

AB
3/5

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

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



10029597

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

SEC FILE NUMBER
8-22183

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: Allegheny Investments, Ltd.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

811 Camp Horne Road, Suite 100

(No. and Street)

Pittsburgh

PA

15237

(City)

(State)

(Zip Code)

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

James D. Hohman, President

412-536-8048

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

Mall Processing
Section

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MAR 01 2010

S.R. Snodgrass, A.C.

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

Washington, DC

2100 Corporate Drive Suite 400 Wexford,

PA

107
15090

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

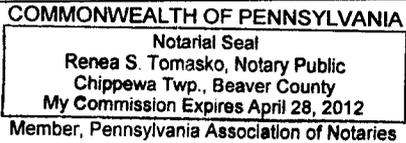
FOR OFFICIAL USE ONLY

*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)

13/4

OATH OR AFFIRMATION

I, Karl G. Smrekar, Jr. Secretary/Treasurer, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Allegheny Investments, Ltd., 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:



[Signature]
Signature
Secretary / Treasurer
Title

[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.

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

ALLEGHENY INVESTMENTS, LTD.

PITTSBURGH, PENNSYLVANIA

SEC
Mail Processing
Section

MAR 01 2010

Washington, DC
107

AUDIT REPORT
DECEMBER 31, 2009

ALLEGHENY INVESTMENTS, LTD.

DECEMBER 31, 2009

	<u>Page Number</u>
Report of Independent Auditors	1
Financial Statements	
Statement of Financial Condition	2
Statement of Income	3
Statement of Changes in Stockholders' Equity	4
Statement of Cash Flows	5 & 6
Notes to Financial Statements	7 - 10
Supplementary Information	11 - 13



INDEPENDENT AUDITORS' REPORT

Board of Directors
Allegheny Investment, Ltd.

We have audited the accompanying statement of financial condition of Allegheny Investments, Ltd. (the "Company") as of December 31, 2009, and the related statements of income, changes in stockholders' 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 U.S. generally accepted auditing standards. 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 Allegheny Investments, Ltd. as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion of the basic financial statements taken as a whole. The information contained in Schedules I, II, and III 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.

A. R. Snodgrass, A. C.

Wexford, PA
February 26, 2010

ALLEGHENY INVESTMENTS, LTD.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2009

ASSETS

Cash and cash equivalents	\$	1,414,608
Broker deposit		50,000
Receivables		987,849
Furniture and fixtures - at cost, net of accumulated depreciation of \$170,360		18,039
Investment		3,300
Prepaid expenses		<u>106,060</u>
Total assets	\$	<u><u>2,579,856</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Commissions payable	\$	725,360
Accounts payable - related party		136,565
Accrued expenses		163,971
Accrued corporate taxes		<u>2,308</u>
Total liabilities	\$	<u><u>1,028,204</u></u>

STOCKHOLDERS' EQUITY

Common stock - voting; no par value; 25,000 shares authorized; 1,320 shares issued and 1,254 outstanding		33,750
Paid-in capital		116,430
Retained earnings		1,415,903
Treasury stock, 66 shares at cost		<u>(14,431)</u>
Total stockholders' equity		<u><u>1,551,652</u></u>
	\$	<u><u>2,579,856</u></u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

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

ALLEGHENY INVESTMENTS, LTD.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2009

REVENUES		
Commissions on securities	\$	143,319
Commissions on investment company shares		7,720,076
Commissions on partnership interests		644,531
Commissions on annuities		988,956
Commissions - other		1,090,561
Interest income		<u>8,432</u>
TOTAL REVENUES	\$	10,595,875
EXPENSES		
Salaries and other employment costs		8,724,226
Other operating expenses		<u>1,783,629</u>
TOTAL EXPENSES		<u>10,507,855</u>
NET INCOME	\$	<u><u>88,020</u></u>

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

ALLEGHENY INVESTMENTS, LTD.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Capital Stock</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total</u>	<u>Comprehensive Income</u>
Balance, beginning	\$ 33,750	\$ 116,430	\$ 1,327,883	\$ (14,431)	\$ 1,463,632	
Net income	<u>-</u>	<u>-</u>	<u>88,020</u>	<u>-</u>	<u>88,020</u>	<u>\$ 88,020</u>
Balance, ending	<u>\$ 33,750</u>	<u>\$ 116,430</u>	<u>\$ 1,415,903</u>	<u>\$ (14,431)</u>	<u>\$ 1,551,652</u>	

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

ALLEGHENY INVESTMENTS, LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from commissions	\$ 10,319,664	
Cash paid to suppliers and employees	(10,533,795)	
Interest received	<u>8,432</u>	
NET CASH USED FOR OPERATING ACTIVITIES		\$ (205,699)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(205,699)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>1,620,307</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>\$ 1,414,608</u>

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

ALLEGHENY INVESTMENTS, LTD.
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2009

RECONCILIATION OF NET INCOME TO NET CASH USED FOR OPERATING ACTIVITIES		
NET INCOME	\$	88,020
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH USED FOR OPERATING ACTIVITIES		
Depreciation	\$	9,211
CHANGES IN ASSETS AND LIABILITIES THAT PROVIDED (USED) CASH		
Receivables		(9,648)
Prepaid expenses		(12,699)
Deferred revenue		7,871
Accounts payable, including related party		(135,054)
Accrued liabilities		<u>(153,400)</u>
TOTAL ADJUSTMENTS		<u>(293,719)</u>
NET CASH USED FOR OPERATING ACTIVITIES	\$	<u><u>(205,699)</u></u>

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

**ALLEGHENY INVESTMENTS, LTD.
NOTES TO THE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Allegheny Investments, Ltd. (the “Company”) is a full-service broker dealer firm, offering access to a wide range of financial products and services, and specializing in consumer-oriented financial planning.

Property, Plant, and Equipment – Property, plant, and equipment are carried at cost. Maintenance and repairs are charged to expense as incurred. Upon sale or retirement, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized.

Depreciation and Amortization – Depreciation and amortization are calculated using straight-line and various accelerated methods over the useful lives of the assets.

Assets and their economic lives or recovery period are as follows:

<u>Assets</u>	<u>Economic Lives/ Recovery Period</u>
Office furniture and equipment	3 - 10 years

Depreciation expense for the year ended December 31, 2009, amounted to \$9,211.

Cash Flows – For purposes of the statement of cash flows, the Company considers highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk – The Company’s principal activities include sales of securities, real estate partnerships, annuities, and insurance contracts with the majority of the clients located in the Western Pennsylvania Area. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Receivables from Noncustomers – Noncustomer receivables primarily consist of revenue due to the Company being a distributor for various investment and insurance products. The Company has reviewed the accounts receivable, and management considers the balance at year-end to be substantially collectible.

Advertising Costs – The Company’s policy is to expense advertising costs in the year in which they occur. Advertising expense for the year ended December 31, 2009, amounted to \$124,965.

Commissions – Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

2. ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. CASH RESERVE

The Company has cash of approximately \$50,000, which has been segregated in a special reserve account for the benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission.

4. INCOME TAXES

The Company, with the consent of its shareholders, has elected to have its income taxed under Section 1372 of the Internal Revenue Code, which provides that in lieu of corporate income taxes, the shareholders are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes is included in these financial statements.

The Company adopted the provisions of Accounting Standards Codification Topic 740 ("ASC 740"), *Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities*, effective January 1, 2009. ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met. ASC 740 also provides guidance on the accounting for and disclosure of unrecognized tax benefits, interest, and penalties. Adoption of ASC 740 did not have a significant impact on the Company's financial statements.

5. PROFIT SHARING PLAN

The Company is involved in a joint profit sharing plan under Section 401(k) of the Internal Revenue Code with the other member of its controlled group. All full-time employees are eligible for the plan, regardless of age or years of service. The Company's allocated contribution was approximately \$124,498 to the plan during the year ended December 31, 2009.

6. RELATED-PARTY TRANSACTIONS

The Company has a payable of \$136,565 to an affiliated corporation for various expenses that have been allocated between the corporations based on calculations.

7. OPERATING LEASES

The Company and an affiliated corporation have also entered into a seven-year and five-month lease for the facilities they currently occupy. The total monthly rental is \$0 for the first five months; \$29,304 for the next three and a half years; and \$30,847 for the remaining three and half years. The Company's portion of these rental payments is \$0 for the first five months; \$21,978 for the next three and half years; and \$23,135 for the remaining three and a half years. During 2007, the Company and an affiliated company entered into an additional lease agreement for office space on an additional floor of the facility that it currently occupies. The total monthly rental for the additional space is \$0 for the first 2 months; \$8,691 for the next 22 months; and \$9,148 for the remaining 41 months. The Company's portion of these rental payments are \$0 for the first two months, \$6,518 for the next 22 months and \$6,861 for the remaining 41 months. Rent expense for the year ended December 31, 2009, amounted to \$375,642.

The following is a schedule of future minimum rental payments required under the above lease as of December 31, 2009:

<u>Year Ended</u>	<u>Amount</u>
2010	\$ 359,955
2011	359,955
2012	359,955
2013	83,128

8. STOCKHOLDERS' EQUITY

The Company has authorized 25,000 shares of class N non-voting common stock which has no par value. At December 31, 2009, no shares have been issued.

In 2007, the stockholders of the Company entered into an agreement stipulating, among other things, the terms under which the Company's stock can be sold or transferred. The agreement provides that ownership of the Company will be determined by the cumulative gross revenues produced for the Company by each revenue producer at a price determined in accordance with the agreement. The agreement also requires that the Company redeem the shares owned by a stockholder upon death, disability, or retirement if those shares are not purchased by any of the other stockholders.

9. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rules (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. At December 31, 2009, the Company had net capital of \$998,600, which was \$748,600 in excess of its required net capital of \$250,000. The Company's net capital ratio was 1.030 to 1.

10. INVESTMENTS

This security is not readily marketable, which means it is a security (a) for which there is no market on a securities exchange or no independent publicly-quoted market; (b) that cannot be publicly offered or sold unless registration has been effected under the Securities Act of 1933; or (c) that cannot be offered or sold because of other arrangements, restrictions, of conditions applicable to the securities or to the Company. The investment is recorded at cost.

11. LITIGATION

The Company is subject to legal proceedings and claims which have arisen in the ordinary course of its business and have not been fully adjudicated. These actions, when finally concluded and determined, will not, in the opinion of management, have a material adverse effect upon the financial position of the Company.

12. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments are defined as cash, evidence of ownership interest in an entity, or a contract that creates an obligation or right to receive or deliver cash or another financial instrument from/to a second entity on potentially favorable or unfavorable terms. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced liquidation or sale. If a quoted market price is available for a financial instrument, the estimated fair value would be calculated based upon the market price per trading unit of the instrument.

As certain assets such as furniture and equipment are not considered financial instruments, the estimated fair value of financial instruments would not represent the full value of the Company. Cash and cash equivalents, broker deposit, and investments would be considered financial instruments. At December 31, 2009, the carrying amount of all financial instruments approximates fair value. In addition, the Company is obligated for the delivery of financial instruments that are not included on the accompanying Statement of Financial Condition. The fair value of these financial instruments approximates the commitment amount, as disclosed in Note 13, to deliver these financial instruments.

13. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In accordance with industry practice, the Company records clients' transactions on a trade date basis with settlement dates that generally can occur up to 30 days subsequent to the trade date. The Company is, therefore, exposed to risk of loss on these transactions in the event of the client's or broker's inability to meet other terms of their contracts, in which case the Company may have to purchase or sell financial instruments at prevailing market prices. The exposure to loss would be the difference in market prices between the date the financial instrument was traded and the date the financial instrument was ultimately disposed. At December 31, 2009, the Company had unsettled transactions of approximately \$5,808,703.

14. SUBSEQUENT EVENTS

Management has reviewed events occurring through February 26, 2010, the date the financial statements were issued and no subsequent events occurred requiring accrual or disclosure.

SUPPLEMENTARY INFORMATION

ALLEGHENY INVESTMENTS, LTD.
 COMPUTATION OF NET CAPITAL
 UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION
 DECEMBER 31, 2009

Schedule I

NET CAPITAL	
Total stockholders' equity	\$ <u>1,551,652</u>
Less: Nonallowable assets	
Receivables from brokers or dealers	375,949
Receivables from noncustomers	7,937
Furniture and equipment	18,039
Prepaid expenses	106,060
Investment	<u>3,300</u>
TOTAL NONALLOWABLE ASSETS	<u>511,285</u>
NET CAPITAL BEFORE HAIRCUTS	1,040,367
Haircuts on trading and investments securities - other	(21,767)
Haircut on Fidelity bond deductible	<u>(20,000)</u>
NET CAPITAL	\$ <u><u>998,600</u></u>
AGGREGATE INDEBTEDNESS	
Accounts payable, commissions payable and deposits	\$ <u><u>1,028,204</u></u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT	
Minimum net capital required	\$ <u><u>68,547</u></u>
Minimum dollar net capital requirement	\$ <u><u>250,000</u></u>
Net capital requirement	\$ <u><u>250,000</u></u>
Excess net capital at 1,500%	\$ <u><u>930,053</u></u>
Excess net capital at 1,000%	\$ <u><u>895,780</u></u>
Excess net capital	\$ <u><u>748,600</u></u>
Ratio: Aggregate indebtedness to net capital	<u><u>1.030 to 1</u></u>

See accompanying Report of Independent Auditors.

ALLEGHENY INVESTMENTS, LTD.
INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2009

Schedule II

All customer transactions are cleared through another broker-dealer on a fully disclosed basis.

Name of clearing firms - National Financial Services

Allegheny Investments, LTD. is exempt from the reserve requirements under SEC Rule 15c3-3 under paragraph k2ii.

See accompanying Report of Independent Auditors.

ALLEGHENY INVESTMENTS, LTD.
RECONCILIATION OF AUDITED AND UNAUDITED COMPUTATIONS OF NET CAPITAL
PURSUANT TO RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2009

Schedule III

NET CAPITAL, AS REPORTED IN COMPANY'S UNAUDITED FOCUS REPORT (FORM X 17A 5, PART IIA)	\$ 715,106
ADJUSTMENTS	
Audit adjustments to allocated expenses	36,325
Audit adjustments to accrued expenses	24,037
Allowable assets erroneously reported as unallowable	<u>223,132</u>
AUDITED NET CAPITAL	<u>\$ 998,600</u>

See accompanying Report of Independent Auditors.