



AB 3/03/03

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response . . . 12.00

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

SEC FILE NUMBER
8 - 27556

**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 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

SEC MAIL RECEIVED
FEB 24 2003
207
OFFICIAL USE ONLY
FIRM ID. NO.

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Summit Equities, Inc.

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

4 Campus Drive

(No. and Street)

Parsippany

New Jersey

07054

(City)

(State)

(Zip Code)

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

Steven Weinman

(973) 285-3670

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Rothstein, Kass & Company, P.C.

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

85 Livingston Avenue

Roseland

New Jersey

07068

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 21 2003

THOMSON
FINANCIAL

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).

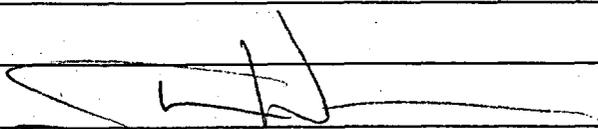
SEC 1410 (06-02)

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.

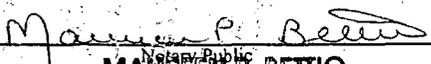
PS
3/11/03

OATH OR AFFIRMATION

I, Steven Weinman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Summit Equities, Inc., as of December 31, 2002, 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

President
Title


MAUREEN P. BETTIO
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 11/7/2007

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 Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent auditor's report on internal accounting control.
- (p) Schedule of segregation requirements and funds in segregation--customers' regulated commodity futures account pursuant to Rule 171-5.

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

SUMMIT EQUITIES, INC.

CONTENTS

Independent Auditors' Report

1

Financial Statements

Statement of Financial Condition

2

Notes to Financial Statements

3-6

85 Livingston Avenue
Roseland, New Jersey 07068-1785
973-994-6666/Fax 973-994-0337
www.rkco.com

New York • Beverly Hills • Dallas • San Francisco • Roseland, NJ • Walnut Creek, CA



Rothstein, Kass & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Summit Equities, Inc.

We have audited the accompanying statement of financial condition of Summit Equities, Inc. as of December 31, 2002. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial of financial condition 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 Summit Equities, Inc. as of December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

Rothstein, Kass & Company, P.C.

Roseland, New Jersey
January 30, 2003

SUMMIT EQUITIES, INC.

STATEMENT OF FINANCIAL CONDITION

December 31, 2002

ASSETS

Cash and cash equivalents	\$ 696,849
Receivable from clearing organization, including clearing deposit of \$50,000	134,466
Securities owned, at market	2,261,445
Commissions and concessions receivable	848,683
Furniture, fixtures and equipment, net	124,969
Prepaid expenses and other assets	308,049
	<u>\$ 4,374,461</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities

Payable to clearing organization	\$ 32,458
Commissions and concessions payable	819,910
Deferred advisory fee revenues	354,632
Accounts payable and accrued expenses	199,935
Total liabilities	<u>1,406,935</u>

Commitments and contingencies

Stockholders' equity

Common stock, no par value, Class A voting; authorized 1,250 shares; 75 issued and 64.250 shares outstanding	7,500
Class B nonvoting; authorized 1,250 shares; 151.78 issued and 116.95 shares outstanding	15,178
Additional paid-in capital	1,034,527
Retained earnings	2,611,807
Receivable from shareholders	(46,273)
Treasury stock, 10.750 shares of Class A held at cost	(224,320)
Treasury stock, 34.830 shares of Class B held at cost	(430,893)
Total stockholders' equity	<u>2,967,526</u>
	<u>\$ 4,374,461</u>

SUMMIT EQUITIES, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of operations and summary of significant accounting policies

Nature of Operations

Summit Equities, Inc. (the "Company") is a member of the National Association of Securities Dealers (NASD) and the Securities Investor Protection Corporation, and acts as a securities broker-dealer. The Company is also registered with the Securities and Exchange Commission (SEC) as an investment adviser and provides advisory services to clients for a fee.

Commission and Concession Revenue and Expenses

Commission and concession revenue and expenses are recorded on the trade date. Commission and concession revenue and expenses are earned on Mutual Fund and Variable Product trades.

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are stated at cost less accumulated depreciation, which is provided on a straight-line basis over their estimated useful lives.

Advisory Fees

Advisory fee revenues and expenses are earned or incurred on asset management services. The Company defers revenues and expenses for advisory services provided and recognizes these deferrals ratably on a monthly basis over the lives of the contracts.

Cash Equivalents

The Company considers short-term interest bearing investments with initial maturities of three months or less to be cash equivalents.

Securities Owned

Securities owned are recorded at market value. Unrealized gains and losses are currently reflected in income. At December 31, 2002, securities owned are substantially comprised of various mutual funds.

Income Taxes

The Company is not liable for federal or most state income taxes as the stockholders have elected to treat the Company as an "S" Corporation for federal and state income tax purposes. As such, the Company's stockholders are generally liable for taxes on corporate income and receive the benefit from corporate loss.

The Company complies with Statement of Financial Accounting Standards No. 109 (SFAS 109), "Accounting for Income Taxes," which requires an asset and liability approach to financial accounting and reporting for state income taxes. Deferred state income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, and 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 considered more likely than not to be realized.

SUMMIT EQUITIES, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of operations and summary of significant accounting policies (continued)

Use of Estimates

The preparation 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 amounts disclosed in the financial statements. Actual results could differ from those estimates.

2. Deposits with clearing organization

The Company and its shareholders in the aggregate must maintain a combined minimum balance of \$50,000 in clearing accounts with institutions which process customer transactions.

3. Furniture, fixtures and equipment

Details of furniture, fixtures and equipment as of December 31, 2002 are as follows:

Computer equipment	\$ 207,160
Office equipment	56,308
Furniture and fixtures	80,707
Software	<u>86,852</u>
	431,027
Less accumulated depreciation and amortization	<u>306,058</u>
	<u>\$ 124,969</u>

4. Capital stock

The relative rights of the two classes of stock are identical except that the Class B stock is non-voting. A buy-back agreement exists, which prohibits transfers of the ownership of the outstanding shares without the written consent of the Company and the other shareholders and provides for the determination of the price of the buy-back of shares from any shareholder.

SUMMIT EQUITIES, INC.

NOTES TO FINANCIAL STATEMENTS

5. Related party transactions

Beginning June 1, 2001, Summit Marketing, Inc., and Summit Financial Resources, Inc., affiliates of the Company, have agreed to assume a portion of the Company's rental commitment, whereby, Summit Marketing, Inc., agreed to pay 30% and Summit Financial Resources, Inc. agreed to pay 20% of the rental commitment, net of certain administrative reimbursed expenses on a month by month basis.

Summit Marketing, Inc., provides the Company with support staff and payroll services for which the Company reimburses Summit Marketing, Inc. on a monthly basis.

In addition, Summit Marketing, Inc. sponsors a defined contribution plan (401(k)) for eligible employees, in which the Company participates. The employees may make voluntary contributions not to exceed the lesser of 20% of salary or \$11,000. The Company matches a portion of the participant's contribution, with a maximum match of six percent of the employee's compensation.

At December 31, 2002, the Company had notes receivable aggregating approximately \$46,000 due from two of its shareholders of which \$1,159 is accrued interest. The notes bear interest at rates ranging between 10.0% and 12.9% per annum and expire at various times through April 1, 2005. Interest income related to these notes amounted to approximately \$4,300 for the year ended December 31, 2002.

6. Commitments

The Company is obligated under two non-cancelable lease agreements on their office space expiring March 31, 2007. The leases contain escalation clauses based on increased costs incurred by the lessor.

The approximate future minimum annual rental commitments under the terms of the leases, as of December 31, 2002, are as follows:

Year ending December 31,	
2003	\$ 744,600
2004	744,600
2005	788,400
2006	803,000
2007	200,800
	<hr/>
	\$ 3,281,400

SUMMIT EQUITIES, INC.

NOTES TO FINANCIAL STATEMENTS

7. Net capital requirement

The Company is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2002, the Company's net capital was approximately \$1,975,000, which was approximately \$1,875,000 in excess of its minimum requirement of approximately \$100,000.

8. Off-balance sheet risk

Pursuant to clearance agreements, the Company introduces all of its securities transactions to clearing brokers on a fully-disclosed basis. All of the customers' money balances and long and short security positions are carried on the books of the clearing brokers. In accordance with the clearance agreements, the Company has agreed to indemnify the clearing brokers for losses, if any, which the clearing brokers may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing brokers monitor collateral on the customers' accounts.

9. Concentrations of credit risk

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

10. Exemption from Rule 15c3-3

The Company is exempt from the SEC Rule 15c3-3 and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers."

11. Contingencies

In the normal course of business, the Company has been named as a defendant in various matters. Management of the Company, after consultation with legal counsel, believes that the resolution of these matters will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company.