

SEC
Mail Processing
Section
FEB 29 2016
Washington DC
415



16012345

ION

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

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

SEC FILE NUMBER
8-65263

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 01/01/15 AND ENDING 12/31/15
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Pinnacle Equity Management Inc.

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

90 Kenrick Plaza

(No. and Street)

Saint Louis

(City)

MO

(State)

63119

(Zip Code)

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

John Donardo

(314) 482-4680

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Brian Toennies and Associates

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

4730 E Watson Rd Ste 100

(Address)

Saint Louis

(City)

MO

(State)

63126

(Zip Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

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

OATH OR AFFIRMATION

I, John D. Denando, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pinnacle Equity Management, Inc., as of December 31, 2015, 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:



PAIGE JENSEN
My Commission Expires
February 10, 2019
St. Louis County
Commission #15391113

Paige Jensen
Notary Public

John D. Denando
Signature
President
Title

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

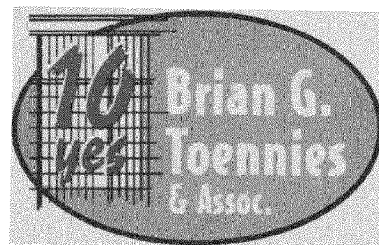
- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

PINNACLE EQUITY MANAGEMENT, INC.

FINANCIAL STATEMENTS

December 31, 2015

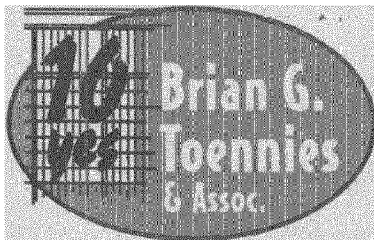


CONTENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	1
Financial Statements:	
Statement of Financial Condition	2
Statement Operations and Comprehensive Income	3
Statement of Changes in Stockholder's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8
Supplementary Information:	
Computation of Net Capital	9
Reconciliation of the Audited Computation of Net Capital and the Unaudited Focus Report	10
Exemption Provision under Rule 15c3-3 of the SEC	11
Report of Independent Registered Public Accounting Firm	12

*

Phone: (314) 842-0477
Toll Free: (877) 842-0477
Fax: (314) 842-0478
Illinois Home Office: (618) 632-8291
Website: www.toenniescpa.com
E-mail: brian@toenniescpa.com



Brian G. Toennies
Certified Public Accountant
9730 East Watson
St. Louis, Missouri 63126

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
of Pinnacle Equity Management, Inc.
St. Louis, Missouri

We have audited the accompanying financial statements of Pinnacle Equity Management, Inc. (a Missouri Corporation), which comprise the statement of financial condition as of December 31, 2015, and the related statements of operations and comprehensive income, changes in shareholders' equity, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements and supplemental information. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial position, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial position presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial condition of Pinnacle Equity Management, Inc. as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Computation of Net Capital and Reconciliation of the Audited Computation of Net Capital and Unaudited Focus Report has been subjected to audit procedures performed in conjunction with the audit of Pinnacle Equity Management, Inc.'s financial statements. The supplemental information is the responsibility of Pinnacle Equity Management, Inc.'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 Rule 17a-5 of the Securities Exchange Act of 1934. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Brian G. Toennies & Associates P. C.
February 22, 2016

PINNACLE EQUITY MANAGEMENT, INC
STATEMENT OF FINANCIAL CONDITION
December 31, 2015

ASSETS

CURRENT ASSETS:	
Cash and Cash Equivalents	\$18,362
Commissions Receivable	1,393
Total Current Assets	<u>19,755</u>
TOTAL ASSETS	<u><u>\$19,755</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES:	
Due to New Pinnacle	\$336
Total Current Liabilities	<u>336</u>
DEFERRED INCOME TAXES	<u>0</u>
Total Liabilities	<u>336</u>
STOCKHOLDER'S EQUITY:	
Capital Stock:	
Authorized: 30,000 Shares, Par Value \$1 Per Share	
Issued and Outstanding: 5000 Shares	5,000
Retained Earnings	(4,537)
Accumulated Other Comprehensive Income (Loss)	18,956
Total Stockholder's Equity	<u>19,419</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u><u>\$19,755</u></u>

PINNACLE EQUITY MANAGEMENT, INC
STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
For the Year Ended December 31, 2015

REVENUE:	
Commission and Fee Income	<u>\$65,656</u>
OPERATING EXPENSES:	
Accounting and Legal Fees	200
Business Meetings	1,276
Depreciation & Amortization Expense	282
Management Fee - New Pinnacle Capital	30,000
Miscellaneous Expenses	25
Office Rent	330
Payroll Taxes	280
Quote/ Clearing Costs	382
Telephone	400
Travel and Entertainment	16
Total Operating Expenses	<u>33,191</u>
INCOME (LOSS) FROM OPERATIONS	<u>32,465</u>
OTHER REVENUE (EXPENSE):	
Interest Income	<u>18</u>
	<u>18</u>
NET INCOME (LOSS) BEFORE INCOME TAXES	<u>32,483</u>
Provision for Income (Taxes) Benefit - Current	0
Provision for Income (Taxes) Benefit - Deferred	0
NET INCOME (LOSS)	<u>32,483</u>
OTHER COMPREHENSIVE INCOME:	
Realized Gain (Loss) on Security	2,174
Unrealized Gain (Loss) on Security	0
	<u>2,174</u>
COMPREHENSIVE INCOME (LOSS)	<u><u>\$34,657</u></u>

See Independent Auditors' Report, Accompanying Notes, and Supplementary Information

PINNACLE EQUITY MANAGEMENT, INC.
 STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
 For the Year Ended December 31, 2015

	Common Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income	Total
BALANCE, BEGINNING OF YEAR	\$5,000	\$22,980	\$16,782	\$44,762
Comprehensive Income:				
Net Income (Loss)		32,483		32,483
Distributions		(60,000)		(60,000)
Realized Gain (Loss) on Securities			2,174	2,174
RETAINED EARNINGS, END OF YEAR	<u>\$5,000</u>	<u>(\$4,537)</u>	<u>\$18,956</u>	<u>\$19,419</u>

PINNACLE EQUITY MANAGEMENT, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income (Loss)	\$32,483
Adjustments to reconcile net income (loss) to net cash from operations:	
Depreciation and Amortization	283
Deferred Income Tax	0
(Increase) Decrease in Securities-Available for Sale	7,826
Increase (Decrease) in Accounts Payable	0
Increase (Decrease) in Other Current Liabilities	0
Increase (Decrease) in Reserve for Realized Gain/Loss	2,174
Net Cash Provided By (Used In) Operations	<u>42,766</u>

NET CASH FLOWS FROM INVESTING ACTIVITIES:

Disposal of Fixed Assets	<u>0</u>
Net Cash Provided By (Used In) Investing Activities	<u>0</u>

NET CASH FLOWS FROM FINANCING ACTIVITIES:

Distributions to Stockholders	<u>(60,000)</u>
Net Cash Provided By (Used In) Financing Activities	<u>(60,000)</u>

NET INCREASE (DECREASE) IN CASH (17,234)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 35,596

CASH AND CASH EQUIVALENTS AT END OF YEAR \$18,362

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash Paid for Interest	\$0
Cash Paid for Taxes	\$0

PINNACLE EQUITY MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Pinnacle Equity Management, Inc. is a Missouri Corporation. The Company registered with the Securities and Exchange Commission in 2002 to be a broker/dealer pursuant to the National Association of Securities Dealers, Inc. (NASD) and was granted membership in July 2002. The Company operates its business as both a broker/dealer of securities, registered investment advisor and agent for insurance policies.

Accounting Method

Accounting Method-The Company's books are maintained on the accrual basis of accounting for financial statement reporting. As such revenue is recorded when earned and expenses are recorded as incurred.

Adoption of SFAS No. 130

The Company adopted SFAS No. 130, Reporting Comprehensive Income.

Cash Equivalents

For purposes of reporting cash flow, cash and cash equivalents include money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

Commissions Receivable

Commissions receivable represent investment fees due for the quarter ended December 31, 2015 and commissions due on investments made during the year. No allowance has been provided on commissions receivable because management believes all amounts are collectible.

PINNACLE EQUITY MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Income Taxes

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingencies 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-RESERVE REQUIREMENTS

The Company is not obligated to report under SEC Rule 15c3-3 since it does not maintain customer accounts or hold securities. Therefore, the Company does not have a reserve requirement nor does it have any information relating to the possession of control requirement under Rule 15c3-3.

NOTE 3-MINIMUM CAPITAL

Under SEC Rule 15c3-1, the Company is required to maintain net capital of not less than \$5,000 in 2015. At December 31, 2015, the Company's net capital as defined by SEC Rule 15c3-1 was \$13,026 in excess of minimum net capital required.

NOTE 4-SECURITIES

The Company invests in corporate stocks. At December 31, 2015 there are no securities classified as available for sale securities. At December 31, 2015 these securities had a realized gain of \$2,173.

PINNACLE EQUITY MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 5-PENSION AND PROFIT SHARING PLAN

The Company has a defined contribution pension plan for active employees. The Company contributes 10 percent of eligible participants' total compensation. There were no contributions charged to expense for the year ended December 31, 2015.

The Company also has in effect a profit sharing plan covering all active employees. Contributions to the plan are discretionary and are determined by the Company's management. There were no contributions charged to expense for the year ended December 31, 2015.

To be eligible under both plans an employee must have attained age 21 and completed two years of service.

NOTE 6-INCOME TAXES

Pinnacle Equity Management, Inc. has three prior fiscal years open for examination by taxing authorities. In addition to the current year, the years ended December 31, 2014, 2013, and 2012 remain open to examination. Management is not aware of any uncertain tax positions claimed on prior year returns.

NOTE 7-RELATED PARTY TRANSACTIONS

Pinnacle Equity Management, Inc. is owned by John Denando and Raymond Berger. Each owns fifty percent of the Company.

NOTE 8-SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 22, 2016, which is the date the financial statements were issued. There are no events or transactions occurring after the balance sheet date required to be reported.

PINNACLE EQUITY MANAGEMENT, INC.
 COMPUTATION OF NET CAPITAL
 December 31, 2015

		<u>2015</u>
Total Ownership Equity from Statement of Financial Condition		\$19,419
DEDUCTIONS:		
Total Non-Allowable Assets:		
Commissions Receivable > 30 Days	<u>1,393</u>	<u>1,393</u>
Net Capital Before Haircuts on Securities Positions		18,026
HAIRCUTS ON SECURITIES:		
Trading and Investment Securities	0	
Money Market - 2%	<u>0</u>	<u>0</u>
NET CAPITAL		18,026
Less: Required Minimum Capital		<u>(5,000)</u>
NET CAPITAL EXCESS (SHORTAGE)		<u><u>\$13,026</u></u>

See Independent Auditors' Report and Accompanying Notes

PINNACLE EQUITY MANAGEMENT, INC
RECONCILIATION OF THE AUDITED COMPUTATION OF NET
CAPITAL AND THE UNAUDITED FOCUS REPORT
December 31, 2015

	2015
Total Ownership Equity from Statement of Financial Condition-Unaudited	\$19,419
Adjustments: Increase (Decrease) Adjust Investment Funds Account	0
Total Increase (Decrease) in Ownership Equity	0
Total Ownership Equity from Statement of Financial Condition-Audited	19,419
Total Non-Allowable Assets-Audited	1,393
Net Capital Before Haircuts on Securities Positions	18,026
Haircuts on Securities:	
Trading and Investment Securities	0
Money Market - 2%	0
Net Capital	\$18,026

REPORT OF MATERIAL INADEQUACIES:

No material inadequacies were found nor were any reportable differences found in the reconciliation of the net capital per the audited financial statement, and the unaudited FOCUS report.

PINNACLE EQUITY MANAGEMENT, INC.
EXEMPTION PROVISION UNDER RULE 15C3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION

As of December 31, 2015

Pinnacle Equity Management, Inc. is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, Pinnacle Equity Management, Inc. states the following:

Pinnacle Equity Management, Inc. claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3(k)(1).

Pinnacle Equity Management, Inc. had met the identified exemption provisions in 17 C.F.R. § 240.15c3-3 throughout the most recent fiscal year without exception.

Pinnacle Equity Management, Inc.

I, John Denando, swear (or affirm) that, to the best knowledge and belief, this Exemption Report is true and correct.

By: John D Denando

Title: President

Date: 2-22-2016

Phone: (314) 842-0477
Toll Free: (877) 842-0477
Fax: (314) 842-0478
Illinois Home Office: (618) 632-8291
Website: www.toenniescpa.com
E-mail: brian@toenniescpa.com



Brian G. Toennies
Certified Public Accountant
9730 East Watson
St. Louis, Missouri 63126

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
of Pinnacle Equity Management Inc.

We have reviewed management's statements, included in the accompanying Exemption Provision Under Rule 15c3-3 of the Securities and Exchange Commission, in which (1) Pinnacle Equity Management Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Pinnacle Equity Management Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: Paragraph (k)(1) (the "exemption provisions") and (2) Pinnacle Equity Management Inc. stated that Pinnacle Equity Management Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Pinnacle Equity Management Inc.'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 Pinnacle Equity Management Inc.'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)(1) of Rule 15c3-3 under the Securities Exchange Act of 1934.

A handwritten signature in cursive script that reads "Brian G. Toennies & Associates".

Brian G. Toennies & Associates P.C.
Saint Louis, Missouri
February 22, 2016