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washington, D.C. 20549

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

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

OMB APPROVAL

OMB Number: 3235-0123  
Expires: March 31, 2016  
Estimated average burden  
hours per response... 12.00

SEC FILE NUMBER  
8-01402

Mail Processing Section  
MAR 0 12 11  
Washington DC  
406



REPORT FOR THE PERIOD BEGINNING 01/01/16 AND ENDING 12/31/16  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

M. E. Allison & Co., Inc.

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

950 E. Basse, 2<sup>nd</sup> Floor

OFFICIAL USE ONLY  
FIRM ID. NO.

(No. and Street)

San Antonio

Texas

78209

(City)

(State)

(Zip Code)

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

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

Moss Adams LLP

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

8750 N. Central Expressway, Suite 300

Dallas

TX

75231

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

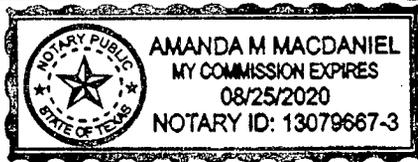
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, Christopher R. Allison, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of M.E. Allison & Co., Inc., as of December 31, 2016, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Christopher Allison  
Signature

President  
Title

Amanda M MacDaniel  
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 Cash Flows.
- (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 15c3-3.
- (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) Report on Independent Registered Public Accounting Firm on Management's Exemption Report.

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

**MOSS ADAMS** LLP  
Certified Public Accountants | Business Consultants

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
M. E. Allison & Co., Inc.

We have audited the accompanying statement of financial condition of M. E. Allison & Co., Inc. (the Company) as of December 31, 2016, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended. 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 M. E. Allison & Co., Inc. as of December 31, 2016, 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.

The information in Schedule I has been subjected to audit procedures performed in conjunction with the audit of M. E. Allison & Co., Inc.'s financial statements. The information in Schedule I is the responsibility of M. E. Allison & Co., Inc.'s management. Our audit procedures include determining whether the information in Schedule I reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in Schedule I. In forming our opinion on the information in Schedule I, we evaluated whether the information in Schedule I, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, the information in Schedule I is fairly stated in all material respects in relation to the financial statements as a whole.

*Moss Adams LLP*

Dallas, Texas  
February 28, 2017

M. E. ALLISON & CO., INC.  
Statement of Financial Condition  
December 31, 2016

**ASSETS**

Cash		\$	658,661
Deposits with and receivable from clearing broker-dealer			210,666
Underwriting fees receivable			7,750
Income tax refund receivable			13,153
Securities owned, at fair value			1,592,329
Deferred income tax asset			120,130
Property and equipment - at cost:			
Furniture and fixtures	\$	516,059	
Leasehold improvements		40,250	
Total property and equipment		556,309	
Less: Accumulated depreciation and amortization		(535,592)	20,717
Goodwill			13,000
Other intangible assets, net			35,750
Other assets			34,072
			\$ 2,706,228

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Liabilities**

Accounts payable and accrued expenses		\$	266,680
Payable to clearing broker-dealer			930,091
State income taxes payable			6,313
			1,203,084

**Stockholders' equity**

Common stock, par value \$100; 385 shares issued and outstanding; 500 shares authorized			38,500
Additional paid-in capital			3,850
Retained earnings			1,460,794
Total stockholders' equity			1,503,144
			\$ 2,706,228

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

M. E. ALLISON & CO., INC.  
Statement of Operations  
For the Year Ended December 31, 2016

**Revenues**

Financial advisory fees	\$ 769,434
Municipal underwriting fees	256,113
Investment advisory fees	226,692
Commissions	580,087
Insurance based income	249,177
Mutual funds	574,230
Net trading gains	149,941
Interest and dividends	23,543
Net unrealized gains on investment securities	445,964
Net realized losses on investment securities	(479,945)
Other	10,765
	<hr/>
Total revenues	2,806,001

**Expenses**

Employee compensation including commissions	2,117,528
Clearing expense	133,865
Communications	92,025
Occupancy and equipment	159,104
Regulatory	30,005
Interest	5,683
Other expenses	321,051
	<hr/>

Total expenses 2,859,261

Net loss before income taxes (53,260)

Benefit for income taxes (9,472)

Net Loss \$ (43,788)

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

M. E. ALLISON & CO., INC.  
Statement of Changes in Stockholders' Equity  
For the Year Ended December 31, 2016

	<u>Shares</u>	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balances, December 31, 2015	385	\$ 38,500	\$ 3,850	\$ 1,504,582	\$ 1,546,932
Dividends paid				-	--
Net loss				(43,788)	(43,788)
Balances, December 31, 2016	<u>385</u>	<u>\$ 38,500</u>	<u>\$ 3,850</u>	<u>\$ 1,460,794</u>	<u>\$ 1,503,144</u>

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

M. E. ALLISON & CO., INC.  
Statement of Cash Flows  
For the Year Ended December 31, 2016

**Cash flows from operating activities**

Net income (loss)	\$ (43,788)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	21,738
Unrealized gains on investments securities	(445,964)
Realized losses on investments securities	479,945
Deferred income tax expense	(8,151)
Changes in assets and liabilities:	
Increase in deposit with and receivable from clearing broker-dealers	(31,828)
Increase in underwriting fees receivable	(7,750)
Increase in income tax refund receivable	(13,153)
Decrease in financial advisory fees receivable	64,288
Increase in trading securities owned	(556,236)
Decrease in other assets	22,393
Increase in accounts payable and accrued expenses	68,468
Increase in payable to clearing broker-dealer	385,315
Decrease in income tax payable	(65,550)
Net cash provided (used) by operating activities	<u>(130,273)</u>

**Cash flows from investing activities**

Purchase of investment securities	(253,858)
Proceeds from sale of investment securities	539,281
Decrease in notes receivable - related party	366,106
Equipment purchases	(1,480)
Net cash provided (used) by investing activities	<u>650,049</u>

**Cash flows from financing activities**

Net cash provided (used) by financing activities	<u>--</u>
Net increase in cash and cash equivalents	519,776
Cash and cash equivalents at beginning of year	<u>138,885</u>
Cash and cash equivalents at end of year	<u>\$ 658,661</u>

**Supplemental schedule of cash flow information**

Cash paid for income taxes	\$ 68,000
Cash paid for interest	<u>\$ 5,683</u>

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

M. E. ALLISON & CO., INC.  
Notes to Financial Statements  
December 31, 2016

Note 1 - Summary of Significant Accounting Policies

**Business Operations**

M. E. Allison & Co., Inc. (the "Company") is a broker-dealer in securities registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company operates under (SEC) Rules 15c3-3(k)(2)(ii) and (k)(2)(i), which provide that all funds and securities belonging to the Company's customers would be handled by a clearing broker-dealer. The Company predominately deals in the purchase and sale of municipal bonds and provides financial advisory services to municipalities.

**Business Combination**

The Company entered into an agreement, effective November 1, 2012, for consideration of \$130,000 in cash whereby it purchased the securities business of Presidio Financial, Inc. ("Seller") in a transaction accounted for as a business combination under accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Seller was also entitled to additional payments (contingent consideration) of \$17,500 on each on the first two anniversary dates of the agreement, if certain net commission thresholds are met. The following summarizes the allocation of the purchase price based on estimated fair market values at the date of acquisition.

Customer accounts and relationships of securities brokerage business	\$ 78,000
Customer accounts and relationships of direct mutual fund business	31,200
Customer accounts and relationships of insurance products business	7,800
Goodwill	<u>13,000</u>
Total consideration	<u>\$ 130,000</u>

The Company paid contingent consideration of \$17,500 on the first anniversary date in 2013 and \$17,500 on the second anniversary date in 2014. Both amounts were recognized as other expenses in the statement of income as the liability for the estimated fair value of contingent consideration was estimated to be \$-0- at the time of the purchase. There are no more contingent payments.

**Municipal Underwriting and Financial Advisory Fees**

Underwriting fees include gains, losses, and fees, net of syndicate expenses, arising from securities offerings in which the Company acts as an underwriter or agent. Financial advisory fees are earned from providing services to local governmental bodies. Underwriting and transaction related financial advisory fees are recorded at the time the underwriting is completed and the income is reasonably determinable. Other financial advisory services are performed under ongoing contracts. Revenues under these contracts are earned in the period services are provided.

**Securities Transactions**

Transactions in securities owned by the Company are recorded on a trade-date basis. Commission revenues and expenses are recorded on a settlement-date basis, which is generally three business days after the trade date. If materially different, commission income and related expenses are recorded on a trade-date basis.

Securities owned are carried at fair value as determined by management. The increase or decrease in net unrealized appreciation or depreciation of securities is credited or charged to operations.

M. E. ALLISON & CO., INC.  
Notes to Financial Statements  
December 31, 2016

Note 1 - Summary of Significant Accounting Policies, continued

**Furniture, Equipment and Leasehold Improvements**

Furniture, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation is provided principally by accelerated methods using estimated useful lives of five to seven years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

**Income Taxes**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of assets and liabilities for financial and income tax reporting. Deferred tax assets and liabilities represent future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for net operating losses, disallowed charitable contributions, and capital losses that are available to offset future taxable income, subject to a valuation allowance.

Any potential interest and penalty associated with a tax contingency, should one arise, would be included as a component of income tax expense in the period in which the assessment arises. Income tax returns are generally subject to examination by the respective federal and state authorities over various statutes of limitations generally three to four years from the date of filing.

**Goodwill**

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in the business combination discussed above. The Company has one reporting unit based on guidance in U.S. GAAP.

Goodwill impairment is assessed at least annually or more often upon the occurrence of an indicator of impairment. In evaluating goodwill for impairment, the Company has the option to make a qualitative evaluation about the likelihood of goodwill impairment to determine whether it should calculate the fair value of a reporting unit. If fair value of the reporting unit is calculated and it is less than its carrying value, the Company is required to go to the second step. The second step involves allocating the calculated fair value to all of the assets and liabilities of the reporting unit as if the calculated fair value was the purchase price in a business combination. This allocation would include assigning value to any previously unrecognized intangible assets. The impairment is measured by comparing the implied fair value of the Company's goodwill with its carrying amount and an impairment loss may be recognized up to that excess. Based on the results of a qualitative evaluation, the Company determined that no impairment existed at December 31, 2016.

M. E. ALLISON & CO., INC.  
Notes to Financial Statements  
December 31, 2016

Note 1 - Summary of Significant Accounting Policies, continued

**Other Intangibles**

Intangible assets consist of definite lived assets recognized in the business combination discussed above. Impairment of other intangible assets is assessed at least annually or more often upon the occurrence of an indicator of impairment through a comparison of their carrying amounts and estimated fair values. An indicator of impairment exists if the carrying value of an other intangible asset exceeds its estimated fair value, and an impairment loss may be recognized up to that excess. Management performed its annual evaluation of the useful life of the intangible assets and determined that there were no events and circumstances that warrant a revision to the remaining useful live.

**Use of Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires the Company 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. Actual results could differ from those estimates.

Note 2 - Deposits with and Receivable from Clearing Broker-Dealers

Deposit with clearing broker-dealer consists of cash required to be maintained at the clearing broker-dealer for clearing and trading activities. Receivable from clearing broker-dealers is comprised of commissions and other items. Such amounts are normally collected within 15 days after month end.

Note 3 - Receivables

Underwriting fees receivable are due from other broker-dealers and consist of amounts due from securities offerings in which the Company acts as an underwriter. Such amounts are normally collected within thirty days after month end.

Financial advisory fees receivable are due from local governments and are generally collected within sixty days after the close of a transaction.

M. E. ALLISON & CO., INC.  
Notes to Financial Statements  
December 31, 2016

Note 4 - Net Capital Requirements

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2016, the Company had net capital of approximately \$1,106,667 and net capital requirements of \$250,000. The Company's ratio of aggregate indebtedness to net capital was .25 to 1. The Securities and Exchange Commission permits a ratio of no greater than 15 to 1.

Note 5 - Securities Owned

Securities owned at fair value as of December 31, 2016 consist of listed equities and state and municipal obligations and are classified as either trading or investment securities. In accordance with U.S. GAAP, the Company categorizes its financial instruments recorded at fair value into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the Statement of Financial Condition are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Financial assets and liabilities whose value are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's judgment about the assumptions a market participant would use in pricing the asset or liability.

State and municipal obligations consist of debt securities that are valued based on quotations received from dealers who make markets in such securities or by independent pricing services. These pricing services generally utilize matrix pricing which considers yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices.

Collateralized mortgage obligations ("CMO") are valued based on an option-adjusted discounted cash flow model. The significant inputs to this model include yield, prepayment speed, default rate, and loss severity.

M. E. ALLISON & CO., INC.  
Notes to Financial Statements  
December 31, 2015

Note 5 - Securities Owned, continued

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2016.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Listed equities	\$ 427,250	\$ 427,250	\$ --	\$ --
CMO	72,314	--	72,314	--
State and municipal obligations	<u>1,092,765</u>	<u>78,228</u>	<u>1,014,537</u>	<u>--</u>
	<u>\$ 1,592,329</u>	<u>\$ 505,478</u>	<u>\$1,086,851</u>	<u>\$ --</u>

The following table presents a reconciliation of investments measured at fair value using unobservable inputs (Level 3):

Balance at January 1, 2016	\$ 90,000
Sales	<u>(\$90,000)</u>
Balance at December 31, 2016	<u>\$ 0</u>

The Company did not hold any financial liabilities measured at fair value at December 31, 2016.

Note 6 - Other Intangible Assets

Other intangible assets acquired in the business combination discussed in Note 1 aggregate \$117,000, net of accumulated amortization of \$81,250. These intangible assets consist of customer accounts and relationships that are being amortized on a straight-line method over an estimated life of six years. Amortization expense aggregated \$19,500 for 2016. Amortization expense will be approximately \$19,500 per year for the next year and \$16,250 in the final year.

M. E. ALLISON & CO., INC.  
Notes to Financial Statements  
December 31, 2016

Note 7 - Commitment and Contingencies

The Company has an operating lease for office space owned by a stockholder/officer. The lease provides for an option to renew for 5 years. Future minimum lease obligations follow:

Year Ending <u>December 31,</u> 2017	\$ <u>46,585</u>
	\$ <u>46,585</u>

Rent expense under operating leases was \$93,170 during 2016.

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the credit worthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

The Company is required to indemnify its clearing broker/dealer if a customer fails to settle a securities transaction, according to its clearing agreement. Management was neither aware, nor had it been notified of any potentially material indemnification loss at December 31, 2016.

M. E. ALLISON & CO., INC.  
Notes to Financial Statements  
December 31, 2016

Note 8 - Income Taxes

Deferred income tax assets (liabilities) follow:

Capital losses	\$ 105,155
Investment securities	24,988
Net operating losses	<u>5,334</u>
Total deferred income tax assets	<u>135,477</u>
Goodwill and other intangible assets	<u>(15,347)</u>
Total deferred income tax liabilities	<u>(15,347)</u>
Net deferred tax assets	<u>\$120,130</u>

The provision (benefit) for income taxes consists of the following:

Current benefit	\$(1,321)
Deferred benefit	<u>(8,151)</u>
	<u>\$ (9,472)</u>

Expected income tax expense from applying statutory rates to net income before income taxes differs from actual income tax expense because of permanent differences related to tax exempt interest, meals and entertainment, and club dues. Net operating loss carryforwards of \$15,687 expire in 2031. Capital loss carryforwards of \$309,280 expire in 2021.

M. E. ALLISON & CO., INC.  
Notes to Financial Statements  
December 31, 2016

Note 9 - Note Receivable Related Party

During 2008 the Company sold an investment in land to the Elsie F. Allison Family Trust ("Trust"), a related party, for an \$860,000 note receivable. Interest payments at 2.97% per annum are due March 1<sup>st</sup> of each year. The principal amount and any unpaid interest is due February 28, 2017. This note was paid off in 2016. 2016 interest income was \$10,784.

Note 10 - Concentrations

The Company's customer base is primarily located throughout Texas. Deposits with and receivable from clearing broker-dealers is with a broker-dealer located in Massachusetts. Revenues from financial advisory services to two local governmental units accounted for approximately 21% of total revenues.

The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant risk.

Supplemental Information  
Pursuant to Rule 17a-5 of the  
Securities Exchange Act of 1934  
For the Year Ended  
December 31, 2016

**Schedule I**

M.E. ALLISON & CO., INC.  
Computation of Net Capital Under Rule 15c3-1  
of the Securities and Exchange Commission  
As of December 31, 2016

**Computation of Net Capital**

Total ownership equity qualified for net capital \$ 1,503,144

Deductions and/or charges

Non-allowable assets:

Petty cash	\$ 300	
Income tax refund	13,153	
Property and equipment, net	20,717	
Goodwill	13,000	
Other intangible assets	35,750	
Deferred income tax asset	120,130	
Other assets	34,072	237,122

Net capital before haircuts on securities positions 1,266,022

Haircuts on securities (computed, where applicable,  
pursuant to Rule 15c3-1(f)):

Debt securities	72,269	
Other securities	64,084	
Undue Concentration	23,002	(159,355)

Net capital \$ 1,106,667

**Aggregate Indebtedness**

Items included in statement of financial condition

Accounts payable and accrued expenses	\$ 266,680
State income taxes payable	6,313

Total aggregate indebtedness \$ 272,993

Schedule I (continued)

M.E. ALLISON & CO., INC.  
Computation of Net Capital Under Rule 15c3-1  
of the Securities and Exchange Commission  
As of December 31, 2016

**Computation of Basic Net Capital Requirement**

Minimum net capital required (6 2/3% of total aggregate indebtedness)	<u>\$ 18,200</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 250,000</u>
Minimum net capital requirement (greater of two minimum requirement amounts)	<u>\$ 250,000</u>
Net capital in excess of minimum required	<u>\$ 856,669</u>
Net Capital less greater of 10% of aggregate indebtedness or 120% of Minimum dollar net capital requirement	<u>\$ 806,669</u>
Ratio: Aggregate indebtedness to net capital	<u>0.25 to 1</u>

**Reconciliation with Company's Computation**

Reconciliation of differences in the computation of net capital under Rule 15c3-1 from the Company's computation is as follows:

Net Capital per M. E. Allison & Co., Inc. (unaudited) FOCUS Part II A	\$ 1,112,980
Adjustments:	<u>(6,313)</u>
Net capital per audited report	<u>\$ 1,106,667</u>

**MOSS ADAMS** LLP  
Certified Public Accountants | Business Consultants

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
M. E. Allison & Co., Inc.

We have reviewed management's statements, included in the accompanying M. E. Allison & Co., Inc.'s Exemption Report, in which (1) M. E. Allison & Co., Inc. (the Company) identified provisions 17 C.F.R. §15c3-3(k)(2)(i) and 17 C.F.R. §15c3-3(k)(2)(ii) (the "exemption provisions") under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3 and (2) the Company stated that the Company met the identified exemption provisions throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the conditions set forth in paragraph (k)(2)(i) and (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Moss Adams LLP*

Dallas, Texas  
February 28, 2017

**M. E. Allison & Co., Inc.**  
**Exemption Report**

**M. E. Allison & Co., Inc.** (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers").

This Exemption Report was prepared as required by 17 C.F.R. §240.17a-5 (d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

(1) The Company claimed an exemption from 17 C.F.R. §15c3-3 under the following provisions of 17 C.F.R. §240.15c3-3 (k):2[i]:

- i. Who carries no margin accounts, promptly transmits all customer funds and delivers all securities received in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to, customers and effectuates all financial transactions between the broker or dealer and its customers through one or more bank accounts, each to be designated as "Special Account for the Exclusive Benefit of Customers of (name of the broker or dealer)";

And

The Company claimed an exemption from 17C.F.R. §240.15c3-3 under the following provisions of 17 C.F.R. §240.15c3-3(k):2[ii]:

- ii. Who, as an introducing broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and who promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of §§240.17a-3 and 240.17a-4 of this chapter, as are customarily made and kept by a clearing broker or dealer.

(2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k) throughout the period from January 1, 2016 to December 31, 2016.

I, Christopher Allison, swear that, to my best knowledge and belief, this Exemption report is true and correct.

By: Christopher Alli  
Christopher Allison  
President  
M. E. Allison & Co., Inc.

Report of Independent Registered Public Accounting Firm  
On SIPC Annual Assessment  
DECEMBER 31, 2016

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON  
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors  
M. E. Allison & Co., Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below, which were agreed to by M. E. Allison & Co., Inc. (the Company) and the Securities Investor Protection Corporation (SIPC) with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of the Company for the period from January 1, 2016 to December 31, 2016, solely to assist you and the SIPC in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). 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-7 with respective cash disbursement records entries noting no differences;
2. Compared the total revenue amounts reported on the Annual Audited Report Form X-17A-5 Part III for the period from January 1, 2016 to December 31, 2016 with the amounts reported in Form SIPC-7 for the period from January 1, 2016 to December 31, 2016, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and,

MOSS-ADAMS<sub>LLP</sub>

5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 and SIPC-6 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 with the applicable instructions of the Form SIPC-7. 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.

*Moss Adams LLP*

Dallas, Texas

February 28, 2017

Amended

SIPC-7

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION

P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

General Assessment Reconciliation

SIPC-7

(33-REV 7/10)

For the fiscal year ended 12/31/2016

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

2012 2785 MIXED AADC 220  
1402 FINRA DEC  
M E ALLISON & CO INC  
950 EAST BASSE ROAD SECOND FLOOR  
SAN ANTONIO TX 78209

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

2. A. General Assessment (item 2e from page 2)	\$	<u>4,871.05</u>	<u>41657.34</u> CRA
B. Less payment made with SIPC-6 filed (exclude interest)	(	<u>2,063.26</u>	
<u>11/7/16</u> CRA Date Paid			
C. Less prior overpayment applied	(	<u>1,351.33</u>	CRA
D. Assessment balance due or (overpayment)		<u>1,456.46</u>	<u>1242.75</u>
E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum		<u>0.00</u>	CRA
F. Total assessment balance and interest due (or overpayment carried forward)	\$	<u>1,456.46</u>	<u>1242.75</u>
G. PAYMENT: <input checked="" type="checkbox"/> the box Check mailed to P.O. Box <input checked="" type="checkbox"/> Funds Wired <input type="checkbox"/> Total (must be same as F above)	\$	<u>1,456.46</u>	
H. Overpayment carried forward	\$(	<u>213.71</u>	CRA

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):  
\_\_\_\_\_

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

M.E. Allison & Co., Inc.  
(Name of Corporation, Partnership or other organization)  
Christy All  
Authorized Signature  
President  
(Title)

Dated the 31st day of January, 20 17.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates:                                                                                
                    Postmarked      Received      Reviewed

Calculations                           Documentation                           Forward Copy                     

Exceptions:

Disposition of exceptions:

**DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning 1/1/2016  
and ending 12/31/2016

Item No.

Eliminate cents

2a. Total revenue (FOCUS Line 12/Part IIA Line 8, Code 4030)

\$ 2,806,000

2b. Additions:

(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.

\_\_\_\_\_

(2) Net loss from principal transactions in securities in trading accounts.

\_\_\_\_\_

(3) Net loss from principal transactions in commodities in trading accounts.

\_\_\_\_\_

(4) Interest and dividend expense deducted in determining item 2a.

\_\_\_\_\_

(5) Net loss from management of or participation in the underwriting or distribution of securities.

\_\_\_\_\_

(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.

\_\_\_\_\_

(7) Net loss from securities in investment accounts.

30,654

Total additions

30,654

2c. Deductions:

(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.

~~823,407~~ CRA  
~~737,923~~

(2) Revenues from commodity transactions.

\_\_\_\_\_

(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.

133,865

(4) Reimbursements for postage in connection with proxy solicitation.

\_\_\_\_\_

(5) Net gain from securities in investment accounts.

\_\_\_\_\_

(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.

\_\_\_\_\_

(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).

\_\_\_\_\_

(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):

10,765

(Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ 5,683

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ \_\_\_\_\_

Enter the greater of line (i) or (ii)

5,683

Total deductions

~~808,236~~ 973,720 CRA

2d. SIPC Net Operating Revenues

CRA \$ ~~1,940,410~~ 1,862,934

2e. General Assessment @ .0025

\$ ~~4,871.05~~ 4657.34

(to page 1, line 2.A.)

CRA