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

OMB APPROVAL OMB Number: 3235-0123 Expires: April 30, 2013 Estimated average burden hours per response: 12.00

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

RECEIVED FEB 28 2013

SEC FILE NUMBER 8-39348

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 01/01/2012 AND ENDING 12/31/2012

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: McKinnon + Company, Inc. ADDRESS OF PRINCIPAL PLACE OF BUSINESS: 999 Waterside Drive Suite 1200

OFFICIAL USE ONLY FIRM I.D. NO.

Norfolk VA 23510 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT William J. McKinnon, Jr. 757-623-46636 (Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

CRI 1117 Boll Weevil Circle Enterprise AL 36331 (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)

Handwritten initials/signature

OATH OR AFFIRMATION

I, William J. McKinnon, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of McKinnon & Company, Inc., as of December 31, 2012, 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:

State of VA  
City of Norfolk  
Joann Hill  
Notary Public  
Commonwealth of Virginia  
214097  
My Commission Expires Feb 28, 2013  
Joann Hill  
Notary Public

William J. McKinnon, Jr.  
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).

# McKinnon & Company, Inc.

## Statements of Financial Condition

| <i>December 31,</i>   | <b>2012</b>       | <b>2011</b>       |
|---|-------------------|-------------------|
| <b>Assets</b>   |                   |                   |
| Cash and cash equivalents   | \$ 143,118        | \$ 155,302        |
| Receivable from clearing organization   | 919               | 2,030             |
| Receivable from operations  | 3,390             | 27,102            |
| Securities owned:   |                   |                   |
| Marketable, at market value   | -                 | 750               |
| Furniture and equipment, net  | 2,376             | 4,117             |
| Other assets  | 4,515             | 4,781             |
| <b>Total assets</b>   | <b>\$ 154,318</b> | <b>\$ 194,082</b> |
| <b>Liabilities and Stockholders' Equity</b>   |                   |                   |
| <b>Liabilities</b>  |                   |                   |
| Payable to clearing organization  | \$ -              | \$ 1,200          |
| Accounts payable and accrued expenses   | 21,361            | 23,155            |
| <b>Total liabilities</b>  | <b>21,361</b>     | <b>24,355</b>     |
| <b>Stockholders' equity</b>   |                   |                   |
| Common stock (\$1 par value, 100,000 shares authorized as of December 31, 2012 and 2011; 99,250 shares and 97,100 shares issued and outstanding as of December 31, 2012 and 2011, respectively) | 99,250            | 97,100            |
| Additional paid-in capital  | 1,243,544         | 1,050,694         |
| Accumulated deficit   | (1,209,837)       | (978,067)         |
| <b>Total stockholders' equity</b>   | <b>132,957</b>    | <b>169,727</b>    |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$ 154,318</b> | <b>\$ 194,082</b> |

See accompanying notes to financial statements.