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

| OMB APPROVAL | |
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# ANNUAL AUDITED REPORT
# FORM X-17A-5
# PART III

| SEC FILE NUMBER |
|---|
| 8- 48500 |

## FACING PAGE

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

REPORT FOR THE PERIOD BEGINNING 01/01/09 (MM/DD/YY) AND ENDING 06/30/10 (MM/DD/YY)

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Heim, Young & Associates, Inc.

| OFFICIAL USE ONLY |
|---|
| FIRM I.D. NO. |

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

1256 E. Kingsley Street
(No. and Street)

| Springfield | MO | 65804 |
|---|---|---|
| (City) | (State) | (Zip Code) |

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

Dennis J. Heim (417) 882-7283
(Area Code – Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Dunleavy & Company, P.C.
(Name – *if individual, state last, first, middle name*)

| 13116 South Western Avenue, | Blue Island, | Illinois | 60406 |
|---|---|---|---|
| (Address) | (City) | (State) | (Zip Code) |

**CHECK ONE:**

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

| FOR OFFICIAL USE ONLY |
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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)*

SEC 1410 (06-02)

**Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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## OATH OR AFFIRMATION

I, Dennis J. Heim, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Heim, Young & Associates, Inc., as of June 30, 2010, 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:

NONE

CHAYILAH YORK
Notary Public – Notary Seal
STATE OF MISSOURI
Cedar County – Comm#07048841
My Commission Expires May 14, 2011

Signature

President
Title

Notary Public

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

- [x] (a) Facing Page.
- [x] (b) Statement of Financial Condition.
- [x] (c) Statement of Income (Loss).
- [x] (d) Statement of ~~Changes in Financial Condition.~~ Cash Flows.
- [x] (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- [ ] (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- [x] (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.
- [x] (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.
- [x] (l) An Oath or Affirmation.
- [x] (m) A copy of the SIPC Supplemental Report.
- [x] (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).***

**DUNLEAVY & COMPANY, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS
13116 SOUTH WESTERN AVENUE
BLUE ISLAND, ILLINOIS 60406

(708) 489-1680
Fax: (708) 489-1717

# INDEPENDENT AUDITORS' REPORT

Board of Directors
Heim, Young & Associates, Inc.

We have audited the accompanying statement of financial condition of Heim, Young & Associates, Inc. as of June 30, 2010 that you are filing pursuant to rule 17a-5 under the Securities and Exchange Act of 1934. 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 attain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Heim, Young & Associates, Inc. as of June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

Dunleavy & Company, P.C.

DUNLEAVY & COMPANY, P. C.
Certified Public Accountants

Blue Island, Illinois
August 4, 2010

HEIM, YOUNG & ASSOCIATES, INC.

STATEMENT OF FINANCIAL CONDITION

JUNE 30, 2010

## ASSETS

| | |
|---|---|
| Cash and cash equivalents | $ 403,402 |
| Receivable from broker/dealers | 104,363 |
| Concessions and fees receivable | 164,586 |
| Securities owned, at fair value | 5,334 |
| Other assets | 5,785 |
| TOTAL ASSETS | $ 683,470 |

## LIABILITIES AND SHAREHOLDERS' EQUITY

| | |
|---|---|
| **LIABILITIES** | |
| Accounts payable and other liabilities | $ 107,182 |
| Commissions payable | 34,631 |
| Accrued 401k contribution | 83,459 |
| Related party payables | 16,630 |
| Total Liabilities | $ 241,902 |
| **SHAREHOLDERS' EQUITY** | |
| Common stock, $1 par value; authorized, voting 30,000 shares, non-voting 30,000 shares; issued and outstanding, voting 1,000 shares, non-voting 1 share | $ 1,001 |
| Additional paid-in capital | 440,567 |
| Retained earnings | 0 |
| Total Shareholders' Equity | $ 441,568 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | $ 683,470 |

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

HEIM, YOUNG & ASSOCIATES, INC.

NOTES TO FINANCIAL STATEMENTS

EIGHTEEN MONTHS ENDED JUNE 30, 2010

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization - The Company was incorporated in the state of Missouri on July 7, 1995. The Company is registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority (FINRA). The Company's principal business activity is the sale of securities.

Securities Transactions - Commission revenue and related expense arising from securities transactions are recorded on a trade date basis, which is the same business day as the transaction date.

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

In addition, the most of the Company's cash is on deposit at one financial institution and the balance at times may exceed the federally insured limit. The Company believes it is not exposed to any significant credit risk to cash.

Cash Equivalents - For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business.

Estimates - The preparation of financial statements in conformity with 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.

## NOTE 2 - FAIR VALUE MEASUREMENT

FASB ASC 820 defines fair value, creates a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.

- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. *(The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)*

Level 1 inputs have been applied to value cash and cash equivalents on the statement of financial condition. In addition, Level 1 inputs have also been applied to securities owned which consist entirely of equity securities from one issuer.

No valuation techniques have been applied to all others assets and liabilities included in the statement of financial condition. Due to the nature of these items, all have been recorded at their historic values.

## NOTE 3 - RELATED PARTY INFORMATION

The Company is affiliated, through common ownership and management, with HYA Advisors, Inc. (HYA), a registered investment advisor, HYA Financial Corporation (HYF) and D-Squared Properties, L.L.C. (D-S P).

D-S P owns the office space leased to the Company. The Company has paid certain overhead and operating expenses on behalf of HYA and HYF and have been reimbursed by these entities.

The Company and its shareholders have entered into an agreement which includes HYA, HYF and D-S P as well as all shareholders/members of these entities. Included in this agreement are certain buy/sell provisions, restrictions on sale of shares/ownership interests and other restrictions/requirements of the shareholders/members. Future shareholders/members will also be bound by this agreement. The reader of these financial statements should read this agreement in its entirety, as amended, before undertaking any ownership considerations.

## NOTE 4 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregated indebtedness to net capital, both as defined, shall not exceed 1500%. At June 30, 2010 the Company's net capital and required net capital were $285,689 and $16,127 respectively. The Company's ratio of aggregate indebtedness to net capital was 85%.

## NOTE 5 - OFF-BALANCE-SHEET RISK AND CLEARING AGREEMENT

The Company enters into various transactions involving derivatives and other off-balance sheet financial instruments. These financial instruments include exchange-traded and over-the counter options. These derivative financial instruments are used to meet the needs of customers and are subject to varying degrees of market and credit risk.

NOTE 5 - OFF-BALANCE-SHEET RISK AND CLEARING AGREEMENT - (*Continued*)

Since the Company enters into the forgoing transactions involving derivatives and other off-balance sheet financial instruments solely for the benefit of its customers, the Company does not bear any of the credit or market risk of those customers, with the exception of the risk to the Company should its customers fail to honor their obligations related to the foregoing derivatives and other off-balance sheet financial instruments, as mentioned hereafter.

In order to facilitate securities transactions, including the aforementioned transactions, in December, 2009, the Company entered into an agreement with another broker/dealer (Clearing Broker/dealer). The original term of the agreement is five years. Under the terms of the agreement the Company forwards (introduces) customer securities transactions to the Clearing Broker/dealer, fully disclosing the customer name and other information. The processing and, if applicable, any financing pertaining to the introduced securities transactions are performed by the Clearing Broker/dealer. The customer account is therefore maintained and recorded in the books and records of the Clearing Broker/dealer on the Company's behalf. In consideration for introducing customers to the Clearing Broker/dealer, the Company receives commissions and other consideration, less the processing and other charges of the Clearing Broker/dealer. As part of the terms of the agreement between the Company and Clearing Broker/dealer, the Company is held responsible for any losses arising when the customers introduced by the Company to the Clearing Broker/dealer fail to meet their contractual commitments pertaining to the purchase, sale and possible financing of securities transactions. The Company may therefore be exposed to off-balance-sheet risk in the event the customer is unable to fulfill its contracted obligations and it is necessary for the Clearing Broker/dealer to purchase or sell the securities at a loss. The Company's exposure to risk would consist of the amount of the loss realized and any additional expenses incurred pertaining to the transaction or other customer activity.

Under terms of the agreement the Company is required to maintain a $50,000 deposit with the Clearing Broker/dealer and maintain a minimum net capital of $75,000. In addition, the Company is restricted from entering into another agreement for similar services without prior written consent from Clearing Broker/dealer. Minimum charges, termination charges and other items are included in the agreement.

## NOTE 6 - 401(k) PLAN

The Company has adopted a deferred compensation plan commonly referred to as a 401(k) Plan. Employees become eligible for the plan after one year of service and have attained age 21. The Company will match employee contributions up to 3% of compensation plus 50% of contributions in excess of 3%, up to a maximum of 5% of employee's compensation. The Company is also permitted to make additional discretionary profit sharing contributions. The plan is on a calendar year end. Company matching and profit sharing contributions to the plan for the eighteen months ended June 30, 2010 totaled $147,429. This amount is included in compensation and related benefits on the statement of income.

## NOTE 7 - S CORPORATION ELECTION

Effective January 1, 2009 the Company has elected S Corporation status for federal income tax purposes. Income taxes are therefore the responsibility of the individual shareholders of the Company.

## NOTE 8 - COMMITMENTS

Office Lease - Minimum annual rentals under a noncancellable lease for office space (See Note 3), expiring June 9, 2017, exclusive of additional payments which may be required for certain increases in operating and maintenance costs, are $125,600 annually. The total for years ending June 30, 2011 through June 30, 2017 is $879,200. Office rent expense for this lease for the eighteen months ending June 30, 2010 was $170,927.

The Company has also entered into a marketing agreement with another entity whereby compensation is determined by revenue production by registered representatives of that entity. This entity will also provide office space and related overhead to the Company. Restrictions upon termination of this agreement are included therein.

HEIM, YOUNG & ASSOCIATES, INC.

STATEMENT OF FINANCIAL CONDITION
AND INDEPENDENT AUDITORS' REPORT

JUNE 30, 2010

HEIM, YOUNG & ASSOCIATES, INC.

SUPPLEMENTAL SIPC REPORT

JUNE 30, 2010

**DUNLEAVY & COMPANY, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS
13116 SOUTH WESTERN AVENUE
BLUE ISLAND, ILLINOIS 60406

(708) 489-1680
Fax: (708) 489-1717

Board of Directors
Heim, Young & Associates, Inc.

In accordance with Rule 17a-5(e)(4) of the Securities and Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the period ended June 30, 2010, which were agreed to by Heim, Young & Associates, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 solely to assist you and the other specified parties in evaluating Heim, Young & Associates, Inc.'s compliance with applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Heim, Young & Associates, Inc.'s management is responsible for Heim, Young & Associates, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted 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) Compared the listed assessment payments in form SIPC-7 with respective cash disbursement records entries and copies of the checks noting no differences;

2) Compared amounts included in the amounts reported on the audited Form X-17A-5 for the eighteen months ended June 30, 2010 with the amounts reported in Form SIPC-7 for the period ended June 30, 2010, noting no differences;

3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers including the trial balance and the general ledger detail noting no differences; and

4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers including the trial balance and general ledger detail supporting the adjustments 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. 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 the use of the specified parties listed above and is not intended to be and should not be used by anyone other than the specified parties.

Dunleavy & Company, P.C.

DUNLEAVY & COMPANY, P. C.
Certified Public Accountants

Blue Island, Illinois
August 4, 2010

HEIM, YOUNG & ASSOCIATES, INC.
DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT
FOR THE PERIOD ENDED JUNE 30, 2010

## SCHEDULE OF ASSESSMENT PAYMENTS

| | | | |
|---|---|---|---|
| General Assessment | | | $ 150 |
| Less Payments Made: | | | |
| | Date Paid | Amount | |
| | | | |
| | | | |
| | | | |
| Interest on late payment(s) | | | |
| Total Assessment Balance and Interest Due | | | $ 150 |
| Payment made with Form SIPC 7 | | | $ 150 |

See Accountant's Report

HEIM, YOUNG & ASSOCIATES, INC.
DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT
FOR THE PERIOD ENDED JUNE 30, 2010

| | |
|---|---|
| Total revenue | $ 1,191,273 |
| Additions: | |
| Net loss from management of or participation in the underwriting or distribution of securities | $ 612 |
| Deductions: | |
| Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, 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 | 1,186,020 |
| Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions | 0 |
| Net gain from securities in investment accounts | 0 |
| 100% of commissions and markups earned from transactions in certificates of deposit, treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date | 0 |
| 40% of interest earned on customers securities accounts | 0 |
| Other | 0 |
| Total deductions | $ 1,186,020 |
| SIPC NET OPERATING REVENUES | $ 5,865 |
| GENERAL ASSESSMENT @ .0025 | $ 150 |

**See Accountant's Report**