

**Howard M. Borris & Company, Inc.
DBA Borris/Nii/Valdez & Company, Inc.**

Balance Sheet

As of December 31, 2009



Independent Auditor's Report

To the Stockholder
Howard M. Borris & Company, Inc.
DBA Borris/Nii/Valdez & Company, Inc.
Beverly Hills, California

We have audited the accompanying balance sheet of Howard M. Borris & Company, Inc. DBA Borris/Nii/Valdez & Company, Inc. as of December 31, 2009. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit of the balance sheet provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Howard M. Borris & Company, Inc. DBA Borris/Nii/Valdez & Company, Inc. as of December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

Breard & Associates, Inc.
Certified Public Accountants

Northridge, California
March 1, 2010

We Focus & CareSM

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Howard M. Borris & Company, Inc.
DBA Borris/Nii/Valdez & Company, Inc.
Notes to the Financial Statement
December 31, 2009

Assets

Current assets	
Fees and commissions receivable	\$ 19,768
Due from stockholder	<u>415,983</u>
Total current assets	435,751
Furniture, equipment and leasehold improvements	
Office equipment	35,930
Furniture and fixtures	53,906
Computer equipment	53,250
Leasehold improvements	<u>12,517</u>
	155,603
Less accumulated depreciation	<u>(148,240)</u>
Total furniture, equipment and leasehold improvements, net	7,363
Other assets	
Other receivables	873
Security deposit	<u>12,600</u>
Total other assets	<u>13,473</u>
Total assets	<u>\$ 456,587</u>

Liabilities & Stockholder's Equity

Current liabilities	
Bank Overdraft	\$ 24,939
Accounts payable	5,792
Accrued payroll and related costs	25,110
Income tax payable	2,205
Loan payable, current	<u>1,104</u>
Total current liabilities	59,150
 Total liabilities	 59,150
Stockholder's equity	
Common stock, \$10 par value, 7,500 shares authorized, 100 shares issued and outstanding	1,000
Retained earnings	<u>396,437</u>
Total stockholder's equity	<u>397,437</u>
 Total liabilities & stockholder's equity	 <u>\$ 456,587</u>

The accompanying notes are an integral part of this financial statement.

Howard M. Borris & Company, Inc.
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Notes to the Financial Statement
December 31, 2009

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Howard M. Borris & Company, Inc. DBA Borris/Nii/Valdez & Company, Inc.(the "Company"), is an Investment Advisor as defined by Section 202(a)(11) of the Investment Advisors Act of 1940. Investment advisory services are provided primarily to individuals, trusts and other business entities in Southern California.

Summary of Significant Accounting Principles

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fees and Commissions receivable

The Company records its fees and commissions receivable when earned. Management has determined that an allowance for uncollectible fees and commissions receivable is not necessary.

Furniture, Equipment and leasehold improvements, net

Office equipment, furniture & fixtures, computer equipment and leasehold improvements are stated at cost. Depreciation is provided generally on a straight-line basis over the estimated lives of related assets as follows:

	<u>Years</u>
Office equipment	5
Furniture & fixtures	7
Computer software	5
Leasehold improvements	7

Depreciation and amortization expense for the year ended December 31, 2009 was \$1,345.

Expenditures for replacements and betterments are capitalized, while repairs and maintenance are charged to expense as incurred.

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Notes to the Financial Statement
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Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Income taxes

The Company, with the consent of its stockholder, has elected to be an S Corporation and accordingly has its income taxed under Section 1361-1379 of the Internal Revenue Code. Subchapter S of the Code provides that the Stockholder, rather than the Company, is subject to tax on the Company's taxable income. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements. The State of California has similar regulations, although there exists a provision for a minimum Franchise Tax and a tax rate of 1.5% with a minimum Franchise Fee of \$800.

Certain prior year amounts have been reclassified to conform to the current year's presentation. These changes had no material impact on previously reported results of operations or stockholder's equity.

Note 2: DUE FROM STOCKHOLDER

Amounts due from stockholder are unsecured, non-interest bearing and due on demand. The amounts due from stockholder have been classified as current in the accompanying balance sheet.

At December 31, 2009, the stockholders owed \$415,983 to the Company.

Note 3: OTHER RECEIVABLES

The balance consists of 401(k) pension plan forfeitures that are classified under Other Assets in the accompanying Balance Sheet.

Note 4: RELATED PARTY TRANSACTIONS

The Company provides certain investment services to its clients through an entity related by common control. The company sole's shareholder has used his personal line of credit to fund some of the Company's activities. For the year ended December 31, 2009, the Company has paid \$35,156 of interest charges related to this line and Due from stockholder on the accompanying Balance Sheet.

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Note 5: EMPLOYEE BENEFIT PLAN

In 1998, the Company established the Borris/Nii/Valdez & Company, Inc. Employees' Deferred Compensation and Savings Plan ("the Plan") for the benefit of essentially all of the Company's employees. The Company can make a matching contribution up to a maximum of 2% of the participating employee's compensation, limited to 25% of the employee's contribution. The Company contributed \$2,960 to the Plan during the year ended December 31, 2009. There is no outstanding liability as of December 31, 2009.

Note 6: COMMITMENTS AND CONTINGENCIES

Lease commitments

The Company has entered into a noncancellable five (5) operating lease agreement for office space in Beverly Hills, California, which commenced on August 01, 2009 and expires in July 31, 2014.

The Company also entered into a lease agreement for office equipment which matures in April of 2010. The lease calls for a monthly payment of \$221. These payments have been accrued and are included on the accompanying Balance Sheet as Note payable.

Minimum future lease commitments are as follows:

<u>December 31,</u>	<u>Amount</u>
2010	\$ 103,332
2011	118,147
2012	129,094
2013	142,519
2014 & thereafter	<u>88,196</u>
Total minimum lease commitments	<u>\$ 581,288</u>

Rent expense for the year ended December 31, 2009 (net of rental income of \$13,230) amounted to \$100,754.

Note 7: INCOME TAXES PAYABLE

As discussed in the Summary of Significant Accounting Policies (Note 1), the Company has elected the S Corporate status, therefore no federal income tax provision is provided. For the year ended December 31, 2009, an amount of \$2,205 is payable to the Franchise Tax Board, representing the balance of income taxes due for year 2009.

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Note 8: RECENTLY ISSUED ACCOUNTING STANDARDS

The Financial Accounting Standards Board (the "FASB") issued a new professional standard in June of 2009 which resulted in a major restructuring of U.S. accounting and reporting standards. The new professional standard, issued as ASC 105 ("ASC 105"), establishes the Accounting Standards Codification ("Codification or ASC") as the source of authoritative accounting principles ("GAAP") recognized by the FASB. The principles embodied in the Codification are to be applied by nongovernmental entities in the preparation of financial statements in accordance with generally accepted accounting principles in the United States. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") issued under authority of federal securities laws are also sources of GAAP for SEC registrants. Existing GAAP was not intended to be changed as a result of the Codification, and accordingly the change did not impact the financial statements of the Company.

For the year ended December 31, 2009, various accounting pronouncements or interpretations by the Financial Accounting Standards Board were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended. The Company has reviewed the following Statements of Financial Accounting Standards ("SFAS") /Accounting Standards Codification ("ASC") topics for the year to determine relevance to the Company's operations:

<u>SFAS/ASC Number</u>	<u>Title</u>	<u>Effective Date</u>
SFAS 141(R)/ ASC 805	Business Combinations	After 12/15/08
SFAS 157(R)/ ASC 820	Fair Value Measurements	After 11/15/08
SFAS 161(R)/ ASC 815	Disclosures about Derivative Instruments and Hedging Activities – an Amendment of FASB Statement No. 133	After 12/15/08
SFAS 165(R)/ ASC 855	Subsequent Events	After 06/15/09
SFAS 166*/ ASC 860	Accounting for Transfers of Financial Assets- an Interpretation of FASB Statement No. 140	After 11/15/09
SFAS 167*/ ASC 810	Amendments to FASB Interpretation No. 46®	After 11/15/09
SFAS 168/ ASC 105	The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles -a replacement of FASB Statement 162	After 09/15/09

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Note 8: RECENTLY ISSUED ACCOUNTING STANDARDS
(Continued)

*Currently being processed for inclusion in the Codification

The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

**TO THE COMMISSIONER OF CORPORATIONS OF
THE STATE OF CALIFORNIA**

**VERIFICATION FORM PURSUANT TO
CALIFORNIA CODE OF REGULATIONS RULE 260.241.2(b)**

(Executed WITHIN or WITHOUT of the State of California)

I, Howard M. Borris declare under penalty of perjury under the laws of the State of California that I have read the annexed financial report and supporting schedules and know the contents thereof to be true and correct to my best knowledge and belief; and neither the licensee nor any partner, officer, or director thereof have any proprietary interest in any account classified solely as that of a customer.

Executed this 16th day of January at

Beverly Hills California
City State



(Signature of person signing report)

President
(Title of person signing report)

Borris/Nii/Valdez and Company, Inc.
(Name of Licensee)

801-15184
(File Number)

INSTRUCTIONS:

If the broker-dealer or investment adviser is a sole proprietorship, the verification shall be made by the proprietor; if a partnership, by a general partner; or if a corporation, by a duly authorized officer.