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| OMB Number: | 3235-0123 |
| Expires: | February 28, 2010 |
| Estimated average burden hours per response | 12.00 |

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

| SEC FILE NUMBER |
|---|
| 8- 66492 |

**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 12/31/09 (MM/DD/YY)

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Pinnacle Financial Group, LLC

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

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

33 E. Pine Street Suite 200

(No. and Street)

| Orlando | Florida | 32801 |
|---|---|---|
| (City) | (State) | (Zip Code) |

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

Heidi N. Miles 407-622-8118

(Area Code – Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Lashley, Seland & Rotroff, PA

(Name – *if individual, state last, first, middle name*)

| 919 West State Road 436, Suite 300 | Altamonte Springs | Florida | 32714 |
|---|---|---|---|
| (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 |
|---|
| |

**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.**

# OATH OR AFFIRMATION

I, Todd Boren, 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 Financial Group, LLC, as of December 31, 20 09, 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:

HEIDI N MILES
MY COMMISSION # DD800575
EXPIRES June 24, 2012
(407) 398-015[illegible] FloridaNotaryService.com

Heidi N. Miles
Notary Public

Signature

Managing Member
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 FINANCIAL GROUP, LLC**
**FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED DECEMBER 31, 2009**

## TABLE OF CONTENTS

LS&R

LASHLEY, SELAND & ROTROFF, P.A.

*CERTIFIED PUBLIC ACCOUNTANTS*

D. Gary Lashley, CPA
Kurt Seland, CPA
Stephen R. Rotroff, CPA

**Report of Independent Certified Public Accountants**

Members
Pinnacle Financial Group, LLC

We have audited the accompanying statement of financial condition of Pinnacle Financial Group, LLC as of December 31, 2009, and the related statements of operations, changes in members' equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are 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 financial statements are free of material misstatement. 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 financial statements referred to above present fairly, in all material respects, the financial position of Pinnacle Financial Group, LLC as of December 31, 2009, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the schedules presented on pages 10 and 11 are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by Rule 17a-5 under the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lashley, Seland & Rotroff, P.A.

February 24, 2010

919 WEST STATE ROAD 436 ► SUITE 300 ► ALTAMONTE SPRINGS, FL 32714
TELEPHONE 407.774.2044 ► FAX 407.774.6199 ► IN LAKE COUNTY 352.383.5552

Member of American Institute & Florida Institute of Certified Public Accountants & CPA USA Network

**PINNACLE FINANCIAL GROUP, LLC**
**STATEMENT OF FINANCIAL CONDITION**
**DECEMBER 31, 2009**

**Assets**

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 93,998 |
| Deposit with clearing broker | | 50,000 |
| Investment in securities | | 3,751 |
| Receivables from clearing broker and others | | 10,575 |
| Accounts receivable | | 98,700 |
| Note receivable | | 1,000 |
| Prepaid expenses and other current assets | | 241 |
| Property and equipment, net of accumulated depreciation of $25,235 | | 2,701 |
| | $ | 260,966 |

**Liabilities and members' equity**

| | | |
|---|---|---|
| Liabilities: | | |
| Accounts payable and accrued expenses | $ | 47,811 |
| Line of credit payable (less forgiveness of debt, see Note 6) | | 85,000 |
| Total liabilities | | 132,811 |
| Members' equity | | 128,155 |
| | $ | 260,966 |

*The accompanying notes are an integral part of these financial statements.*

**PINNACLE FINANCIAL GROUP, LLC**
**STATEMENT OF OPERATIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2009**

| | |
|---|---|
| **Revenues:** | |
| Commissions | $ 376,574 |
| Private placement | 66,860 |
| Forgiveness of debt (Note 6) | 60,481 |
| Interest, dividends and other | 5,846 |
| Unrealized loss | (1,290) |
| Total revenue | 508,471 |
| **Expenses:** | |
| Wages and taxes | 357,917 |
| Other operating costs | 56,344 |
| Clearing costs | 33,901 |
| Commissions | 82,512 |
| Occupancy | 22,724 |
| Execution costs | 36,334 |
| Insurance | 31,813 |
| Professional fees | 28,333 |
| Depreciation | 10,548 |
| Office and other expenses | 2,815 |
| Total expenses | 663,241 |
| **Net Loss** | $ (154,770) |

*The accompanying notes are an integral part of these financial statements.*

**PINNACLE FINANCIAL GROUP, LLC**
**STATEMENT OF CHANGES IN MEMBERS' EQUITY**
**FOR THE YEAR ENDED DECEMBER 31, 2009**

| | Members' Equity |
|---|---|
| **Balance at January 1, 2009** | $ 194,813 |
| Contributions | 88,112 |
| Net loss | (154,770) |
| **Balance at December 31, 2009** | $ 128,155 |

*The accompanying notes are an integral part of these financial statements.*

**PINNACLE FINANCIAL GROUP, LLC**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2009**

| | |
|---|---|
| **Cash flows from operating activities:** | |
| Net loss | $ (154,770) |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 10,548 |
| Decrease in due from clearing broker | 1,882 |
| Decrease in note receivable | 153,000 |
| Increase in receivables | (98,700) |
| Decrease in prepaid and other current assets | 5,396 |
| Decrease in accounts payable and accrued expenses | (9,543) |
| Total cash used in operating activities | (92,187) |
| **Cash flows from investing activities:** | |
| Sale of investments in securities at cost | 33,279 |
| Total provided by investing activities | 33,279 |
| **Cash flows from financing activities:** | |
| Forgiveness of debt | (60,481) |
| Capital contributions | 88,112 |
| Total cash provided by financing activities | 27,631 |
| **Net decrease in cash** | (31,277) |
| Cash and cash equivalents at beginning of year | 125,275 |
| **Cash and cash equivalents at end of year** | $ 93,998 |
| **Supplemental disclosure of cash flow information:** | |
| Cash paid during the year for interest | $ 11,025 |

*The accompanying notes are an integral part of these financial statements.*

**PINNACLE FINANCIAL GROUP, LLC**
**NOTES TO FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED DECEMBER 31, 2009**

## 1. ORGANIZATION

Pinnacle Financial Group, LLC (the "Company") provides money management and other financial and advisory services to individual and corporate clients. The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Company is a Florida Limited Liability Company.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Cash and Cash equivalents*** - Cash equivalents are short-term, liquid investments with an original maturity of three months or less and are carried at cost, which approximates market value.

***Due from clearing broker and others*** - Due from clearing broker and others represents commissions and other monies due the Company from the Clearing Broker and some miscellaneous receivables. An allowance for doubtful accounts is not recorded since the Clearing Broker adjusts accounts monthly to actual results.

***Note receivable*** – Note receivable is stated at unpaid principal balance, less any allowance for losses. Interest on notes receivable is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

***Investments*** – Investments in equity securities are held at fair market value.

***Revenue recognition*** – Private placement fees are recognized when invoiced. Commissions on insurance products are recognized when received.

***Furniture and equipment*** – Furniture and equipment are recorded at cost. Repair and maintenance costs are charged to operations as incurred. When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed from the accounts, and any gains or losses are included in operations. Depreciation on furniture and equipment is provided utilizing the straight line method over the estimated useful lives of the related assets, which is estimated at three to five years.

***Securities transactions*** - Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Customer securities are reported on a settlement date basis with related commission income and expenses reported on a trade date basis.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition.

***Fair value of financial instruments*** - All of the Company's financial instruments are carried at market value or at amounts, which, because of their short-term nature, approximate current fair value.

***Advertising costs*** – Advertising costs are charged to operations when incurred. The Company incurred no advertising costs during the year ended December 31, 2009.

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

***Income taxes*** - The Company, with the consent of its members, elected to be taxed as a partnership under the Internal Revenue Code. All taxable income or loss flows through to the members. Accordingly, no income tax expense or liability is recorded in the accompanying financial statements.

***Use of 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.

## 3. RELATED PARTY TRANSACTIONS

The Company's employees participate in a voluntary retirement savings 401(k) plan which is sponsored by The Pinnacle Companies, a related party through common ownership. The Company may match employees' contributions based on a percentage of salary contributed by participants. The Company's expense for the plan was $0 for the year ended December 31, 2009.

## 4. FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following at December 31, 2009:

| | |
|---|---|
| Computer equipment | $ 25,936 |
| Accumulated depreciation | (23,235) |
| | $ 2,701 |

During the year ended December 31, 2009, the Company recorded a write-off of $17,071 of leasehold improvements and $16,010 of accumulated depreciation with the difference being recorded in depreciation expense. Depreciation expense for the twelve months ended December 31, 2009 was $10,548.

## 5. COMMITMENTS AND CONTINGENCIES

On October 1, 2009, the Company entered into an agreement to lease approximately 2,035 square feet of office space for a period of one year through September 30, 2010. The Company has the option to extend the lease through three separate one year options. Base rent for the office space is $2,600 per month, plus sales tax thereon, and plus utilities and other service charges billed by the landlord. The following schedule shows the aggregate future minimum lease payments, plus sales tax required under the operating lease:

| | |
|---|---|
| 2010 | $ 25,038 |

Rent expense under leases for the year ended December 31, 2009 totaled $21,400.

## 5. COMMITMENTS AND CONTINGENCIES (continued)

The Company from time to time may be a defendant in lawsuits or arbitration claims filed by customers in the normal course of business. The Company intends to defend the claims and management is unable to estimate the amount of loss, if any, that may arise from the claims, but does not believe the claims will have a material effect on the Company.

## 6. LINE OF CREDIT

On September 14, 2009, Orange Bank of Florida notified the Company they were in default of a line-of-credit ("LOC") obtained from Orange Bank in the amount of $150,000 and they filed a lawsuit to recover the money and interest outstanding. The principal of the LOC had been due on April 15, 2009 and had been extended on an interest only basis through August 31, 2009. At December 31, 2009 the Company had a recorded liability of $145,481. On February 10, 2010, the Company agreed to a settlement with Orange Bank in the amount of $85,000, which was paid on February 12, 2010 by the Company, and the Company was released from all liabilities relative the LOC on that date. The difference of $60,481 was recorded in the year ended December 31, 2009 as forgiveness of debt, and the outstanding balance on the LOC was reduced to $85,000 in the accompanying financial statements.

## 7. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND CONCENTRATION OF CREDIT RISK

The Company's customers' securities transactions are introduced on a fully disclosed basis to its Clearing Broker. The Clearing Broker is responsible for collection of and payment of funds and receipt and delivery of securities for 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 and the Clearing Broker may charge any losses to the Company. The Company seeks to minimize the risk through procedures designed to monitor creditworthiness of the customers and proper execution of transactions by the Clearing Broker.

The Company maintains cash at a national bank. At December 31, 2009, cash balances did not exceed federally insured limits.

The Company maintains accounts at its Clearing Broker. The accounts contain cash and securities. Balances are insured up to $500,000 (with a limit of $100,000 for cash not maintained in money market funds) by the Securities Investor Protection Corporation, and the Clearing Broker carries an excess surety bond.

## 8. NOTE RECEIVABLE

On February 28, 2009, the Company renegotiated a note receivable under a promissory note agreement to an unrelated entity due in full on March 2, 2009. The promissory note was extended to June 2, 2009. Prior to June 2, 2009, the Company was paid $153,000 and has a remaining balance of $1,000 at December 31, 2009 on the note receivable.

Interest income from the note receivable for the year ended December 31, 2009 was approximately $3,850

## 9. NET CAPITAL REQUIREMENTS

The Company's minimum net capital requirement under Rule 15c3-1 of the Securities and Exchange Commission is the greater of 6 2/3% of aggregate indebtedness ($8,854 at December 31, 2009), or $5,000. The Company operates pursuant to the (K)(2)(ii) exemption under SEC Rule 15c3-3 and does not hold customer funds or securities. The Company is, therefore, exempt from the reserve formula calculations and possession or control computations. At December 31, 2009, the net capital, as computed, was $121,187. Consequently, the Company had excess net capital of $112,333.

At December 31, 2009 the percentage of aggregate indebtedness to net capital was 109.6% versus an allowable percentage of 1500%.

## 10. RECONCILIATION OF NET CAPITAL

The net capital computation shown on the Company's December 31, 2009, FOCUS IIA, and the computation Net Capital included on page 10 are reconciled on that same page.

## 11. SUBSEQUENT EVENTS

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 24, 2010, the date the financial statements were available to be issued.

**PINNACLE FINANCIAL GROUP, LLC**
**COMPUTATION AND RECONCILIATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**
**AS OF DECEMBER 31, 2009**

**Computation of basic net capital requirements:**

| | |
|---|---|
| Total members' equity qualified for net capital | $ 128,155 |
| Deduction: | |
| Non-allowable assets | |
| Investment in securities | 3,751 |
| Other assets | 241 |
| Property and equipment, net | 2,701 |
| Total non-allowable assets | 6,693 |
| Net capital before haircuts and securities positions | 121,462 |
| Haircuts: | |
| Other securities | 275 |
| **Net capital** | 121,187 |
| Minimum net capital requirements: | |
| 6 2/3% of total aggregate indebtedness ($8,854) | |
| Minimum dollar net capital for this broker-dealer ($5,000) | |
| Net capital requirement (greater of above two requirements) | 8,854 |
| Net capital in excess of required minimum | $ 112,333 |
| Excess net capital at 1000% | $ 107,906 |

**Reconciliation:**

| | |
|---|---|
| Net capital, per pages 9-10 of the December 31, 2009, unaudited Focus Report, as filed | $ 59,718 |
| Forgiveness of debt | 60,481 |
| Miscellaneous audit adjustments | 988 |
| Net capital, per December 31, 2009, audited report, as filed. | $ 121,187 |

*The accompanying notes are an integral part of these financial statements.*

**PINNACLE FINANCIAL GROUP, LLC**
**COMPUTATION OF AGGREGATE INDEBTEDNESS UNDER**
**RULE 17A-5 OF THE SECURITIES AND EXCHANGE COMMISSION**
**AS OF DECEMBER 31, 2009**

**Aggregate indebtedness:**

| | | |
|---|---|---|
| Line of credit | $ | 85,000 |
| Accounts payable and accrued expenses | | 47,811 |
| **Total aggregate indebtedness included in Statement of Financial Condition** | $ | 132,811 |
| **Percentage of aggregate indebtedness to net capital** | | 109.6% |

*The accompanying notes are an integral part of these financial statements.*

**PINNACLE FINANCIAL GROUP, LLC**
**INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS**
**UNDER SEC RULE 15c3-3 AS OF DECEMBER 31, 2009**

Pinnacle Financial Group, LLC operates pursuant to the (k)(2)(ii) exemption under SEC Rule 15c3-3 and does not hold funds or securities. Pinnacle Financial Group, LLC is, therefore, exempt from the reserve formula calculations and possession and control computations.

LS&R

LASHLEY, SELAND & ROTROFF, P.A.

*CERTIFIED PUBLIC ACCOUNTANTS*

D. Gary Lashley, CPA
Kurt Seland, CPA
Stephen R. Rotroff, CPA

**REPORT ON INTERNAL CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER CLAIMING EXEMPTION FROM SEC RULE 15c3-3**

Members
Pinnacle Financial Group, LLC

In planning and performing our audit of the financial statements of Pinnacle Financial Group, LLC (the "Company"), as of and for the year ended December 31, 2009 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13

2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

919 WEST STATE ROAD 436 ► SUITE 300 ► ALTAMONTE SPRINGS, FL 32714
TELEPHONE 407.774.2044 ► FAX 407.774.6199 ► IN LAKE COUNTY 352.383.5552

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, Financial Industry Regulatory Authority, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, Schenk & Retoff, P.A.

February 24, 2010

LS&R

LASHLEY, SELAND & ROTROFF, P.A.

*CERTIFIED PUBLIC ACCOUNTANTS*

D. Gary Lashley, CPA
Kurt Seland, CPA
Stephen R. Rotroff, CPA

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

To the Members
Pinnacle Financial Group, LLC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Transitional Assessment Reconciliation ("Form SIPC-7T) to the Securities Investor Protection Corporation ("SIPC") for the period April 1, 2009 to December 31, 2009, which were agreed to by Pinnacle Financial Group, LLC and the Securities and Exchange Commission, the Financial Industry Regulatory, Inc. and SIPC, solely to assist you and the other specified parties in evaluating Pinnacle Financial Group, LLC's compliance with the applicable instructions of Form SIPC-7T. Pinnacle Financial Group, LLC's management is responsible for Pinnacle Financial Group, LLC'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 payment in Form SIPC-7T with cash disbursement entries recorded in the general ledger and bank account reconciliations for the year ended December 31, 2009, noting no differences;
2. Compared the Total Revenue amounts of the audited Form X-17A-5 for the year ended December 31, 2009 less revenues reported on the FOCUS reports for the period from January 1, 2009 to March 31, 2009 with the amounts reported on SIPC-7T for the period from April 1, 2009 to December 31, 2009, noting no differences;
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers, noting no differences; and
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and the related schedules and working papers (Focus Reports and General Ledger) 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 use of the specified parties listed above and is not intended to be and should not be used by anyone other than those specified parties.

Lashley, Seland & Rotroff, P.A.

February 24, 2010

SIPC-7T

(29-REV 12/09)

SECURITIES INVESTOR PROTECTION CORPORATION
805 15th St. N.W. Suite 800, Washington, D.C. 20005-2215
202-371-8300

# Transitional Assessment Reconciliation

(Read carefully the instructions in your Working Copy before completing this Form)

SIPC-7T

(29-REV 12/09)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

WORKING COPY

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:

Pinnacle Financial Group, LLC
33 E. Pine Street, Suite 200
Orlando, FL 32801

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.

Heidi Miles 407-622-8118

2. A. General Assessment [item 2e from page 2 (not less than $150 minimum)] $ 78.58

B. Less payment made with SIPC-6 filed including $150 paid with 2009 SIPC-4 (exclude interest) ( 150.00 )

Date Paid

C. Less prior overpayment applied ( -0- )

D. Assessment balance due or (overpayment) ______

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) $______

G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above) $ -0-

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.

Pinnacle Financial Group, LLC
(Name of Corporation, Partnership or other organization)

(Authorized Signature)

President
(Title)

Dated the 25th day of February, 20 10.

**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 April 1, 2009
and ending Dec., 20[illegible]
**Eliminate cents**

**Item No.**

| | |
|---|---|
| 2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030) | $ 154,169 |
| 2b. Additions: | |
| (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above. | 0 |
| (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. | |
| Total additions | 0 |
| 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. | <113,327> |
| (2) Revenues from commodity transactions. | |
| (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions. | <94087> |
| (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): ______ | |
| (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 interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). $______ | |
| Enter the greater of line (i) or (ii) | |
| Total deductions | <122,735> |
| 2d. SIPC Net Operating Revenues | $ 31,434 |
| 2e. General Assessment @ .0025 | $ 78.58 |

(to page 1 but not less than $150 minimum)