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

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Section

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

REPORT FOR THE PERIOD BEGINNING January 1, 2016 AND ENDING December 31, 2016  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Donnelly Penman & Partners  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
17160 Kercheval Ave.

inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

Grosse Pointe

MI

48230

(City)

(State)

(Zip Code)

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

Mark A. Cleland

(313) 393-3060

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Rehmann Robson LLC

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

2330 East Paris Ave. SE

Grand Rapids

MI

49546

(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)

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Handwritten initials: DD, CM

OATH OR AFFIRMATION

I, Mark A. Cleland, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Donnelly Penman & Partners, Inc. of December 31, 2016, 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:

Handwritten signature of Mark A. Cleland

Signature

Chief Financial Officer

Title

BONNIE SOMERVILLE
NOTARY PUBLIC, STATE OF MI
COUNTY OF MACOMB
MY COMMISSION EXPIRES Sep 17, 2021
STATE OF MICHIGAN

Handwritten signature of Bonnie Somerville

Notary Public

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).

- (n) Report of Independent Registered Public Accounting firm.
(o) Management Assertion Regarding Exemption from 17 CFR 240.15c3-3.

**DONNELLY PENMAN & PARTNERS, INC.**

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\* \* \* \* \*

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Shareholders  
Donnelly Penman & Partners, Inc.

We have audited the accompanying statement of financial condition of *Donnelly Penman & Partners, Inc.* as of December 31, 2016, and the related statement of operations, changes in shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of Donnelly Penman & Partners, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Donnelly Penman & Partners, Inc. for the year ended December 31, 2015, were audited by other auditors whose report dated January 27, 2016 expressed an unqualified opinion on those statements.

We conducted our audit of the 2016 financial statements 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 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 2016 financial statements referred to above present fairly, in all material respects, the financial position of Donnelly Penman & Partners, Inc. as of December 31, 2016, 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 supplementary information contained on pages 14 and 15 has been subjected to audit procedures performed in conjunction with the audit of Donnelly Penman & Partners, Inc.'s financial statements. The supplemental information is the responsibility of Donnelly Penman & Partners, 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 17 CFR §240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Lehmann Rohm LLC*

Grand Rapids, Michigan  
February 28, 2017

**DONNELLY PENMAN & PARTNERS, INC.**  
**STATEMENTS OF FINANCIAL CONDITION**  
**December 31, 2016 and 2015**

	2016	2015
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 468,142	\$ 933,834
Accounts receivable - trade	238,063	92,508
Accounts receivable - other	1,459	3,472
Prepaid expenses	40,728	57,525
<b>Total Current Assets</b>	748,392	1,087,339
<b>Property and Equipment:</b>		
Computer equipment	55,841	75,935
Furniture and fixtures	122,796	123,051
Leasehold improvements	66,231	64,529
Total	244,868	263,515
Less: Accumulated depreciation and amortization	102,143	195,411
<b>Net Property and Equipment</b>	142,725	68,104
<b>Total Assets</b>	\$ 891,117	\$ 1,155,443
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 1,368	\$ 379
Accrued expenses	426,665	546,643
<b>Total Current Liabilities (Equal to Total Liabilities)</b>	428,033	547,022
<b>Shareholders' Equity:</b>		
Common stock, no par value, 60,000 shares authorized; 11,623 shares issued and outstanding	210,070	210,070
Additional paid-in capital	11,993	11,993
Retained earnings	241,021	386,358
<b>Total Shareholders' Equity</b>	463,084	608,421
<b>Total Liabilities and Shareholders' Equity</b>	\$ 891,117	\$ 1,155,443

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

**DONNELLY PENMAN & PARTNERS, INC.**  
**STATEMENTS OF OPERATIONS**  
**Years Ended December 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>	\$ 9,720,951	\$ 5,096,981
<b>Expenses:</b>		
Employee compensation and benefits	9,268,651	4,266,709
Occupancy and equipment	153,283	162,167
Technology and communications	127,339	113,460
Other operating expenses	276,819	368,982
<b>Total Expenses</b>	9,826,092	4,911,318
<b>Operating (Loss)/Income</b>	(105,141)	185,663
Other Income	1,134	638
<b>Net (Loss)/Income</b>	\$ (104,007)	\$ 186,301

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

**DONNELLY PENMAN & PARTNERS, INC.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**Years Ended December 31, 2016 and 2015**

	Common Stock		Additional Paid-In Capital	Retained Earnings	Total
	# of Shares	Amount			
<b>Balances - January 1, 2015</b>	11,623	\$ 210,070	\$ 11,993	\$ 208,045	\$ 430,108
Net income	-	-	-	186,301	186,301
Shareholder distributions	-	-	-	(7,988)	(7,988)
<b>Balances - December 31, 2015</b>	<u>11,623</u>	<u>210,070</u>	<u>11,993</u>	<u>386,358</u>	<u>608,421</u>
Redemption of common stock	(992)	(51,908)	-	-	(51,908)
Issuance of common stock	992	51,908	-	-	51,908
Net loss	-	-	-	(104,007)	(104,007)
Shareholder distributions	-	-	-	(41,330)	(41,330)
<b>Balances - December 31, 2016</b>	<u>11,623</u>	<u>\$ 210,070</u>	<u>\$ 11,993</u>	<u>\$ 241,021</u>	<u>\$ 463,084</u>

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

**DONNELLY PENMAN & PARTNERS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities:</b>		
Net (loss) income	\$ (104,007)	\$ 186,301
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	22,375	12,583
Loss on disposal of property and equipment	690	202
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable	(143,542)	(81,365)
Prepaid expenses	16,797	(8,285)
Accounts payable	989	(2,483)
Accrued expenses	(119,978)	354,710
<b>Net Cash (Used In) Provided By Operating Activities</b>	<u>(326,676)</u>	<u>461,663</u>
<b>Cash Flows From Investing Activities:</b>		
Purchases of property and equipment	(97,686)	(5,351)
Proceeds from sale of property and equipment	-	540
<b>Net Cash Used In Investing Activities</b>	<u>(97,686)</u>	<u>(4,811)</u>
<b>Cash Flows From Financing Activities:</b>		
Redemption of common stock	(51,908)	-
Proceeds from common stock issued	51,908	-
Shareholder distributions	(41,330)	(7,988)
<b>Net Cash Used In Financing Activities</b>	<u>(41,330)</u>	<u>(7,988)</u>
<b>Net (Decrease) Increase In Cash and Cash Equivalents</b>	(465,692)	448,864
Cash and Cash Equivalents, Beginning of Year	<u>933,834</u>	<u>484,970</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 468,142</u>	<u>\$ 933,834</u>

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

**Note 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business

Donnelly Penman & Partners, Inc. (the “Company”) is a closely-held corporation located in Grosse Pointe, Michigan. The Company provides investment banking and financial and investment advisory services to both public and private companies. Services are organized into industry groups, with particular emphasis in manufacturing, financial services, distribution, service and retail. The Company’s investment banking services generated approximately 99% and 97% of total revenue in 2016 and 2015, respectively.

Concentration of Credit Risk

The Company primarily deposits cash with a major bank within the United States of America and at times throughout the year may maintain balances that exceeds federally insured limits of \$250,000 per depositor, per insured bank. The Company also maintains an account with a credit union, which is federally insured up to \$250,000, per depositor, per insured credit union. Uninsured deposits totaled approximately \$13,000 and \$947,000 at December 31, 2016 and 2015, respectively. The Company has not experienced any losses in such accounts and management believes the Company is not exposed to any unusual credit risk on cash or cash equivalents.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting year. Accordingly, actual results could differ from those estimates.

Accounts Receivable

The Company extends credit to its customers in the form of accounts receivable in the ordinary course of business and generally requires no collateral. Trade accounts receivable are stated at the amount the Company expects to collect from outstanding balances. The Company provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on management’s assessment of the current status of individual accounts. Balances that are still outstanding after the Company has attempted reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management did not consider bad debt allowances necessary at December 31, 2016 or 2015.

**Note 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property and Equipment, Depreciation and Amortization

Property and equipment are recorded at cost. Depreciation and amortization is expensed over the estimated useful lives of the related assets, using the straight-line method. Expenditures for maintenance and repairs are expensed as incurred. Management reviews these assets for impairment when circumstances or events indicate that the carrying value may not be recoverable.

The Company uses the following useful lives for assets placed in service:

<u>Description</u>	<u>Asset Lives</u>
Computer equipment	3 - 5 years
Furniture and fixtures	5 - 7 years
Leasehold improvements	39 years

Revenue Recognition

The Company recognizes revenue when services have been rendered based on the terms of the signed contract (engagement letter) with the customer. The Company recognizes non-refundable retainers as revenue in the month earned. Consulting fees are recognized in the month that services are performed. Closing and/or transactional fees are recognized upon the successful closing of the particular transaction. Commissions are recognized upon the sale of securities offered when the Company acts as an agent.

Income Taxes

The Company, with the consent of its shareholders, has elected to have its income taxed under the provisions of Subchapter S of the Internal Revenue Code Section 1362, which provides that in lieu of corporate income taxes, the shareholders are taxed on the Company's taxable income. Therefore, no provision or liability for federal income tax is reflected in these financial statements. The Company may also be liable for other state and local income taxes in jurisdictions where it has nexus.

Management has analyzed the Company's material tax positions and has determined that no material uncertain tax positions exist that require recognition or disclosure in the accompanying financial statements. The Company is no longer subject to U.S. federal, state and local examinations by tax authorities for years before 2013.

Reclassifications

Certain amounts as reported in the 2015 financial statements have been reclassified to conform with the 2016 presentation.

## **Note 2 - COMMON STOCK**

In September 2016, the Company redeemed 992 shares of common stock from three existing non-majority shareholders for approximately \$52,000. The Company immediately sold all the shares to four existing non-majority shareholders and one new shareholder for the same amount. There were no stock transactions in 2015. In addition, the Company and its shareholders entered into an Amended and Restated Shareholder Agreement (the "Agreement") dated September 1, 2016. Under the Agreement, the Company will purchase a shareholder's common stock at termination of employment of the shareholder. The purchase price will vary based on the reason for termination and will range between 50% and 100% of Book Value, as defined in the Agreement. The purchase price may also be reduced for the shareholder's portion of contractual liabilities, as defined in the Agreement, existing at the time of termination. The Company also has the option to reallocate shares annually based on the discretion of the Company's Executive Committee. The purchase price for these shares will be at 100% of Book Value.

## **Note 3 - QUALIFIED RETIREMENT PLANS**

The Company sponsors a profit sharing plan (the "Plan") with a safe-harbor provision for all employees who have attained the age of twenty-one and completed one year of service. Each year the Company may make a profit sharing contribution to the Plan at the discretion of the Board of Directors. Contributions approved by the Board of Directors for 2016 and 2015 totaled approximately \$222,000 and \$129,000, respectively.

## **Note 4 - RELATED PARTY TRANSACTIONS (INCLUDING COMMITMENTS)**

The Company earned approximately \$67,000 and \$147,000 in management fees for 2016 and 2015, respectively, from an investment fund that is related by common ownership.

The Company leases office space from a Michigan limited liability company, certain members of which are also shareholders of the Company. The lease calls for monthly rental payments of \$9,442 through December 31, 2020. The Company also pays all the costs of utilities, maintenance and repairs on the leased space. Rental expense for the related party lease was approximately \$114,000 and \$131,000 for 2016 and 2015, respectively.

The Company also leases various office equipment and vehicles from unrelated parties under operating leases which expire through June 2019. In addition, the Company is

**Note 4 - RELATED PARTY TRANSACTIONS (INCLUDING COMMITMENTS)  
(CONTINUED)**

obligated under contracts with unrelated parties for research subscriptions which expire through January 2018.

Scheduled minimum future payments required under these non-cancelable operating leases and commitments which have initial or remaining terms in excess of one year as of December 31, 2016 are as follows:

<u>Year Ending December 31</u>	<u>Related Party</u>	<u>Total</u>
2017	\$ 113,309	\$ 210,032
2018	113,309	129,598
2019	113,309	117,311
2020	113,309	113,309
<b>Total Future Minimum Payments</b>	<b>\$ 453,236</b>	<b>\$ 570,250</b>

Total expense for the related party office lease expense, office equipment and vehicle leases and research subscriptions was approximately \$214,000 and \$216,000 for 2016 and 2015, respectively.

**Note 5 - REGULATORY REQUIREMENTS**

The Company is subject to a minimum net capital rule under the Securities and Exchange Act of 1934, Rule 15c3-1 (the Rule), and computes its net capital under the alternative method permitted by the Rule, which requires the maintenance of minimum net capital, as defined, of the greater of 6-2/3% of aggregate indebtedness or a minimum amount that is based on the type of business conducted by the Company. Total required net capital under the Rule is \$17,536 at December 31, 2016. At December 31, 2016 net capital under the Rule was \$205,109, which was \$187,573 in excess of its minimum dollar amount requirement. The net capital ratio was 1.28 at December 31, 2016. The Company's net capital under the Rule was \$386,812, which was \$350,344 in excess of its minimum dollar amount requirement at December 31, 2015. The net capital ratio was 1.41 as of December 31, 2015.

**Note 6 - REGULATORY COMPLIANCE**

The Company is a member of the Financial Industry Regulatory Authority (FINRA), the largest independent regulator for all securities firms doing business in the United States. As such, the Company is required to comply with various regulations set forth by FINRA, and from time to time is subject to FINRA examination to ensure compliance with current regulations. Any noncompliance with such rules and regulations may subject the Company to disciplinary actions, including, but not limited to, fines, suspension or possible loss of membership. Accordingly, any noncompliance could result in actions by FINRA that have a materially adverse impact on the Company's financial position, results of operations or cash flows.

**Note 7 - SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2016, the most recent statement of financial condition presented herein, through February 28, 2017, the date the financial statements were issued. No such significant events or transactions were identified.

\* \* \* \* \*

**SUPPLEMENTARY INFORMATION**

**DONNELLY PENMAN & PARTNERS, INC.**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**December 31, 2016**

<b><u>NET CAPITAL</u></b>		
<b>Total shareholders' equity</b>		\$ 463,084
Deduct ownership equity not allowable for net capital		-
<b>Total ownership equity for net capital</b>		<u>463,084</u>
Other (deductions) or allowable credits		165,000
<b>Total capital and allowable subordinated liabilities</b>		<u>628,084</u>
<b>Deductions and/or Charges:</b>		
Non-Allowable assets:		
Accounts receivable - trade	\$ 238,063	
Accounts receivable - other	1,459	
Property and equipment	142,725	
Prepaid expenses	40,728	
<b>Total Deductions and/or Charges</b>		<u>422,975</u>
<b>Net Capital</b>		<u>\$ 205,109</u>
 <b><u>COMPUTATION OF AGGREGATE INDEBTEDNESS</u></b>		
<b>Liabilities Included In Statement of Financial Condition -</b>		
Accounts payable and accrued expenses	\$ 263,033	
<b>Total Aggregate Indebtedness</b>		<u>\$ 263,033</u>
 <b><u>COMPUTATION OF BASIC NET CAPITAL REQUIREMENT</u></b>		
<b>Minimum Net Capital Required</b>		<u>\$ 5,000</u>
<b>Net Capital Requirement</b>		<u>\$ 17,536</u>
<b>Excess Net Capital</b>		<u>\$ 187,573</u>
<b>Net Capital Less The Greater of 10% of Total Aggregate Indebtedness Or 120% of the Net Capital Requirement</b>		<u>\$ 178,806</u>
<b>Percentage of Aggregate Indebtedness to Net Capital</b>		<u>128.24%</u>

See independent auditor's report.

**DONNELLY PENMAN & PARTNERS, INC.**  
**RECONCILIATION OF PART IIA - FORM 17a-5**  
**December 31, 2016**

<u>ASSETS</u>	<u>Allowable</u>	<u>Non- Allowable</u>	<u>Total</u>
<b>Assets per Donnelly Penman &amp; Partners Unaudited Focus Report at December 31, 2016</b>	<u>\$ 468,142</u>	<u>\$ 422,975</u>	<u>\$ 891,117</u>
<b>Assets Per Audited Financial Statements</b>	<u>\$ 468,142</u>	<u>\$ 422,975</u>	<u>\$ 891,117</u>
<u>LIABILITIES AND CAPITAL</u>	<u>Per Focus Report</u>	<u>Difference</u>	<u>Audited</u>
<b>Liabilities</b>	<u>\$ 428,033</u>	<u>\$ -</u>	<u>\$ 428,033</u>
<b>Shareholders' Equity:</b>			
Common stock	210,070	-	210,070
Additional paid-in capital	11,993	-	11,993
Retained earnings	<u>241,021</u>	<u>-</u>	<u>241,021</u>
<b>Total Shareholders' Equity:</b>	<u>463,084</u>	<u>-</u>	<u>463,084</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 891,117</u>	<u>\$ -</u>	<u>\$ 891,117</u>
<u>NET CAPITAL</u>			
<b>Net Capital per Donnelly Penman &amp; Partners Unaudited Focus Report at December 31, 2016</b>			\$ 263,033
<b>Adjustments:</b>			
Increases			-
Decreases			<u>-</u>
<b>Net Capital Per Audited Net Capital Computation</b>			<u>\$ 263,033</u>

See independent auditor's report.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
ON APPLYING AGREED-UPON PROCEDURES**Board of Directors and Shareholders  
Donnelly Penman & Partners, Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and the SIPC Series 600 Rules, we have performed the procedures enumerated below, which were agreed to by Donnelly Penman & Partners, Inc., and the Securities Investor Protection Corporation (SIPC) with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of Donnelly Penman & Partners, Inc. for the year ended December 31, 2016, solely to assist you and SIPC in evaluating Donnelly Penman & Partners, Inc.'s compliance with the applicable instructions of General Assessment Reconciliation (Form SIPC-7). Donnelly Penman & Partners, Inc.'s management is responsible for Donnelly Penman & Partners, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). 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, noting no differences;
- 2) Compared the Total Revenue amounts reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2016, with the Total Revenue amounts reported in Form SIPC-7 for the year ended December 31, 2016, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
- 4) Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences; and
- 5) Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, 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 with the applicable instructions of the Form SIPC-7. 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 these specified parties.

*Rehmann Loborn LLC*

Grand Rapids, Michigan  
February 28, 2017

**SIPC-7**

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION  
P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

**General Assessment Reconciliation**

**SIPC-7**

(33-REV 7/10)

For the fiscal year ended December 31, 2016

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

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

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:

052909 FINRA DEC  
Donnelly Penman & Partners, Inc.  
D/B/A Donnelly Penman & Partners  
17160 Kercheval Ave.  
Grosse Pointe, MI 48230-1661

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.

Mark Cleland (313) 393-3060

WORKING COPY

2. A. General Assessment (item 2e from page 2)	\$ 24,304
B. Less payment made with SIPC-6 filed (exclude Interest)	( 12,858 )
<u>July 20, 2016</u>	
Date Paid	
C. Less prior overpayment applied	( _____ )
D. Assessment balance due or (overpayment)	11,446
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)	\$ 11,446
G. PAYMENT: <input checked="" type="checkbox"/> the box	
Check mailed to P.O. Box <input checked="" type="checkbox"/> Funds Wired <input type="checkbox"/>	
Total (must be same as F above)	\$ 11,446
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.

Donnelly Penman & Partners, Inc.

(Name of Corporation, Partnership or other organization)

*Mark A. Cleland*  
(Authorized Signature)

Chief Financial Officer

(Title)

Dated the 8th day of February, 2017.

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 January 1, 2016  
and ending December 31, 2016

Item No.	Eliminate cents
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)	\$ <u>9,721,641</u>
2b. Additions:	
(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.	_____
(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	_____
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.	_____
(2) Revenues from commodity transactions.	_____
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.	_____
(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):	_____
(Deductions in excess of \$100,000 require documentation)	_____
(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 margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).	\$ _____
Enter the greater of line (i) or (ii)	_____
Total deductions	_____
2d. SIPC Net Operating Revenues	\$ <u>9,721,641</u>
2e. General Assessment @ .0025	\$ <u>24,304</u>
	(to page 1, line 2.A.)



**Rehmann Robson**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Shareholders  
Donnelly Penman & Partners, Inc.

We have reviewed management's statements, included in the accompanying Management Assertion Regarding Exemption From 17 CFR 240.15c3-3, in which (1) Donnelly Penman & Partners, Inc. identified the following provisions of 17 CFR §15c3-3(k) under which the Donnelly Penman & Partners, Inc. claimed an exemption from 17 CFR §240.15c3-3: 17CFR 15c3-3 (k)(2)(i) (the "exemption provisions") and (2) Donnelly Penman & Partners, Inc. stated that Donnelly Penman & Partners, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Donnelly Penman & Partners, 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 Donnelly Penman & Partners 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)(17CFR 15c3-3 (k)(2)(i)) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Grand Rapids, Michigan  
February 28, 2017



**MANAGEMENT ASSERTION REGARDING EXEMPTION FROM 17 CFR 240.15c3-3**

The Company hereby asserts that it is exempt from 17 CFR 240.15c3-3 under the provisions of 17CFR 15c3-3 (k)(2)(i) (the "identified provisions") as of December 31, 2016. In addition, the Company met the identified provisions throughout the year ended December 31, 2016 without exception.

A handwritten signature in black ink that reads "Mark A. Cleland". The signature is written in a cursive, flowing style.

Mark A. Cleland  
Chief Financial Officer  
Donnelly Penman & Partners, Inc.  
February 28, 2017

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MEMBER FINRA/SIPC