

## ALLEGHENY INVESTMENTS WRAP FEE PROGRAM BROCHURE

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March 2021

This wrap fee program brochure provides information that you should consider before becoming a client of the Allegheny Investments Wrap Fee Program. If you have any questions about the contents of this Brochure, please contact us at 412-367-3880 or [comments@Alleghenyfinancial.com](mailto:comments@Alleghenyfinancial.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Allegheny is a registered investment adviser. Registration of an Investment Adviser does not imply a certain level of skill or training.

Additional information about Allegheny also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD for Allegheny is 7597.

## **ITEM 2 - MATERIAL CHANGES**

There have been no material changes to our Allegheny Investments Wrap Fee Program Brochure since our last annual update in March 2020.

**ALLEGHENY INVESTMENTS WRAP FEE PROGRAM BROCHURE**

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## **ITEM 4 - SERVICES, FEES AND COMPENSATION**

### **Services**

Allegheny Investments, LTD (“Allegheny”) is a dually registered investment adviser and licensed broker-dealer which offers asset management services based on the individual needs of the client. This Brochure provides a description of the specific advisory services offered under the Allegheny Investments Wrap Fee Program.

For more information about Allegheny’s other investment advisory services, please contact your advisor for a copy of a similar brochure that describes such services or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Through the Allegheny Investments Wrap Fee Program, Allegheny provides ongoing investment advice and management on assets in the client’s account. Allegheny provides advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds (“ETFs”), variable annuity subaccounts, equities, and fixed income securities. Allegheny provides advice that is tailored to the individual needs of the client based on the investment objective chosen by the client. Clients may impose restrictions on investing in certain securities or groups of securities by indicating in the written advisory agreement with Allegheny.

Allegheny provides investment management services on both a discretionary and non-discretionary basis. Non-discretionary services require clients to initiate or pre-approve investment transactions in their accounts before they can occur, whereas “discretionary” services authorize Allegheny to buy, sell or hold investment positions without obtaining pre-approval from clients for each transaction. Clients choose if they want Allegheny to provide investment management services on a discretionary or non-discretionary basis. When clients choose discretionary management Allegheny receives limited discretionary authority from the client to select the identity and amount of securities to be bought or sold. Clients must provide written authorization to allow Allegheny discretionary authority. In all cases, this discretion is exercised in a manner consistent with the stated investment objectives for the particular client account.

Assets for program accounts are held at National Financial Services (“NFS”), a FINRA registered broker-dealer, member SIPC. NFS acts as executing broker-dealer for transactions placed in program accounts, and provides other administrative services as described throughout this Brochure. You cannot request that your orders be executed through another broker-dealer. Allegheny is the introducing broker-dealer for program accounts. Since associated persons of Allegheny are registered with the broker-dealer, this presents a conflict of interest. Clients should understand that not all advisors require their clients to select a certain broker. By selecting Allegheny/NFS as the broker, clients may be unable to achieve the most favorable execution of client transactions. Therefore, this practice may cost clients more money. Clients will be subject to separate fees and expenses charged by NFS. Allegheny receives support services and/or products from NFS, many of which assist Allegheny to better monitor and service program accounts maintained at NFS; however, some of the services and products benefit Allegheny and not client accounts.

### **Fees**

In the Allegheny Investments Wrap Fee Program, clients pay Allegheny a single advisory fee for advisory services and execution of transactions. Clients do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the advisory fee. The advisory fee is negotiable

between the client and Allegheny and is set out in the advisory agreement. The advisory fee is a percentage based on the value of all assets in the account, including cash holdings. The maximum advisory fee for newly executed advisory agreements is 1.00%. The advisory fee may be higher than the fee charged by other investment advisors for similar services. The advisory fee is paid to Allegheny. Allegheny does not accept performance-based fees for program accounts.

The advisory fee is deducted from the account by NFS and paid to Allegheny based on a written authorization from the client. Allegheny calculates the advisory fee in advance and provides the debit instruction to NFS based on the billing frequency stated in the advisory agreement; typically, semi-annually or annually. In limited circumstances, clients are invoiced for their fees. If the advisory agreement is terminated before the end of the period, client is entitled to a pro-rated refund of any pre-paid advisory fee based on the number of days remaining in the billing period after the termination date.

### **Wrap Fee Program Transaction Charges Disclosure**

In the Allegheny Investments Wrap Fee Program, the transaction costs are borne by Allegheny. Allegheny has agreed to pay an asset-based fee to NFS. The asset-based fee covers clearing and execution services. The asset-based fee covers the cost of all transactions during the first 60 days after an account is opened. The asset-based fee has an annual limit of 45 transactions. Transactions placed for an account that exceed the annual limit will be paid by Allegheny. Allegheny has an incentive to limit trades to 45 per year.

When the transaction costs borne by Allegheny are transaction based, Allegheny has a conflict of interest because they have a financial incentive to trade less frequently. In addition, because transactions charges vary by security type, there is a conflict of interest for Allegheny because they have an incentive to select securities for your Account that cost the Advisor less than other types of securities. Clients should discuss with their advisor these conflicts. The transaction charges vary depending on the type of security being purchased or sold. In the case of mutual funds, the transaction charges vary. Funds identified in the NFS published directory as being subject to mutual fund transaction surcharges will be assessed a \$10 mutual fund transaction surcharge on buys, sells, exchanges-roundtrip and share class conversions. The list of fund families and/or CUSIPs that are subject to the surcharge is subject to change by NFS without notice. Allegheny is responsible for paying these transaction surcharges. Therefore, Allegheny has an incentive to use funds that are not assessed the extra transaction fee.

NFS currently has arranged for all funds in the No Transaction Fee Program (referenced with a fee status of "NTF") in the published directory to be free of clearing charges for wrap fee program accounts. NFS receives compensation from the fund families based on the average daily net assets in the funds that are identified as NTF. Funds that are identified as NTF generally pay all available 12b-1 fee revenue to NFS as part of such compensation. Any 12b-1 fees associated with the funds identified as NTF that are received by NFS for wrap fee accounts will be credit directly to the client account, or paid to Allegheny then applied as an offset toward the client's advisory fee. While NTF funds have no transaction charge they tend to have a higher expense ratio, which is borne by the client. NFS does not charge a transaction charge for fixed income securities (e.g., bonds or structured products); however, NFS acts as principal on fixed income security transactions and receives a mark-up/down on the transaction. These charges are subject to change.

Certain share classes of mutual funds that participate in NFS's NTF Program can be purchased in non-wrap accounts without a transaction charge. In order to participate in the NTF Program, mutual funds pay NFS recordkeeping and/or revenue sharing fees in the form of asset-based or transaction-based fees. A complete list of mutual fund sponsors participating in the NTF Program can be found by visiting <https://fundresearch.fidelity.com/mutual-funds/fund-families-no-transaction-fee>. Clients should understand that the cost to Allegheny of transaction charges is a factor they consider when deciding which mutual funds to select and whether or not to place transactions in the account. Advisor has a financial incentive to select certain funds in order to reduce or eliminate the transaction charges, including but not limited to funds participating in the NTF Program.

### **Other Types of Fees and Charges**

Program accounts will incur additional fees and charges from parties other than Allegheny as noted below. These fees and charges are in addition to the advisory fee paid to Allegheny. Allegheny does not share in any portion of these third-party fees.

NFS, as the custodian and broker-dealer providing brokerage and execution services on program accounts, will impose certain fees and charges that are not part of the bundled platform fee. NFS notifies clients of these charges at account opening. NFS will deduct these fees and charges, as applicable, directly from the client's program account.

There are other fees and charges that are imposed by other third parties that apply to investments in program accounts. Some of these fees and charges are described below.

- If a client's assets are invested in mutual funds or other pooled investment products, clients should be aware that there will be two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. Client will also pay Allegheny the advisory fee with respect to those assets. Most of the mutual funds available in the program may be purchased directly. Therefore, clients could generally avoid the second layer of fees by not using the management services of Allegheny and by making their own investment decisions.
- Certain mutual funds impose fees and charges such as contingent deferred sales charges, early redemption fees and charges for frequent trading. These charges may apply if client transfers into or purchases such a fund with the applicable charges in a program account.
- Although Allegheny requires that no-load and load-waived mutual funds be purchased in a program account when available, client should understand that some mutual funds pay asset-based sales charges or service fees (e.g., 12b-1 fees) to the custodian with respect to account holdings.
- If client holds a variable annuity as part of an account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor.

Further information regarding fees assessed by a mutual fund, or variable annuity is available in the appropriate prospectus, which is available upon request from Allegheny or from the product sponsor directly.

### **Other Important Considerations**

- The advisory fee is an ongoing wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. The advisory fee may cost the client more than purchasing the program services separately, for example, paying an advisory fee plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the type and size of the account, historical and or expected size or number of trades for the account, and number and range of supplementary advisory and client-related services provided to the client.
- The advisory fee also may cost the client more than if assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a program account.
- The Advisor recommending the program to the client receives compensation as a result of the client's participation in the program. This compensation includes the advisory fee and also may include other compensation, such as bonuses, awards or other things of value offered by NFS to Allegheny or its associated persons. The amount of this compensation may be more or less than what Allegheny would receive if the client participated in other Allegheny programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, Allegheny has a financial incentive to recommend the program over other programs and services.
- The investment products available to be purchased in the program can be purchased by clients outside of a program account, through broker-dealers or other investment firms not affiliated with Allegheny.

### **ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

There are no minimum account values for the Allegheny Investments Wrap Fee Program advisory program accounts.

The program is available for individuals, IRAs, banks and thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

### **ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION**

In the Allegheny Investments Wrap Fee Program, Allegheny is the wrap program portfolio manager. Allegheny, through its associated persons, is responsible for the investment advice and management offered to clients. Allegheny requires that individuals involved in determining or giving investment advice have sufficient training and experience to provide such advice, including the successful completion of

industry exams and certifications. For more information about the associated person of Allegheny managing the account, Clients should refer to the Brochure Supplement for the associated person, which Clients should have received along with this Brochure at the time the account was opened.

NFS performs certain administrative services for Advisor, including generation of quarterly statements for program accounts.

### **Methods of Analysis and Investment Strategies**

Allegheny advisors place a strong emphasis on the financial planning process. Clients who receive financial planning services generally go through the following process. Not all clients receive financial planning.

- a. **DEFINE CLIENT OBJECTIVES** Our Allegheny Advisors ask questions and discover key client issues and concerns, based upon their extensive experience, to build a meaningful evaluation of our clients' finances. These questions include determining risk tolerance, education needs, retirement objectives, long and short-term goals and objectives.
- b. **DEVELOP A FINANCIAL PLAN** Allegheny Advisors analyze assets and liabilities and evaluate risk tolerances to develop a clear picture of our clients' financial status. This enables us to build a plan to meet each client's objectives. The financial plan may contain programs to enhance cash flow, decrease tax liabilities, enhance the funding of educational goals or a comfortable retirement, or meet a business or organization's financial goals. Our planning tools enable Allegheny Advisors to chart detailed projections to account for factors that impact our clients' finances, and anticipate changing needs. At the end of the process, Allegheny Advisors provide a very specific set of recommendations. Clients then decide whether to implement these recommendations.
- c. **IMPLEMENT THE FINANCIAL PLAN** Allegheny Advisors work with a team of specialists to select the most appropriate fund managers, insurance providers, and risk managers to ensure consistent portfolio performance.
- d. **MONITOR AND REFINE THE FINANCIAL PLAN** Allegheny Advisors support our clients' portfolio with ongoing and original research to measure performance. Allegheny Advisors report to clients through detailed reports and updates and one-on-one meetings.

Allegheny Advisors primarily use mutual funds in their investment strategy. Risks associated with this include:

- *Market conditions* - The prices of, and the income generated by, the common stocks, bonds and other securities held by the fund may decline due to market conditions and other factors, including those directly involving the issuers of securities held by the fund.
- *Investing in growth-oriented stocks*- Growth-oriented stocks may involve larger price swings and greater potential for loss than other types of investments.
- *Investing in income-oriented stocks*- Income provided by the fund may be reduced by changes in the dividend policies of, and the capital resources available at, the companies in which the fund invests.



- *Investing in bonds-* Rising interest rates will generally cause the prices of bonds and other debt securities to fall. In addition, falling interest rates may cause an issuer to redeem, call or refinance a security before its stated maturity, which may result in the fund having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities may be subject to greater price fluctuations than shorter maturity debt securities.

Bonds and other debt securities are subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default. Lower quality debt securities generally have higher rates of interest and may be subject to greater price fluctuations than higher quality debt securities.

- *Investing in securities backed by the U.S. government-* Securities backed by the U.S. government are guaranteed by the U.S. Treasury or the full faith and credit of the U.S. government are guaranteed only as to the timely payment of interest and principal when held to maturity. Accordingly, the current market values for these securities will fluctuate with changes in interest rates. Securities issued by government sponsored entities and federal agencies and instrumentalities are neither issued nor guaranteed by the U.S. government.
- *Investing in mortgage-backed and asset-backed securities-* Many types of bonds and other debt securities, including mortgage-back securities, are subject to prepayment risk, as well as the risks associated with investing in debt securities in general. If interest rates fall and the loans underlying these securities are prepaid principal in lower yielding securities, thus reducing the fund's income. Conversely, if interest rates increase and the loans underlying the securities are prepaid more slowly than expected, the expected duration of the securities may be extended. This reduces the potential for the fund to invest the principal in higher yielding securities.
- *Thinly traded securities-* There is little trading in the secondary market for particular bonds or other debt securities, which makes them more difficult to value or sell.
- *Investing outside the United States-* Securities of issuers domiciled outside the United States, or with significant operations outside the United States, may lose value because of political, social or economic developments in the country or region in which the issuer operates. These securities may also lose value due to changes in the exchange rate of currencies which are more volatile and/or less liquid than those in the United States. Investments outside the United States may also be subject to different settlement and accounting practices and different regulatory, legal and reporting standards than those in the United States. These risks are heightened in connection with investments in developing countries.
- *Management-* The investment advisor to a fund actively manages the fund's investments. Consequently, the fund is subject to the risk that the methods and analyses employed by the investment adviser do not produce the desired results. This could cause the fund to lose value or its results to lag relevant benchmarks or other funds with similar objectives.
- *Equity Market Risk-* Overall stock market risks may affect the value of the investments in equity strategies. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the equity markets.

- *Investment Selection Risk*- There is no guarantee that our judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security are correct and that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole or our intrinsic value approach may fail to produce the intended results. Our estimate of intrinsic value may be wrong or even if our estimate of intrinsic value is correct, it may take a long period of time before the price and intrinsic value converge.

Investing in securities involves the risk of loss. Your investment in a fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, entity or person. You should consider how this fund fits into your overall investment program.

### **Voting Client Securities**

As a matter of firm policy and practice, Allegheny does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

Clients will receive proxies or other solicitations directly from their custodian or transfer agent. We may provide clients with assistance regarding proxy issues if they contact us with questions.

### **ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

In the Allegheny Investments Wrap Fee Program, the Advisor is responsible for account management; there is no separate portfolio manager involved. The Advisor obtains the necessary financial data from the client and assists the client in setting an appropriate investment objective for the account. The Advisor obtains this information by having the client complete an advisory agreement and other documentation. Clients are encouraged to contact their Advisor if there have been any changes in the client's financial situation or investment objectives or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions.

### **ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Clients should contact their Advisor at any time with questions regarding program account.

### **ITEM 9 - ADDITIONAL INFORMATION**

Allegheny does not have any legal or disciplinary events to disclose.

As noted previously, Allegheny is a dually registered investment adviser and licensed broker-dealer. Allegheny is under common control with Allegheny Financial Group and the directors of Allegheny are also the directors of Allegheny Financial Group. Allegheny Financial Group is an affiliated entity registered with the SEC as an Investment Advisor under the Investment Advisors Act of 1940 as amended.

Some members of management and other personnel are registered representatives of the affiliated broker-dealer. In this capacity they implement investment recommendations for advisory clients and receive separate yet customary compensation including, commissions, 12b-1 fees or other transaction related compensation.

Receipt of commissions presents a conflict of interest and it gives Allegheny and the Advisor an incentive to recommend an investment product based on the compensation received. Allegheny addresses this conflict by disclosing to clients brokerage and other expenses. Allegheny clients will receive notification of brokerage commissions charged by the affiliated broker-dealer.

Allegheny endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Allegheny in and of itself creates a conflict of interest and indirectly influences Allegheny's choices for investments, custody and brokerage services.

Some members of management and other personnel are licensed insurance agents and receive additional compensation for the implementation or purchase of insurance products for advisory clients. Allegheny is a licensed insurance broker.

Some Allegheny Advisors are involved in other business activities including accounting services and other professional services. Please see the individual Part 2B supplement for information concerning your advisor.

Some members of management are shareholders and/or general partners or managing members of limited partnerships of limited liability corporations formed for investment purposes. Certain Advisory clients are solicited to invest in these Funds. Funds are only available to accredited investors and involve certain additional risks. General Partners and other related entities are compensated in accordance with the partnership offering documents. A list of these related entities is disclosed on Schedule D of Form ADV Part 1. Form ADV Part 1 can be accessed by following the directions on the Cover Page of this Brochure.

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Allegheny has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Allegheny must acknowledge the terms of the Code of Ethics annually, or as amended. Allegheny's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Allegheny Compliance.

In appropriate circumstances, consistent with clients' investment objectives, Allegheny will cause accounts over which Allegheny has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Allegheny, its affiliates and/or clients, directly or indirectly, have a position of interest. Allegheny's employees and persons associated with Allegheny are required to follow Allegheny's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Allegheny and its affiliates trade for their

own accounts in securities and investments which are recommended to and/or purchased for Allegheny's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Allegheny will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The Code of Ethics permits employees to invest in the same securities as clients, and while there is a possibility that employees might benefit from market activity by a client in a security held by an employee, employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Allegheny and its clients.

It is Allegheny's policy that the firm will not affect any principal or agency cross securities transactions for client accounts, with the exception of a very limited number of bond transactions with pre-notification to the clients. Allegheny will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client.

A principal transaction is also deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions have the potential to arise since Allegheny's affiliate AI is dually registered as a broker-dealer and investment adviser.

#### Review of Accounts

Allegheny Advisors typically contact their clients at least semi-annually, as well as offer to schedule meetings with them at least annually to review the performance of Allegheny clients' advisory accounts, and discuss any changes in the clients' finances, financial goals, or profile. Allegheny supervising principals review client transactions. Each financial plan or report is reviewed by at least one Allegheny Advisor in addition to the Advisor preparing the plan. Allegheny advisors provide reports to clients on a periodic basis as determined by the relationship and indicated in the client/advisor agreement.

Allegheny Advisors monitor client portfolios continuously. Allegheny supervising principals, in conjunction with Compliance, review client information on an ongoing basis. Allegheny relies in part on technology but also reviews and audits other information.

Allegheny Advisors and Allegheny home office personnel are available during normal business hours to answer questions or other inquiries from Allegheny clients.

#### Client Referrals and Other Compensation

Allegheny does not accept or allow our supervised persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Allegheny compensates others for client referrals. When compensating others Allegheny will follow the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940 and any corresponding securities law requirements. At the time of the referral Allegheny will disclose the nature of the relationship and provide a written disclosure statement. Referral arrangements will not result in any additional fees to clients.

Registered investment advisers are required to provide you with certain financial information or disclosures about Allegheny's financial condition. Allegheny has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. For certain clients, Allegheny requires or solicits payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we have included financial statements from an independent auditor.

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:	August 31, 2020
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-01-57662

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 01/01/2020 AND ENDING 12/31/2020  
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

(City)

PA

(State)

15237

(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\*

S.R. Snodgrass, P.C.

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

2009 Mackenzie Way Ste 100 Cranberry Township

(Address)

(City)

PA

(State)

16066

(Zip Code)

CHECK ONE:

<input checked="checked" type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

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)

## OATH OR AFFIRMATION

I, Ralph S. Boyd, 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 of December 31st, 2020, 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:

\_\_\_\_\_

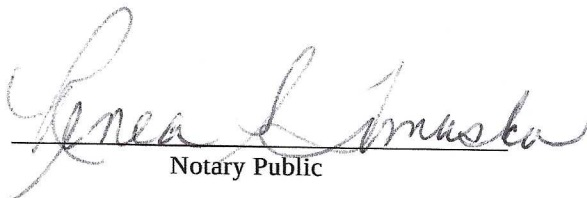
\_\_\_\_\_

\_\_\_\_\_

  
Signature

Treasurer

Title

  
Notary Public

Commonwealth of Pennsylvania - Notary Seal  
Renea S. Tomasko, Notary Public  
Beaver County  
My commission expires April 28, 2024  
Commission number 1241698  
Member, Pennsylvania Association of Notaries

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (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

AUDIT REPORT

DECEMBER 31, 2020

This report is deemed CONFIDENTIAL in accordance with Rule 17 a-5 (e)(3) under the Securities Exchange Act of 1934. A Statement of financial condition bound separately has been filed with the Securities and Exchange Commission simultaneously herewith as a PUBLIC document.



ALLEGHENY INVESTMENTS, LTD.

DECEMBER 31, 2020

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors  
Allegheny Investments, Ltd.

### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Allegheny Investments, Ltd. (the "Company") as of December 31, 2020; the related statements of income, changes in stockholders' equity, and cash flows for the year then ended; and the related notes to the financial statements (collectively, the financial statements). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020, 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.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting 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.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.



## **Supplemental Information**

The supplemental information contained in the Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission and Information Relating to Possession or Control Requirements under 15c3-3 of the Securities and Exchange Commission (the Supplemental Information) has been subjected to audit procedures performed in conjunction with the audit of Allegheny Investments, Ltd.'s financial statements. The Supplemental Information is the responsibility of Allegheny Investments, Ltd.'s management. Our audit procedures included determining whether the Supplemental Information 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 the Supplemental Information. In forming our opinion on the Supplemental Information, we evaluated whether the Supplemental Information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, the supplementary information contained in the Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission and Information Relating to Possession or Control Requirements under Rule 15c3-3 of the Securities and Exchange Commission is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Company's auditor since 2009.



Cranberry Township, Pennsylvania  
March 26, 2021

ALLEGHENY INVESTMENTS, LTD.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2020

ASSETS

Cash and cash equivalents	\$ 377,324
Deposits held in accounts with clearing organization	39,703
Equity securities	1,835,843
Receivables from clearing organization	7,440
Other receivables	382,860
Furniture and fixtures - net of accumulated depreciation of \$366,092	63,499
Intangible assets - net of accumulated amortization of \$176,896	80,665
Prepaid expenses	<u>140,990</u>
Total assets	<u>\$ 2,928,324</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Accrued advisor payout	\$ 236,121
Accounts payable - related party	1,348,944
Accrued expenses and other liabilities	<u>185,811</u>
Total liabilities	<u>\$ 1,770,876</u>

STOCKHOLDERS' EQUITY

Common stock - voting; no par value; 100,000 shares authorized; 1,320 shares issued and 1,254 shares outstanding	150,180
Retained earnings	1,021,699
Treasury stock, 66 shares at cost	<u>(14,431)</u>
Total stockholders' equity	<u>\$ 1,157,448</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 2,928,324</u>
--	---------------------

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

ALLEGHENY INVESTMENTS, LTD.  
STATEMENT OF INCOME  
YEAR ENDED DECEMBER 31, 2020

REVENUES

Commission and advisory revenue:	
Investment advisory fees	\$ 3,969,616
Service fees and commissions on investment company shares	2,643,421
Commissions on annuities	1,109,112
Commissions on insurance	88,207
Commissions on partnership interests	64,282
Commissions on securities	24,407
Other Income	
Dividend income	25,041
Interest income	135
Change in fair value of equity securities	<u>(4,653)</u>
 TOTAL REVENUES	 7,919,568

EXPENSES

Employee compensation and benefits	6,834,278
Brokerage fees	644,426
Occupancy & equipment	70,360
Communication & technology	72,303
Professional fees	78,356
Advertising	26,342
Travel & entertainment	11,856
Other expenses	<u>157,712</u>
 TOTAL EXPENSES	 <u>7,895,633</u>

NET INCOME	\$ <u><u>23,935</u></u>
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The accompanying notes are an integral part of the financial statements.

ALLEGHENY INVESTMENTS, LTD.  
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
DECEMBER 31, 2020

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total</u>
Balance, December 31, 2019	\$ 150,180	\$ 1,243,764	\$ (14,431)	\$ 1,379,513
Net income	-	23,935	-	23,935
Distributions	<u>-</u>	<u>(246,000)</u>	<u>-</u>	<u>(246,000)</u>
Balance, December 31, 2020	\$ <u><u>150,180</u></u>	\$ <u><u>1,021,699</u></u>	\$ <u><u>(14,431)</u></u>	\$ <u><u>1,157,448</u></u>

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

ALLEGHENY INVESTMENTS, LTD.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2020

OPERATING ACTIVITIES	
Net income	\$ 23,935
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH USED IN OPERATING ACTIVITIES	
Depreciation	59,274
Amortization	80,665
Change in fair value of equity securities	4,653
(INCREASE) DECREASE IN OPERATING ASSETS	
Purchases and proceeds from the sale of equity securities, net	(24,431)
Receivable from clearing organization	85,773
Other receivables	185,507
Prepaid expenses	(7,375)
INCREASE (DECREASE) IN OPERATING LIABILITIES	
Accrued advisor payout	(12,482)
Accounts payable - related party	(1,194,184)
Accrued expenses and other liabilities	<u>13,355</u>
NET CASH USED IN OPERATING ACTIVITIES	(785,310)
INVESTING ACTIVITIES	
Payments for purchase of intangible assets	<u>(89,161)</u>
NET CASH USED FOR INVESTING ACTIVITIES	(89,161)
FINANCING ACTIVITIES	
Distributions paid	<u>(246,000)</u>
NET CASH USED FOR FINANCING ACTIVITIES	(246,000)
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(1,120,471)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,497,795</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ <u><u>377,324</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 an introducing broker-dealer firm, offering access to a wide range of financial products and services, and specializing in consumer-oriented financial planning. The Company is registered with the Securities and Exchange Commission (the “SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation. The Company operates pursuant to SEC Rule 15c3-3(k)(2)(ii) (the “Customer Protection Rule”). It does not hold funds or safe keep customer securities. The Company clears securities transactions through National Financial Services, LLC (NFS) on a fully disclosed basis.

Use of 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.

Investments – Investments in equity securities have readily determinable fair values. Realized and unrealized gains and losses on equity securities are included in revenue.

Furniture and Fixtures – Furniture and fixtures are carried at cost, net of accumulated depreciation. 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 – Depreciation is 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>
Furniture and fixtures	3 - 10 years

Depreciation expense for the year ended December 31, 2020, amounted to \$59,274.

Intangible Assets – In 2015, the Company began purchasing book of businesses from existing investment advisors. These Intangible assets are amortized straight- line over the remaining useful life of the assets.

	<u>2020</u>
Beginning Balance	\$ 161,330
Subtract: Amortization	<u>(80,665)</u>
Ending Balance	\$ <u>80,665</u>

Cash Flows – For purposes of the Statement of Cash Flows, the Company considers highly liquid investments, purchased with original maturities of three months or less that are not held for sale in the ordinary course of business, 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 most 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.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables – Receivables primarily consist of revenue due to the Company, related primarily to commissions and service fees earned in the last month of the calendar year, 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.

## 2. REVENUE RECOGNITION

In accordance with ASC Topic 606, the main types of revenue recognized by the Company are as follows:

Service Fees and Commissions on Investment Company Shares - The Company buys and sells securities on behalf of its customers. Each time a customer enters into a buy or sell transaction, the Company charges a commission. Commissions and related clearing expenses are recorded on the trade date (the date the Company fills the trade order by finding and contracting with a counterparty and confirms the trade with the customer). The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer.

The Company enters into arrangements with Investment Companies or Funds (Fund) to distribute or sell shares to investors / customers. The Company may receive service fees paid by the Fund up front, over time, or upon the investors exit from the Fund. The Company believes that its performance obligation is the sale of securities to investors and as such this is fulfilled on the trade date or during the month in which the investments in the fund are held. The service fee is dependent on the value of the shares at future points in time as well as the length of time the investor remains in the fund, both of which are susceptible to factors outside the Company’s influence. Since these factors are not determinable until the market value of the fund is known (usually monthly or quarterly) service fees are recognized over the passage of time as the Company has investments in the funds, in the period earned.

Investment Advisory Fees - The Company provides investment advisory services on a daily basis. The Company believes the performance obligation for providing investment advisory services is satisfied over time because the customer is receiving the benefits as they are provided by the Company. Advisory fee arrangements are based on a percentage applied to the customer’s assets under advisement. Advisory fees are received quarterly, semi-annually and (in a few instances) annually and are recognized as revenue at the time they relate specifically to the services provided in that period. Advisory fees collected at the beginning of a service period are deferred and recognized as revenue as the service period elapses.

## 3. EQUITY SECURITIES

A summary of equity securities at December 31, 2020, is as follows:

	2020
Mutual funds - municipals	\$ <u>1,835,843</u>

## 4. INCOME TAXES

The Company, with the consent of its stockholders, has elected to have its income taxed as an S Corporation under Section 1372 of the Internal Revenue Code, which provides that in lieu of corporate income taxes, the stockholders 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.

#### 4. INCOME TAXES (continued)

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change. There is currently no liability for uncertain tax positions and no known unrecognized tax benefits. The Company recognizes, when applicable, interest and penalties related to unrecognized tax benefits in other expenses on the Statement of Income. The Company's federal and state income tax returns for taxable years ending prior to 2017 are closed for purposes of examination by the Internal Revenue Service and state taxing authorities.

#### 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 may, at the discretion of the Board of Directors, make a discretionary contribution into the Plan during the year. The Company's allocated contribution was \$209,763 to the plan during the year ended December 31, 2020.

#### 6. RELATED-PARTY TRANSACTIONS

The Company has a payable of \$1,348,944 to an affiliated corporation for various expenses and distributions that have been allocated between the corporations based on the terms of the expense sharing agreement. Amounts included on the Statement of Income that have been paid by the affiliated organization, and are therefore related party transactions are as follows:

Balance December 31, 2019	\$	2,573,494
Cash repayment		(2,984,546)
Distributions		246,000
401k discretionary contribution		209,763
Expenses:		
Employee compensation and benefits		1,318,256
Brokerage fees		6,732
Occupancy & equipment		70,362
Communication & technology		87,766
Professional fees *		(49,557)
Advertising		18,480
Travel & entertainment		3,173
Other Expenses *		(150,979)
Balance December 31, 2020	\$	<u><u>1,348,944</u></u>

\* For expenses in these categories. the expense has been paid by Allegheny Investments rather than affiliated organization. Most of the expense then has been transferred to said affiliated organization, and therefore the result is a negative balance.

#### 7. OPERATING LEASES

The Company and an affiliated corporation have entered a seven-year lease for the facilities they currently occupy. The first payment on this lease agreement commenced in October of 2020. The total monthly rental is \$55,891 for the first year; \$58,680 for the next three years; and \$61,557 for the remaining three years. The Company's portion of these rental payments is \$6,014 for the first three years; \$6,314 for the next three years; and \$6,623 for the remaining three years.

## 7. OPERATING LEASES (continued)

The following is a schedule of the Company's portion of future minimum rental payments required under the above leases as of December 31, 2020:

<u>Year Ended</u>	<u>Amount</u>
2021	\$ 72,164
2022	75,167
2023	75,765
2024	75,765
2025	78,864
2026 and beyond	172,213

Rental expense amounted to \$65,740 for the year ended December 31, 2020.

## 8. STOCKHOLDERS' EQUITY

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 require the maintenance of minimum net capital and require that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. At December 31, 2020, the Company had net capital of \$327,337 which was \$209,279 in excess of its required net capital of \$118,058. The Company's net capital ratio was 5.41 to 1.

## 10. 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.

## 11. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following disclosures show the hierarchical disclosure framework associated with the level of pricing observations utilized in measuring assets and liabilities at fair value. The three broad levels are defined as follows:

- Level I: Quoted prices are available in active markets for identical assets or liabilities as of the reported date.
- Level II: Pricing inputs are other than the quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities includes items for which quoted prices are available but traded less frequently and items that are fair-valued using other financial instruments, the parameters of which can be directly observed.
- Level III: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the use of observable market data when available.

## 11. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The following table presents the assets reported on the Statement of Financial Condition at their fair value as of December 31, 2020, by level within the fair value hierarchy. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

		December 31, 2020			
		Level I	Level II	Level III	Total
Equity Securities:					
Mutual funds- municipals	\$	<u>1,835,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,835,843</u>
			2020		
Total change in fair value of equity securities	\$		(4,653)		
Less: gains on securities held during the year			-		
Plus: losses on securities held during the year			-		
Unrealized change on securities held at end of year	\$		<u>(4,653)</u>		

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 or liquidation 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. Equity investment securities are valued based upon quoted market prices.

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 or 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. Additionally, certain financial instruments that are not carried at fair value on the Statement of Financial Condition are carried at amounts that approximate fair value due to their short-term nature and generally negligible credit risk. These instruments include cash and cash equivalents, deposits held in accounts with clearing organization, receivables, payables, and accrued expenses.

## 12. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Company's customer securities transactions are introduced on a fully disclosed basis with NFS. NFS carries all of the accounts of the customers of the Company and is responsible for execution, collection of and payment of funds, and receipt and delivery of securities relative to customer transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein NFS may charge any losses it incurs to the Company. The Company seeks to minimize the risk through procedures designed to monitor the credit worthiness of its customers and ensure that customer transactions are executed properly by NFS.

## 13. SUBSEQUENT EVENTS

Management has reviewed events occurring through March 26, 2021, the date the financial statements were issued, and no other 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, 2020

NET CAPITAL	
Total stockholders' equity	\$ <u>1,157,448</u>
Less Nonallowable assets:	
Receivables from brokers or dealers	374,847
Furniture and equipment	63,499
Intangible asset	80,665
Prepaid expenses	<u>140,990</u>
TOTAL NONALLOWABLE ASSETS	<u>660,001</u>
NET CAPITAL BEFORE HAIRCUTS	497,447
Haircuts on trading securities - other	<u>(170,110)</u>
NET CAPITAL	\$ <u><u>327,337</u></u>
AGGREGATE INDEBTEDNESS	
Accounts payable, accrued expenses	\$ <u><u>1,770,876</u></u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT	
Minimum net capital requirement	\$ <u><u>118,058</u></u>
Minimum dollar net capital requirement	\$ <u><u>50,000</u></u>
Net capital requirement	\$ <u><u>118,058</u></u>
Excess net capital	\$ <u><u>209,279</u></u>
Ratio: Aggregate indebtedness to net capital	<u><u>5.41 to 1</u></u>
NET CAPITAL, AS REPORTED IN COMPANY'S UNAUDITED FOCUS REPORT (FORM X 17A 5, PART IIA)	\$ 535,639
ADJUSTMENTS	
Adjustment to correct Cost Allocation	1,571
Adjustment to record SIPC-7 Payment	(110)
Adjustment to record Discretionary 401k contribution	(209,763)
AUDITED NET CAPITAL	\$ <u><u>327,337</u></u>

ALLEGHENY INVESTMENTS, LTD.  
INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2020

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.

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

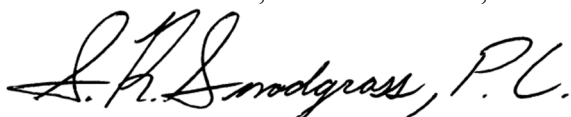
Board of Directors  
Allegheny Investments, Ltd.  
Pittsburgh, Pennsylvania

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 Allegheny Investments, Ltd. (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 year ended December 31, 2020, solely to assist you and SIPC in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation Form SIPC-7. The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. We compared the listed assessment payments in Form SIPC-7 with respective cash disbursement record entries, noting no differences.
2. We compared the total revenue amounts reported on the annual audited report Form X-17A-5 Part III for the year ended December 31, 2020, as applicable, with the total revenue amounts reported in Form SIPC-7 for the year ended December 31, 2020, noting no differences.
3. We compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences.
4. We 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.
5. We compared the amount of any overpayment applied to the current assessment with Form SIPC-7 on which it was originally computed, noting no differences.

We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the applicable instructions of Form SIPC-7. Accordingly, we do not express such an opinion or conclusion. 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.



Cranberry Township, Pennsylvania  
March 26, 2021



**SIPC-7**

(36-REV 12/18)

**SECURITIES INVESTOR PROTECTION CORPORATION**

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

202-371-8300

**General Assessment Reconciliation****2020**

For the fiscal year ended

(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:

022183 FINRA DEC  
 ALLEGHENY INVESTMENTS, LTD  
 STONE QUARRY CROSSING  
 811 CAMP HORNE ROAD SUITE 100  
 PITTSBURGH, PA 15237-1282

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.

Steve Hawbaker (412)536-8041

**WORKING COPY**

2. A. General Assessment (item 2e from page 2) \$ 159
- B. Less payment made with SIPC-6 filed (exclude interest) ( 49 )  
7/31/2020  
 Date Paid
- C. Less prior overpayment applied ( - )
- D. Assessment balance due or (overpayment) 110
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum -
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 110
- G. PAYMENT: ☒ the box  
 Check mailed to P.O. Box ☐ Funds Wired ☐ ACH ☒ \$ 110  
 Total (must be same as F above)
- H. Overpayment carried forward \$(                      )

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

\_\_\_\_\_

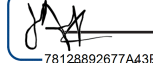
\_\_\_\_\_

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.

**Allegheny Investments, Ltd**

(Name of Corporation, Partnership or other organization)

DocuSigned by:



(Authorized Signature)

**President**

(Title)

Dated the 25 day of February, 2021.

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 01/01/2020  
and ending 12/31/2020

**Item No.**

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

**Eliminate cents**  
\$ **7,913,434**

## 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.

**10,308**  
**10,308**

Total additions

## 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.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (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):

**7,817,608**

(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.

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

- (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)

Total deductions

**7,817,308**

**106,134**

2d. SIPC Net Operating Revenues

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

2e. General Assessment @ .0015

**159**

(to page 1, line 2.A.)

**EXEMPTION REPORT**  
**Pursuant to SEA Rule 17a-5(4)(b)**  
**For the Fiscal Period Ending December 31, 2020**


I, Ralph S. Boyd, Treasurer, certify that, to the best of my knowledge and belief, the following statements made on behalf of SEC registered broker/dealer and FINRA member firm, Allegheny Investments, LTD, CRD # 7597, are true, accurate and complete:

- The Firm claimed an exemption from SEA Rule 15c3-3, (Customer Protection Rule) provided by paragraph k(2)(ii) of the Rule, for the fiscal period referenced above.

The provisions of the Customer Protection Rule are not applicable to a broker or dealer 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 requirement of SEA Rule 17a-3 and Rule 17a-4 as are customarily made and kept by a clearing broker or dealer.

- For the fiscal period referenced above, the Firm met the exemption provisions of paragraph k(2)(ii), without exception. The Firm clears customer transactions through National Financial, (CRD 13041) and promptly transmits all customer funds and securities to the clearing firm, which carries all of the accounts of such customers.
- The Firm has not recorded any exceptions to the exemption provisions of k(2)(ii) for the fiscal period referenced above.

Allegheny Investments, LTD

DocuSigned by:  
  
1F46D94E8E5C4CF

Signature

2/15/2021 | 1:26 PM EST

Date



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors  
Allegheny Investments, Ltd.  
Pittsburgh, Pennsylvania

We have reviewed management's statements, included in the accompanying Exemption Report Pursuant to the Securities and Exchange Act Rule 17a-5(4)(b) for the fiscal period ended December 31, 2020, in which (a) Allegheny Investments, Ltd. identified the following provisions of 17 C.F.R. §240.15c3-3(k) under which Allegheny Investments, Ltd. claimed an exemption from 17 C.F.R. §240.15c3-3: Paragraph (k)(2)(ii) (the exemption provisions) and (b) Allegheny Investments, Ltd. stated that Allegheny Investments, Ltd. met the identified exemption provisions throughout the most recent fiscal year without exception. Allegheny Investments, Ltd.'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 Allegheny Investments, Ltd.'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 provisions set forth in paragraph (k)(2)(ii) of 17 C.F.R. §240.15c3-3.



Cranberry Township, Pennsylvania  
March 26, 2021