Focus Report	\$ 74,936
Adjustments:	
Audit adjustment to increase deposits with clearing broker	946
Audit adjustment to increase accrued liabilities and reduce cash	<u>(39,647)</u>
Net capital, per December 31, 2009 audited report, as filed	<u>\$ 36,235</u>

**KC WARD FINANCIAL, LLC  
COMPUTATION OF AGGREGATE INDEBTEDNESS  
UNDER RULE 17a OF THE SECURITIES AND EXCHANGE COMMISSIONS  
AS OF DECEMBER 31, 2009**

**Total aggregate indebtedness:**

Accrued liabilities	\$ 38,879
Commissions payable	112,917
Loan from member	<u>9,700</u>
Aggregate indebtedness	<u><u>\$ 161,496</u></u>

**Ratio of aggregate indebtedness  
to net capital**

4.46 to 1

**KC WARD FINANCIAL, LLC**  
**INFORMATION RELATING TO EXEMPTIVE PROVISION**  
**REQUIREMENTS UNDER SEC RULE 15c-3**  
**AS OF DECEMBER 31, 2009**

With respect to the Computation for Determination of Reserve Requirements under Rule 15c3-3, the Company qualifies for exemption under subparagraph (K) (2) (ii) of the Rule.

With respect to the Information Relating to Possession and Control Requirements under Rule 15c3-3, the Company qualifies for exemption under subparagraph (K) (2) (ii) of the Rule.

# Ohab and Company, P.A.

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Certified Public Accountants

100 East Sybelia Avenue, Suite 130  
Maitland, FL 32751

E-Mail: ohabco@earthlink.net

Phone: 407-740-7311

Fax: 407-740-6441

## **REPORT ON INTERNAL CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER CLAIMING EXEMPTION FROM SEC RULE 15C3-3**

To the Members  
KC Ward Financial, LLC  
Ronkonkoma, New York

In planning and performing our audit of the financial statements and supplemental schedules of KC Ward Financial, LLC (the "Company") as of and for the year ended December 31, 2009 in accordance with auditing standards generally accepted in the United States of America, We considered the Company's internal control over financial reporting ("including 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 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.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors 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 control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the 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. However, we identified the following deficiency in internal control or control activities. This condition was considered in determining the nature, timing and extent of the procedures performed in our audit of the financial statements of KC Ward Financial, LLC as of and for the year ended December 31, 2009, and this report does not affect our report thereon dated June 8, 2010. The significant deficiency is as follows:

- In January 2009, the Public Company Oversight Board ("PCAOB") mandated the registration with the PCAOB for accounting firms that audit only non-public broker dealers. The PCAOB requires that the financial statements of non-public broker-dealers for fiscal years ending after December 31, 2008 be certified by a registered public accounting firm. The Company, apparently unaware of this requirement, originally submitted an audit report for its year ended December 31, 2009 to its Self Regulatory Organization ("SRO") and other regulatory agencies that was not audited by an independent registered public accounting firm in compliance with PCAOB mandatory registration requirements applicable to accounting firms that audit non-public broker-dealers. As a result of this filing deficiency, the Company is not in compliance with the requirement to submit its annual audited report to its SRO and other regulatory agencies by March 1, 2010.

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, were inadequate due to the above significant deficiency at December 31, 2009 to meet the SEC's objectives.

This report is intended solely for the information and use of the Members, 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.

*Olav and Company, P.A.*

June 8, 2010



# Ohab and Company, P.A.

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100 E. Sybelia Ave. Ste. 130  
Maitland, FL 32751

*Certified Public Accountants*  
E-Mail: ohabco@earthlink.net

Phone 407-740-7311  
Fax 407-740-6441

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Members  
KC Ward Financial, LLC  
4175 Veterans Memorial Highway  
Suite 300  
Ronkonkoma, NY 11779

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 December 31, 2009, which were agreed to by KC Ward Financial, LLC. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating KC Ward Financial, LLC.'s compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T). KC Ward Financial, LLC.'s management is responsible for the KC Ward Financial, LLC.'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 (FOCUS Report) for the year ended December 31, 2009, with the amounts reported in Form SIPC-7T for the year ended December 31, 2009 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 there were no adjustments, noting no differences; and
5. Compared the amount of any payment due 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.

*Ohat and Company, PA*

June 8, 2010

**KC WARD FINANCIAL, LLC**  
**TRANSITIONAL ASSESSMENT RECONCILIATION**  
**PURSUANT TO FORM SIPC-7T**  
**December 31, 2009**

General assesment per Form SIPC-7T, including interest	4,148
Less payment made with Form SIPC-4	150
Less payment made with Form SIPC-6	<u>302</u>
Amount due with Form SIPC-7T	<u><u>\$ 3,696</u></u>