



SECURITY

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Washington, D.C. 20549

Washington, DC

**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 January 1, 2008 AND ENDING December 31, 2008
MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Halyard Securities, LLC

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

1325 Avenue of the Americas, Suite 2800

(No. and Street)

New York

NY

10019

(City)

(State)

(Zip Code)

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

Todd Kesselman

(212) 763-8383

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Graf Repetti & Co LLP (Formerly Marx, Lange, Gutterman LLP)

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

1114 Broadway

(Address)

New York

(City)

NY

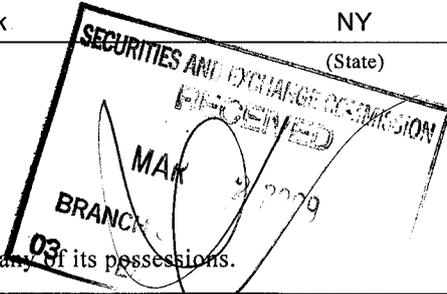
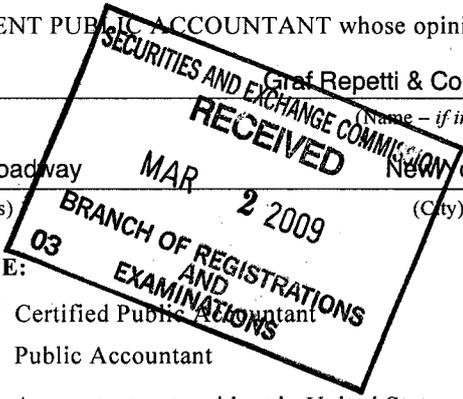
(State)

10036

(Zip Code)

CHECK ONE:

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



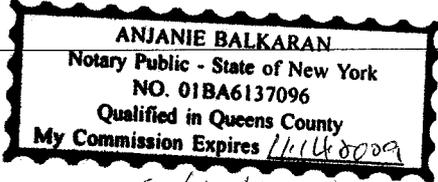
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Todd Kesselman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Halyard Securities, LLC, as of December 31,, 2008, 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:



02/25/2009

Todd Kesselman

Signature

Managing Member

Title

Anjanie Balkaran
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.

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

HALYARD SECURITIES, LLC

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GRAF REPETTI & CO., LLP

Certified Public Accountants & Business Advisors

www.grafrepetti.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Members of
Halyard Securities, LLC

We have audited the accompanying statement of financial condition of Halyard Securities, LLC (the "Company") as of December 31, 2008, and the related statements of operations and changes in members' 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, 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 Halyard Securities, LLC as of December 31, 2008, 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 made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under 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.


New York, New York
February 24, 2009

New York: 1114 Avenue of the Americas, New York, NY 10036 • 212.302.3300

Long Island: 41 Front Street, Rockville Centre, NY 11570 • 516.766.7345

HALYARD SECURITIES, LLC

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2008

ASSETS

Cash	\$ 153,481
Receivable from placement issuers	1,250,000
Accrued interest receivable	12,537
Prepaid expenses	689
Software costs, at cost, net of accumulated amortization of \$19,807	23,709
Organizational costs, at cost, net of accumulated depreciation and amortization of \$13,779	<u>2,432</u>
Total Assets	<u><u>\$ 1,442,848</u></u>

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

Accrued expenses	\$ 5,500
Deferred income taxes payable	<u>50,405</u>
Total Liabilities	55,905
Members' equity	<u>1,386,943</u>
Total Liabilities and Members' Equity	<u><u>\$ 1,442,848</u></u>

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

HALYARD SECURITIES, LLC

STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2008

REVENUES	
Interest income	<u>\$ 92,003</u>
EXPENSES	
Compensation	4,820,000
Professional fees	20,481
Dues and subscriptions	40,006
Registration fees	8,600
Amortization expense	11,945
Other operating expenses	<u>842</u>
Total Expenses	<u>4,901,874</u>
Loss Before Provision for Income Taxes	<u>(4,809,871)</u>
PROVISION FOR INCOME TAXES	
Current	151,259
Deferred	<u>(154,691)</u>
Total Income Taxes	<u>(3,432)</u>
Net Loss	(4,806,439)
Members' Equity - January 1, 2008	<u>6,193,382</u>
Members' Equity - December 31, 2008	<u><u>\$ 1,386,943</u></u>

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

HALYARD SECURITIES, LLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	<u>\$ (4,806,439)</u>
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization	11,945
Decrease in receivable from placement issuers	3,812,500
Decrease in accrued interest receivable	50,863
(Increase) in prepaid expenses	(689)
Decrease in prepaid expenses	87,313
(Decrease) in deferred income taxes payable	(154,595)
Increase in accrued expenses	<u>711</u>
Net Cash Used by Operating Activities	3,808,048
Net Decrease in Cash and Cash Equivalents	(998,391)
Cash and Cash Equivalents - January 1, 2008	<u>1,151,872</u>
Cash and Cash Equivalents - December 31, 2008	<u><u>\$ 153,481</u></u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for income taxes	<u><u>\$ 63,850</u></u>
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The accompanying notes are an integral part of these financial statements.

HALYARD SECURITIES, LLC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2008

1. ORGANIZATION

Halyard Securities, LLC (the "Company") was formed in the State of Delaware on June 30, 2004 and is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company operates primarily as an agent that assists issuers in executing Equity Private Placements. The members share profits and losses equally and each member's liability is limited. The Company continues until such time it is terminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Use of Estimates

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

b) Software and Organizational Costs

The Company amortizes software and organizational costs over the estimated useful life of 5 years.

c) Income Taxes

No provision has been made for Federal or NYS income taxes since the Company is treated like a partnership under the Internal Revenue Code and NYS Partnership tax law whereby its income will be taxed directly to its members. However, the Company is liable for NYC Unincorporated Business taxes.

The provision for New York City Unincorporated Business taxes consists of the following:

Current	\$ 151,259
Deferred	<u>(154,691)</u>
	<u>\$ (3,432)</u>

HALYARD SECURITIES, LLC

**NOTES TO THE FINANCIAL STATEMENTS
(cont'd)**

DECEMBER 31, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Income Taxes (cont'd)

The Company recognizes deferred tax assets or liabilities for the future tax consequences of events that have been recognized differently in their financial statements and tax returns. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Company prepares its tax returns on a cash basis. Accordingly, the Company records deferred tax assets or liabilities for the increase or decrease in future years' tax liabilities related to the temporary differences which arise by utilizing these two accounting methods. Deferred taxes are primarily attributable to accounts receivable and accrued expenses for financial statement purposes.

The Company has elected to defer the application of Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48), an interpretation of FASB Statement No. 109, Accounting for Income Taxes (FASB 109), as permitted by FASB Staff Position FIN 48-3. FIN 48 is effective for the Company's annual financial statements in fiscal years beginning after December 15, 2008. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with FASB 109.

The determination of uncertain tax positions for these financial statements prior to the implementation of FIN 48 uses the tax positions reported on the Company's tax returns which are based on the requirements for filing tax returns under the various taxing authorities for the applicable fiscal period. These filings may be subject to amendment or change during an examination by the various taxing authorities, which has not been considered in the determination of the Company's tax assets or liabilities included in these financial statements. The technical merits of the Company's tax positions are derived from sources of authorities in the tax law (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax positions.

3. RECEIVABLE FROM PLACEMENT ISSUERS

As per agreement that the Company has with its client, the note receivable is set to mature in April of 2009 and carries an interest rate equal to the three-month LIBOR. The Company has recorded accrued interest receivable as of December 31, 2008 in the amount of \$12,537.

HALYARD SECURITIES, LLC

**NOTES TO THE FINANCIAL STATEMENTS
(cont'd)**

DECEMBER 31, 2008

4. RELATED PARTY TRANSACTIONS

The members of the Company are also members of Precision Capital Advisors, LLC ("PCA"). As per an agreement that the Company has with PCA, virtually all operating expenses related to the Company (wages, rent, etc.) are paid and expensed by PCA. This agreement has been filed and approved by FINRA.

5. CONCENTRATION OF CREDIT RISK

The Company maintains cash in bank accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

6. NET CAPITAL REQUIREMENTS

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which 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. At December 31, 2008 the Company had net capital of \$147,885, which was \$142,885 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was .04 to 1.

SUPPLEMENTAL INFORMATION

HALYARD SECURITIES, LLC

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2008

NET CAPITAL

Total members' equity as of December 31, 2008	<u>\$ 1,386,943</u>
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DEDUCTIONS AND/OR CHARGES

Non-allowable assets	(1,289,367)
Deferred taxes payable	<u>50,309</u>

Total Deductions and/or Charges	<u>(1,239,058)</u>
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Net Capital	<u><u>\$ 147,885</u></u>
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MINIMUM NET CAPITAL REQUIRED (GREATER OF
6 2/3% OF A.I. OR \$5,000)

	<u>\$ 5,000</u>
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EXCESS NET CAPITAL

	<u><u>\$ 142,885</u></u>
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TOTAL AGGREGATE INDEBTEDNESS (A.I.)

	<u><u>\$ 5,500</u></u>
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RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL

	<u><u>.04 to 1</u></u>
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There were no material differences between the audited Computation of Net Capital included above and the corresponding schedule included in the Company's unaudited December 31, 2008 Park IIA FOCUS filing.

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

HALYARD SECURITIES, LLC

**COMPUTATION FOR DETERMINATION
OF RESERVE REQUIREMENTS
PURSUANT TO RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION**

DECEMBER 31, 2008

The Company claims exemption from the requirements of Rule 15c3-3, under Section (k) (2) (i) of the Rule.

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

**SUPPLEMENTARY REPORT
OF INDEPENDENT AUDITORS**



**SUPPLEMENTARY REPORT OF INDEPENDENT AUDITORS
ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5
OF THE SECURITIES EXCHANGE ACT OF 1934**

The Board of Directors and Stockholder of
Halyard Securities, LLC

In planning and performing our audit of the financial statements of Halyard Securities, LLC (the "Company"), as of and for the year ended December 31, 2008 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal 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 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. Because the Company does not carry security 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 an internal control structure 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, 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.

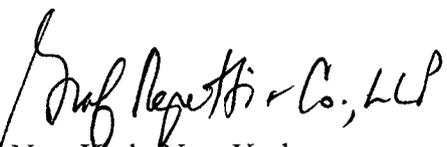
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control 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 a 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 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 were adequate at December 31, 2008 to meet the SEC's objectives.

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


New York, New York
February 24, 2009

HALYARD SECURITIES, LLC

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

REPORT ON INTERNAL CONTROL

DECEMBER 31, 2008