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

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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: February 28, 2010  
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hours per response..... 12.00

SEC FILE NUMBER  
8- 32650

**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 01/01/09 AND ENDING 12/31/09  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: HOLLOWAY & ASSOCIATES INC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

ONE MILL PLACE, SUITE 101

(No. and Street)

EASTON

MD

21601

(City)

(State)

(Zip Code)

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

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

MAURICE F WALLACE CPA

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

111 N WEST ST, SUITE D

EASTON

MD

21601

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

SECURITIES AND EXCHANGE COMMISSION  
**RECEIVED**  
FEB 26 2010  
BRANCH OF REGISTRATIONS  
AND  
04 EXAMINATIONS

**FOR OFFICIAL USE ONLY**

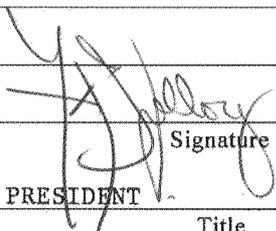
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

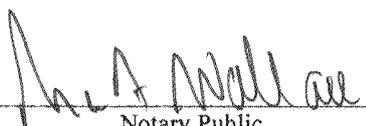
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OATH OR AFFIRMATION

I, F. DAVID HOLLOWAY, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HOLLOWAY & ASSOCIATES, INC., as of DECEMBER 31, 20 09, 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

  
\_\_\_\_\_  
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.
- (o) Statement of Cash Flows

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

# Maurice F. Wallace, CPA

111 N. West Street, Unit D  
P.O. Box 1496  
Easton, Maryland 21601  
Phone: 410.822.9306  
Fax: 410.822.9309

The Board of Directors  
Holloway & Associates, Inc.  
One Mill Place, Suite 101  
Post Office Box 1559  
Easton, Maryland 21601-1559

## INDEPENDENT AUDITORS' REPORT

I have audited the accompanying statement of financial condition of Holloway & Associates, Inc. as of December 31, 2009, and the related statements of income, changes in stockholder's equity, the computation of net capital requirement 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the 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. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the accompanying financial statements, including the net capital computation, were prepared as required by the Securities and Exchange Commission.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Holloway & Associates, Inc. as of December 31, 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.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information 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 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.



Easton, Maryland  
February 26, 2010

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER **HOLLOWAY & ASSOCIATES INC**

N3

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## STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY) 12/31/09

SEC FILE NO. 8-32650

Consolidated		99
Unconsolidated		98
		198
		199

	Allowable		Non-Allowable		Total
1. Cash .....	\$ 24650	200			\$ 24650
2. Receivables from brokers or dealers:					
A. Clearance account .....		295			
B. Other .....		300	\$	550	810
3. Receivable from non-customers .....	5530	355	1761	600	7291
4. Securities and spot commodities owned at market value:					
A. Exempted securities .....		418			
B. Debt securities .....		419			
C. Options .....		420			
D. Other securities .....		424			
E. Spot commodities .....		430			850
5. Securities and/or other investments not readily marketable:					
A. At cost $\frac{1}{2}$ \$ .....		130			
B. At estimated fair value .....		440	610		860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:					
A. Exempted securities \$ .....		150			
B. Other securities \$ .....		160			
7. Secured demand notes: .....		470	640		890
Market value of collateral:					
A. Exempted securities \$ .....		170			
B. Other securities \$ .....		180			
8. Memberships in exchanges:					
A. Owned, at market \$ .....		190			
B. Owned, at cost .....			650		
C. Contributed for use of the company, at market value .....			660		900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships .....		480		670	910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization .....		490		680	920
11. Other assets <b>PREPAID EXPENSES</b> .....		535	6968	735	6968
12. TOTAL ASSETS .....	\$ 30180	540	\$ 8629	740	\$ 38909

OMIT PENNIES

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER

HOLLOWAY & ASSOCIATES INC

as of 12/31/09

### STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

#### LIABILITIES AND OWNERSHIP EQUITY

<b>Liabilities</b>	<b>A.I. Liabilities</b>	<b>Non-A.I. Liabilities</b>	<b>Total</b>
13. Bank loans payable .....	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account .....	1114	1315	1560
B. Other .....	1118	1305	1540
15. Payable to non-customers .....	1155	1355	1610
16. Securities sold not yet purchased, at market value .....		1360	1620
17. Accounts payable, accrued liabilities, expenses and other .....	62 1205	1385	62 1685
18. Notes and mortgages payable:			
A. Unsecured .....	1210		1690
B. Secured .....	1211	1390	1700
19. E. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings: .....		1400	1710
1. from outsiders, \$ .....	970		
2. includes equity subordination (15c3-1(d)) of ... \$ .....	980		
B. Securities borrowings, at market value from outsiders \$ .....		1410	1720
C. Pursuant to secured demand note collateral agreements .....		1420	1730
1. from outsiders \$ .....	1000		
2. includes equity subordination (15c3-1(d)) of ... \$ .....	1010		
D. Exchange memberships contributed for use of company, at market value .....		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes .....	1220	1440	1750
20. TOTAL LIABILITIES .....	\$ 62 1230	\$ 1450	\$ 62 1760
<b>Ownership Equity</b>			
21. Sole Proprietorship .....			1770
22. Partnership (limited partners) .....	1020		1780
23. Corporation:			
A. Preferred stock .....			1791
B. Common stock 1,000 AUTHORIZED, ISSUED & OUTSTANDING, NO PAR VALUE .....		1000	1792
C. Additional paid-in capital .....		7818	1793
D. Retained earnings .....		30029	1794
E. Total .....		38847	1795
F. Less capital stock in treasury .....		(100)	1796
24. TOTAL OWNERSHIP EQUITY .....		\$ 38847	\$ 1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY .....		\$ 38909	\$ 1810

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SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER

HOLLOWAY & ASSOCIATES INC.

as of 12/3/109

### COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition .....	\$	<u>38847</u>	<u>3480</u>
2. Deduct ownership equity not allowable for Net Capital .....	% <sup>19</sup> (		3490
3. Total ownership equity qualified for Net Capital .....		<u>38847</u>	<u>3500</u>
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital .....			<u>3520</u>
B. Other (deductions) or allowable credits (List) .....			<u>3525</u>
5. Total capital and allowable subordinated liabilities .....	\$	<u>38847</u>	<u>3530</u>
6. Deductions and/or charges:			
A. Total non-allowable assets from			
Statement of Financial Condition (Notes B and C) .....	% <sup>17</sup> \$	<u>8629</u>	<u>3540</u>
B. Secured demand note delinquency .....			<u>3590</u>
C. Commodity futures contracts and spot commodities -- proprietary capital charges .....			<u>3600</u>
D. Other deductions and/or charges .....			<u>3610</u>
7. Other additions and/or allowable credits (List) .....		( <u>8629</u> )	<u>3620</u>
8. Net capital before haircuts on securities positions .....	% <sup>20</sup> \$	<u>30218</u>	<u>3630</u>
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			
A. Contractual securities commitments .....	\$		<u>3660</u>
B. Subordinated securities borrowings .....			<u>3670</u>
C. Trading and investment securities:			
1. Exempted securities .....	% <sup>18</sup>		<u>3735</u>
2. Debt securities .....			<u>3733</u>
3. Options .....			<u>3730</u>
4. Other securities .....			<u>3734</u>
D. Undue Concentration .....			<u>3650</u>
E. Other (List) .....			<u>3736</u>
		(	<u>3740</u>
10. Net Capital .....	\$	<u>30218</u>	<u>3750</u>

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SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER

HOLLOWAY & ASSOCIATES INC

as of 12/31/09

### COMPUTATION OF NET CAPITAL REQUIREMENT

**Part A**

11. Minimum net capital required (6 $\frac{2}{3}$ % of line 19) .....	\$	0	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$	5000	3758
13. Net capital requirement (greater of line 11 or 12) .....	\$	5000	3760
14. Excess net capital (line 10 less 13) .....	\$	25218	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19) .....	\$	30212	3780

### COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition .....	\$	62	3790
17. Add:			
A. Drafts for immediate credit .....	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited .....	\$	3810	
C. Other unrecorded amounts (List) .....	\$	3820	3830
18. Total aggregate indebtedness .....	\$	62	3840
19. Percentage of aggregate indebtedness to net capital (line 18 + by line 10) .....	%	.2057	3850
20. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d) .....	%	0.007	3860

### COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

**Part B**

21. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits .....	\$	3970	3970
22. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$	3880	3880
23. Net capital requirement (greater of line 21 or 22) .....	\$	3760	3910
24. Excess capital (line 10 less 23) .....	\$	3910	3910
25. Net capital in excess of the greater of:			
A. 5% of combined aggregate debit items or \$120,000 .....	\$	3920	3920

**NOTES:**

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
  - 1. Minimum dollar net capital requirement, or
  - 2. 6 $\frac{2}{3}$ % of aggregate indebtedness or 4% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER **HOLLOWAY & ASSOCIATES INC**

For the period (MMDDYY) from 1/1/09 3932 to 12/31/09 3933  
 Number of months included in this statement 12 3931

### STATEMENT OF INCOME (LOSS)

#### REVENUE

1. Commissions:			
a. Commissions on transactions in exchange listed equity securities executed on an exchange .....	\$		3935
b. Commissions on listed option transactions .....	25		3938
c. All other securities commissions .....			3939
d. Total securities commissions .....			3940
2. Gains or losses on firm securities trading accounts			
a. From market making in options on a national securities exchange .....			3945
b. From all other trading .....			3949
c. Total gain (loss) .....			3950
3. Gains or losses on firm securities investment accounts .....			3952
4. Profit (loss) from underwriting and selling groups .....	25		3955
5. Revenue from sale of investment company shares .....		532758	3970
6. Commodities revenue .....			3990
7. Fees for account supervision, investment advisory and administrative services .....			3975
8. Other revenue .....		97844	3995
9. Total revenue .....	\$	630602	4030

#### INTEREST INCOME & TRAILS

#### EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers .....		455006	4120
11. Other employee compensation and benefits .....		20473	4115
12. Commissions paid to other broker-dealers .....			4140
13. Interest expense .....			4075
a. Includes interest on accounts subject to subordination agreements .....		4070	
14. Regulatory fees and expenses .....			4195
15. Other expenses .....		138159	4100
16. Total expenses .....	\$	613638	4200

#### NET INCOME

17. Income (loss) before Federal income taxes and items below (Item 9 less Item 16) .....	\$	16964	4210
18. Provision for Federal income taxes (for parent only) .....	25		4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above .....			4222
a. After Federal income taxes of .....		4338	
20. Extraordinary gains (losses) .....			4224
a. After Federal income taxes of .....		4239	
21. Cumulative effect of changes in accounting principles .....			4225
22. Net income (loss) after Federal income taxes and extraordinary items .....	\$	16964	4230

#### MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items .....	\$	4635	4211
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SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA**

BROKER OR DEALER      HOLLOWAY & ASSOCIATES INC

For the period (MMDDYY) from 1/1/09 to 12/31/09

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1. Balance, beginning of period .....	\$	40338	4240
A. Net Income (loss) .....		16964	4250
B. Additions (Includes non-conforming capital of .....	\$	4262	4260
C. Deductions (Includes non-conforming capital of .....	\$	18455	4272
		18455	4270
2. Balance, end of period (From item 1800) .....	\$	38847	4290

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS**

3. Balance, beginning of period .....	\$	4300
A. Increases .....		4310
B. Decreases .....		4320
4. Balance, end of period (From item 3520) .....	\$	4330

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SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

**HOLLOWAY & ASSOCIATES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash Received From Commissions	\$ 647,647
Interest Received	51
Cash Paid to Suppliers and Employees	(615,833)
Cash Paid – Advances to Officer	<u>(18,455)</u>

NET CASH FROM OPERATING ACTIVITIES \$ 13,410

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase Fixed Asset	<u>\$ 0</u>
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NET CHANGE IN CASH 13,410

CASH AND EQUIVALENTS AT 12/31/08 11,240

CASH AND EQUIVALENTS AT 12/31/09 \$ 24,650

Net Profit 16,964

Operating Activities:

Distribution to Shareholder	(18,455)
(Increase) Decrease in Assets:	
Accounts Receivable	17,095
Prepaid Expenses	(869)
Increase (Decrease) in Liabilities:	
Accounts Payable	<u>(1,325)</u>

TOTAL ADJUSTMENTS ( 3,554)

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 13,410

Non-Cash Items:

Distributions to Shareholder	<u>\$ 0</u>
Supplemental Disclosures of Cash Flow Information:	
Cash Paid for Interest Expense	<u>\$ 0</u>
Income Taxes Paid (See Notes to Financial Statements)	<u>\$ 0</u>

See Accompanying Notes and Auditors' Report

**HOLLOWAY & ASSOCIATES, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009**

**NOTE 1. FORM OF PRESENTATION**

These financial statements are presented as the Annual Audited Report Form X-17A-5, Part IIA, as required by the Securities and Exchange Commission. This information is required of brokers and dealers. Holloway & Associates, Inc. holds membership in the Financial Industry Regulatory Authority (FINRA), and, as such, is also required to file an annual report with that authority.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies are as follows:

Property and Equipment

The major groups of equipment consist of:

Machinery and Equipment	\$ 11,595	
Furniture and Fixtures	5,298	
	16,893	
Less Accumulated Depreciation	16,893	
TOTAL	\$ 0	

Depreciation

Depreciation is provided primarily on accelerated methods, including IRS Code Section 179 deductions, used for federal income tax purposes over the applicable life of the depreciable asset. All fixed assets have been fully depreciated. Depreciation expense for 2009 was zero.

Income Taxes

The Company has elected to have its income taxed under Subchapter S of the Internal Revenue Code, which provides that, in lieu of corporate income taxes, the shareholder is taxed on his proportionate share of the Company's taxable income. Therefore, a provision or liability for federal or state income taxes is not included in these financial statements. In addition, deferred income taxes have not been calculated.

Minimum Net Capital Requirement

Effective July 1, 1994, the Company must maintain minimum net capital of \$5,000.

Cash Equivalents

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

**HOLLOWAY & ASSOCIATES, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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.

**Cash Management**

The Company invests its working cash balances in interest bearing accounts whenever possible. Cash accounts are adequately covered by FDIC insurance at the end of the calendar year.

**Risk Management**

The Company carries commercial general, property, employee, and liability insurance coverage. Insurance needs and coverage are reviewed periodically.

**NOTE 3. LEASE AGREEMENTS**

The Company leases office space under a month to month operating lease. Office rental expense was \$15,917 for the year ended December 31, 2009.

The minimum payment obligation under this lease for the next year is as follows:

2010	\$ <u>15,917</u>
TOTAL	\$ <u>15,917</u>

**NOTE 4. RECEIVABLES**

Receivables at December 31, 2009 consisted of:

Commissions Receivable	\$ 7,291
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**HOLLOWAY & ASSOCIATES, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2009**

**NOTE 5.      RELATED PARTIES**

The 100% shareholder of the Company also operates an insurance business as a sole proprietorship. Secretarial services are provided to the Company from the sole proprietorship in exchange for the use of the office space. The Company and the sole proprietorship share auto and other expenses. Allocations for shared office expenses have been made between the Company and the sole proprietorship.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER

HOLLOWAY & ASSOCIATES INC

as of 12/31/09

### EXEMPTIVE PROVISION UNDER RULE 15c3-3

24. If an exemption from Rule 15c3-1 is claimed, identify below the section upon which such exemption is based (check one only)

- |   |                                     |      |
|---|-------------------------------------|------|
| A. (k)(1) — \$2,500 capital category as per Rule 15c3-1 .....   | <input checked="" type="checkbox"/> | 4550 |
| B. (k)(2)(A) — "Special Account for the Exclusive Benefit of customers" maintained .....  |                                     | 4560 |
| C. (k)(2)(B) — All customer transactions cleared through another broker-dealer on a fully disclosed basis.<br>Name of clearing firm <sup>30</sup> ..... |                                     | 4570 |
| D. (k)(3) — Exempted by order of the Commission (include copy of letter) .....  |                                     | 4580 |

### Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual (See below for code)	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)	
31	4600	4601	4602	4603	4604	4605
32	4610	4611	4612	4613	4614	4615
33	4620	4621	4622	4623	4624	4625
34	4630	4631	4632	4633	4634	4635
35	4640	4641	4642	4643	4644	4645
			<b>Total \$<sup>36</sup></b>			<b>4699</b>

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Instructions: Detail Listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and anticipated accruals which would cause a reduction of Net Capital. These anticipated accruals would include amounts of bonuses, partners' drawing accounts, taxes, and interest on capital, voluntary contributions to pension or profit sharing plans, etc., which have not been deducted in the computation of Net Capital, but which you anticipate will be paid within the next six months.

<b>WITHDRAWAL CODE:</b>	<b>DESCRIPTIONS</b>
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

**SUPPLEMENTAL SCHEDULE I**

**HOLLOWAY & ASSOCIATES, INC.  
RECONCILIATION OF AUDITED AND UNAUDITED  
COMPUTATION OF NET CAPITAL  
YEAR ENDED DECEMBER 31, 2009**

Net Capital Per Unaudited Focus Report as of 12/31/09	\$ 30,118
Miscellaneous adjustment	<u>100</u>
Net Capital Per Audited Focus Report as of 12/31/09	<u>\$ 30,218</u>

See Accompanying Notes and Auditors' Report

**SUPPLEMENTAL SCHEDULE II**

**HOLLOWAY & ASSOCIATES, INC.  
RECONCILIATION OF AUDITED AND UNAUDITED STATEMENT  
OF CHANGES IN OWNERSHIP EQUITY  
YEAR ENDED DECEMBER 31, 2009**

Total Ownership Equity Per Unaudited Focus Report as of 12/31/09	\$ 31,879
Increase in Net Income – Prepaid Expenses	<u>6,968</u>
Total Owners Equity Per Audited Focus Report as 12/31/09	<u>\$ 38,847</u>

See Accompanying Notes and Auditors' Report

# Maurice F. Wallace, CPA

111 N. West Street, Unit D  
P.O. Box 1496  
Easton, Maryland 21601  
Phone: 410.822.9306  
Fax: 410.822.9309

Board of Directors  
Holloway & Associates, Inc.  
One Mill Place, Suite 101  
Post Office Box 1559  
Easton, Maryland 21601-1559

## **INDEPENDENT AUDITORS' SUPPLEMENTARY REPORT ON INTERNAL CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5**

In planning and performing my audit of the financial statements of Holloway & Associates, Inc. for the year ended December 31, 2009, I considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission, I have made a study of the practices and procedures followed by Holloway & Associates, Inc., including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g): (1) making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c-3(e); (2) making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13; (3) complying with the requirements for prompt payment for securities under section 8 of Regulations T of the Board of Governors of the Federal Reserve System; and (4) obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3.

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 internal control structure policies and procedures, 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 Commission's above-mentioned objectives. Two of the objectives of an internal control structure 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 preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing the assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities that we consider to be material weaknesses as defined above.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission 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 Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange, 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 for any other purpose.



Easton, Maryland  
February 26, 2010

**HOLLOWAY & ASSOCIATES, INC.**  
**ANNUAL AUDIT FOCUS REPORT**  
**YEAR ENDED DECEMBER 31, 2009**

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HOLLOWAY AND ASSOCIATES, INC.  
YEAR ENDED DECEMBER 31, 2009

FILING INSTRUCTIONS  
ANNUAL AUDIT - FOCUS REPORT

File ONE COPY of the complete audit report with the following two agencies:

FINRA / Financial Operations  
9509 Key West Avenue, 5<sup>TH</sup> Floor  
Rockville, Maryland 20850  
Attention: Eleanor M. Sabalbaro

Securities and Exchange Commission  
Philadelphia District Office  
The Mellon Independence Center  
701 Market Street  
Philadelphia, Pennsylvania 19106-3322

File TWO COPIES of the complete audit report with the following agency:

Securities and Exchange Commission  
Office of Investor Education and Assistance  
100 F Street, N.E.  
Washington, DC 20549

**Due Date: March 1, 2010**  
**Must be received at above offices by this date.**

The Oath or Affirmation must be signed and dated by the President and  
Notarized.

SEC  
Mail Priority  
Seal

FEB 29 2010

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# Maurice F. Wallace, CPA

Certified Public Accountants

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**HOLLOWAY & ASSOCIATES, INC.**

**ANNUAL AUDIT FOCUS REPORT**

**DECEMBER 31, 2009**

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