



Part 2A of Form ADV: Firm *Brochure*

Item 1 Cover Page

This brochure provides information about the qualifications and business practices of Summit Equities, Inc. If you have any questions about the contents of this brochure, please contact us at 973-285-3670 or by email at compliance@sfr1.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Summit Equities, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. Summit Equities, Inc. CRD number is 11039.

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Registration with the SEC does not imply a certain level of skill or training

Version Date as of 10/24/14

Item 2 Material Changes

This Investment Advisory Brochure contains several material changes to the previously filed brochure, dated May 20, 2014

- 1.* Summit Equities, Inc.'s affiliate Petroleum Energy Development Co., Inc. dissolved four limited partnerships for which it had previously served as the general partner.
- 2.* Summit Equities, Inc. now discloses that it has "custody" of certain client assets, as that term is defined by the SEC in its investment advisory rules. As previously disclosed, all of the assets are held at third parties – either broker dealers, banks or mutual fund transfer agents, in accordance with SEC requirements. However, some of those third parties permit Summit to accept instructions from its clients to transfer their own assets, without complying with certain requirements outlined by the SEC in an FAQ.
- 3.* This brochure describes Summit Equities, Inc.'s advisory products and offerings, practices and the risks associated with them in greater detail.

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Item 4 Advisory Business

Summit Equities, Inc. is dually registered with the SEC as an Investment Adviser and Broker-Dealer. It is also a Member of the Financial Industry Regulatory Authority (FINRA) and of the Securities Investor Protection Corporation (SIPC). Each of the Investment Advisory Representatives (IARs) is also registered with FINRA as a Registered Representative (RR) with Summit. The IARs are all independent contractors who may conduct their businesses under DBAs.

Summit Equities has an experienced staff of portfolio design, investment managers and strategists, and options and equities trading professionals and IARs. Each advisory account is overseen by one or more IARs who serves as the primary point of contact between SE and the client.

Two shareholders, Steven Weinman and Salvatore Salvo have the right to vote 25 percent or more of the voting shares of the firm. The firm has been in business since April 30, 1982.

Types of Advisory Services

Summit Equities, Inc. ("SE" or the "Manager") offers four types of advisory/investment supervisory accounts for its advisory clients, as well as financial planning.

For all of the advisory accounts SE offers ongoing portfolio management services based on the individual goals, objectives, investment horizon and risk tolerance of each client. The IARs obtain a financial profile for each client to aid in the construction of a portfolio that matches the client's specific situation. Many clients maintain "household" accounts, in which multiple accounts for members of a family may be managed jointly to maximize efficiencies. (The term client includes such households, for purposes of this Form ADV.) For all of the different types of advisory accounts, the IAR provides some of all of the following investment supervisory services.

Model Accounts

The Models are custom designed portfolios constructed by a team of SE investment professionals. The SE Investment Committee, comprised of SE Investment professionals and some senior IARs meets regularly to provide oversight of these portfolios and their ongoing management. There are approximately 30 models, each targeting a specific area of the capital markets or a combination of target investment market exposures. The Models use mutual funds and ETFs to achieve various mixes of domestic equities, international equities, tax-free fixed income, real asset alternatives, and hedging strategies. One of the Models also utilizes listed Master Limited Partnerships (MLPs). Some of the Models can be held within a Jefferson National Monument Advisor, a variable annuity. Within each Model, the Manager has full discretion to reallocate any mutual funds, ETFs, or MLPs, as the case may be. All of the securities held by the Models have daily liquidity, providing significant flexibility to SE to react to market events.

Each Investment Advisory Representative (IAR) recommending the Model platform works with the client to develop an allocation strategy best suited to the client's objectives, risk tolerance, time horizon, liquidity needs as well as other investment assets, income and tax situation. One or more Models may be used to accomplish the design criteria outlined. Each Model is allocated similarly for all clients in that Model and annual rebalancing is done, as necessary, to drive each Model account to desired weightings. A client may hold only one Model in each account, but

many clients hold multiple Models among different accounts to achieve their recommended allocations.

Aside from Models held within a Jefferson National Monument Advisor, a variable annuity, all accounts invested in the Model portfolios are custodied at National Financial Services, LLC, ("NFS") a Fidelity Investments Company, and held in separate accounts for each client.

Strategic Asset Allocation (SAA)

Strategic Asset Allocation is a custom designed portfolio, constructed by the Investment Advisory Representative (IAR), taking into account the client's objectives, risk tolerance, time horizon and liquidity needs as well the client's other investment assets, income and tax situation. The IAR will supervise the account and recommend an allocation and periodic rebalancing, but must get approval from the client before entering any trades in the account.

Portfolios may include Mutual Funds, ETFs (exchange traded funds), stocks, bonds, traded and non-traded REITs, hedge funds (including funds of funds), futures funds, unit investment trusts (UITs) and variable insurance and/or annuities. Mutual funds, UTIs, ETFs and variable insurance and annuity products often provide diversification but may be concentrated in a particular asset category or class within a category. The risk in these investments is determined by the risk in underlying issues (e.g., a stock mutual fund's risk is determined by the risk of the stocks in the fund). Further, some of the selected securities may be less liquid than those utilized in the Model portfolios. .

Third Party Managers

In this program, the IAR reviews the client's financial circumstances and recommends a third party investment manager. Some of the managers may be sub advisors under agreements with SE and others will have separate advisory agreements, with and make separate disclosures to each client. Clients are advised to review such information closely. The outside managers have discretion to buy, sell and trade stocks, bonds, mutual funds and other securities or contracts in accordance with the program selected by the client. The assets may be custodied at National Financial Services or at a custodian selected by the investment manager. The IAR will supervise the account and may recommend periodic rebalancing among the outside manager's offerings.

Flexible Managed Accounts

This program is similar to the SAA program except that the (1) IAR has discretion to execute trades without contacting the client first; and (2) these accounts may be held at the custodian of the client's choice. As with the SAA, the IAR reviews the client's financial circumstances and exercises discretion to buy and sell securities in the client's account. The securities used in these accounts may include mutual funds, ETFs, MLPs, UITs, equities, fixed income, hedge funds, REITs and insurance products such as variable annuities, among others. These accounts may be custodied at NFS or elsewhere.

In some cases, clients who wish to invest in Model portfolios but cannot use NFS as their custodian (often due to conflicts with their own employers) may ask their IARs to "mirror" the Model accounts in these flexible accounts.

Oversight Accounts

Several clients have asked their IARs to oversee assets that are managed by other advisors. Often, these are assets held in retirement plans. The IAR has no discretion but will review the assets in such accounts as agreed upon with the client.

Financial Planning

Fee based financial planning services are generally provided by Summit's affiliate, Summit Financial Resources, Inc. although Summit Equities occasionally performs such services. The services are based on fixed fees and the final fee structure is documented in the financial planning agreement.

Other Aspects of SE's Advisory Business

In its provision of investment advice and asset management, Summit utilizes various types of investments including, but not limited to mutual funds, ETFs, equities, fixed income, hedge funds, REIT's and insurance products such as variable annuities. Summit offers the same suite of services to all of its clients. However, each client profile assessment is used to construct a portfolio specific to that clients' needs, restrictions, and targets.

In some of the programs, Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Summit from properly servicing the client account, or if the restrictions would require Summit to deviate from its standard platform of services, Summit reserves the right to end the relationship.

Assets Under Management

Discretionary	786,895,395.87
Non-Discretionary	1,642,765,417.17
TOTAL AUM	2,429,660,813.04

Total Assets Under Management were calculated as of August 31, 2014

Item 5 Fees and Compensation

Investment Supervisory Services Fees

Fee Schedule	Maximum Annual Fee
Portfolios at National Financial Services	
Summit Models Program	1.25%
Strategic Asset Allocation	1.5%
Flexible Managed Accounts	1.5%
Summit Models at Jefferson National	1.5%
Third Party Managers	See Separate agreement with Advisor
SEI	
Investnet	
Brinker Capital	
Gates Advisors	1.65%
Alliance Bernstein	1.0%

Fees are negotiable. The fees for an account are included in the written Investment Management Agreement which the client and Summit sign.

The current investment management agreements provide that fees for accounts at National Financial Services are liquidated from the account. This occurs on the 15th business day of each month, based on average daily balance of the prior month. Advisory fees for third party managers are generally paid quarterly in arrears based upon the ending account values. Fees are deducted from the accounts managed. Older accounts may pay flat fees, pay fees in advance or have other fee arrangements.

Fees for financial planning depend upon the complexity of the client situation and generally range from \$4,000 to \$50,000. Fees are paid in advance. In the event the client is not satisfied, the client may request a fee refund in writing. The request must be within ten days of plan presentation and within six months of entering into the contract for planning. Financial planning fees are paid via check in advance.

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.) Those fees are separate and distinct from the fees and expenses charged by Summit and SE does not offset them. Please see Item 12 of this brochure regarding broker/custodian. Clients are also responsible for transaction charges, if any, associated with each trade, which are deducted by the custodian. For trades executed at NFS, SE charges service fees, which includes the ticket charges incurred by SE as well as an approximation of other charges incurred by SE in connection with maintaining the account at NFS (such as printing, postage, etc.) In the aggregate, charges to clients for these costs are not fully recouped through the added ticket charges, but any particular client may be assessed slightly more or less than the actual costs associated with his account. As noted above, Clients may select the Flexible Managed Account options, which enables them to purchase SE recommended products through other brokers or agents that are not affiliated with SE which may offer lower transaction costs.

The fees charged by mutual funds are also disclosed in each fund's prospectus, which is available on the fund manager's website, and may vary considerably. Assets held in variable annuities

may be assessed other charges. Clients with assets managed by third party managers should review those disclosures as well.

Summit and its supervised persons accept compensation for the sale of securities or other investment products, including asset based sales charges or services fees from the sale of mutual funds to its clients. This presents a conflict of interest and gives the supervised person and Summit an incentive to recommend products based on the compensation received rather than exclusively based on the client's needs.

SE and some of its IARs have received compensation from some variable annuity companies and sponsors of alternative investments in support of marketing initiatives occasionally.

For some of the advisory programs, clients have the option to purchase Summit recommended products through other brokers or agents that are not affiliated with Summit.

SE earns commissions on variable annuities but does not then charge a fee on them. Commissions are not Summit's primary source of compensation.

Item 6 Performance-Based Fees and Side-By-Side Management

Summit Equities, Inc. does not assess performance-based fees or other fees based on a share of capital gains on or capital appreciation of assets of a client.

Item 7 Types of Clients

Summit generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High Net Worth Individuals
- ❖ Corporations and/or Business Entities
- ❖ Pension & Profit Sharing Plans
- ❖ Charitable Organizations

Minimum Account Size

Managed accounts may be subject to minimum account size. The Summit Model Portfolios have a minimum account size of approximately \$100,000 and some outside advisors have minimum of \$100,000 to \$250,000. Any minimum account size is outlined in the investment management agreement entered into by the client.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

The strategies are different for the various types of advisory accounts.

In general, however the Investment Management Committee and IARs may use Morningstar, Bloomberg or other financial software programs to construct portfolios and research track records and fundamentals regarding the particular investments recommended. In addition, the investment management team at Summit reviews Hedge Funds (Hedge Fund of Funds), Non Traded REITs, Futures Funds, and Variable Life and Annuity, and other products which may be

used in portfolios. That review includes among other things deal terms, operating history, and past performance.

All advisory account clients should understand that all investment strategies involve risk and that investment performance and success of any strategy cannot be predicted or guaranteed. Past performance should not be used to forecast future results and bond investors should be aware that individual bond issues are subject to loss due to default and market risk due to interest rate movements or other market factors. Investments in stocks, REITs, hedge funds, (including fund of funds), futures funds involve significant risk including the potential loss of the entire investment. Money markets used in accounts are generally considered low risk but are not guaranteed and may be subject to loss and or change in market value.

The different programs utilize long term and short term trading, options writing including covered options, or spreading strategies. In addition, SE assists clients in long term deferred income strategies through use of variable annuities. Strategies also include hedging strategies through the use of hedge funds.

Clients participating in the Models should understand that the underlying holdings within the Models (Mutual Funds, ETFs, and MLPs) involve risk and the potential of loss. Money markets used in Models are generally considered low risk but are not guaranteed and may be subject to loss and or change in market value. Mutual funds and ETFs often provide diversification but may be concentrated in a particular asset category or class within a category. Investments in funds impose risk due to exposure to economic forces or factors for which the future is uncertain. Some of these are unique to individual funds, but many are common to many funds. Thus, a U.S. stock fund will typically move to a greater or lesser extent with the overall U.S. stock market. A fund's risk depends on how closely its return is coupled with given indexes, the riskiness of each index, and how closely the indexes tend to move together.

The level of overall investment market diversification will vary depending on the Model or Models used as well as the underlying exposures of the underlying funds or MLPs. The risk in a Model or collection of Models is a function of the underlying asset classes utilized and the particular weighting of the Models if more than one is used to meet the portfolio design. Further, all investment strategies involve risk and that investment performance and success of any strategy cannot be predicted or guaranteed. Past performance should not be used to forecast future result.

An MLP is a type of limited partnership that is publicly traded. Interests in the MLP are bought and sold in the form of depositary receipts traded in the secondary market (on a stock exchange). This ability to trade the receipts provides liquidity not conventionally available with private limited partnerships. MLPs can be organized for income, capital gains, or tax advantages for the limited partners. MLP investors buy units of the partnership rather than shares and are referred to as "unitholders." Individual MLPs provide no diversification beyond that afforded by the operating assets of the particular partnership.

Those MLPs that generate income are required to pay minimum quarterly distributions to limited partners. However, cash flow from MLPs in oil and gas are based on projected production and may result in varying income to investors.

Each unitholder is responsible for paying his or her share of the partnership's income taxes. Larger unitholders may be subject to the thresholds that would require an investor to file tax

returns in the various states in which the partnership operates. Moreover, limited partners might owe taxes on partnership income even if the units are held in a tax-free account, like an IRA.

Clients purchasing variable annuities can expect to see additional charges imposed by the insurance manufacturer including mortality and expense charges, administrative fees, and annual contract fees. Withdrawals of earnings will be subject to income tax. Surrender charges may apply for early withdrawal and the IRS may charge a 10% tax penalty on any withdrawal made before age 59½. Payments made pursuant to any guaranteed minimum death benefit are based on the claims paying ability of the annuity company.

Investment options may be restricted with living benefits riders. Hedge funds are speculative in nature and may use leverage or other aggressive investment practices. As a result, client returns may be highly volatile, and clients may lose all or a portion of the investment in the fund. Commodities based investments are subject to world events, liquidity, shifting market preferences, trade signal disruption, and many other things that cannot be successfully predicted, but do have a significant impact on future results.

Investments in funds impose risk due to exposure to economic forces or factors for which the future is uncertain. Some of these are unique to individual funds, but many are common to many funds. Thus, a U.S. stock fund will typically move to a greater or lesser extent with the overall U.S. stock market. A fund's risk depends on how closely its return is coupled with given indexes, the riskiness of each index, and how closely the indexes tend to move together.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9 Disciplinary Information

There are no legal or disciplinary events for Summit or those that meet the definition of management persons for purposes of this brochure.

Item 10 Other Financial Industry Activities and Affiliations

SE is registered as a broker-dealer with the Financial Industry Regulatory Authority ("FINRA"). All advisers with Summit including management persons are registered representatives with FINRA. SE also has certain affiliates which have the same employees, management and locations and in most cases, clients, as SE.

Summit Financial Resources, Inc. (SFR) SFR is a New Jersey corporation which is an SEC Registered Investment Adviser and whose primary business is that of providing financial and planning services for a fee to individuals, partnerships, corporations, trusts, and estates. Such services may include planning and/or consulting in the following areas: investments, income tax, estate, insurance, cash flow, fringe benefit, college funding, pension, retirement, business continuity, and consulting.

Summit Risk Management, Inc. - A New Jersey corporation which provides marketing support services for the related companies. In addition, Summit Risk Management, Inc. is licensed to sell various insurance products and may earn commissions or remunerations on such products.

The Summit Agency is a general insurance agency and may earn fees or compensation on insurance placed through it.

SE does not believe these relationships create material conflicts of interest for SE's clients and they are fully disclosed.

As noted in Item 4, SE may recommend other Investment Advisers as providers of investment management services for clients. Summit is typically compensated via a fee share from the advisors to which it directs those clients. This relationship is disclosed in each contract between a client and each third party advisor. Although this practice creates a theoretical conflict of interest in that the IAR has an incentive to direct clients to the third party money managers that provide Summit with a larger fee split, it is mitigated by the fact that the IARs can also use Summit in-house Investment Management team. Summit IARs are trained to act in the best interests of the client, including when determining which third party manager to recommend to clients.

The affiliates receive fees, commissions or other remuneration from non-clients which may be the result of a sale or product or service by the affiliate to the client. Also, Summit Equities has solicitor agreements wherein fees are paid to a solicitor for referrals.

Item 11 Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading

Summit maintains a written Code of Ethics that covers prohibited purchases and sales, insider trading, personal securities transactions, exempted transactions prohibited activities, conflicts of interest, gifts and entertainment, confidentiality and privacy, compliance procedures, certification of compliance, training and education, record keeping, and annual review. Clients may request a copy of our Code of Ethics by contacting 973-285-3670 or by emailing compliance@sfr1.com.

SE does not maintain principal investment accounts. It does not buy or sell securities to its clients (except to correct occasional trade errors) or invest on its own behalf. It crosses trades between advisory client accounts only infrequently and then only after making diligent efforts to confirm the price with multiple sources.

From time to time, representatives of SE may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Summit to buy (or sell) securities before (or after) recommending securities to clients resulting in representative profiting off the recommendations they provide to clients. Because most of the securities that SE recommends are either mutual funds, which trade at the same price, or ETFs, which are very liquid, SE does not think that clients are disadvantaged. Further, if a client and IAR trade at Summit in the same securities are entered on the same day, the client trades are executed first.

Item 12 Brokerage Practices

As noted above, SE is a broker and executes the trades in the Model and SAA accounts as well as some of the Flexible Managed accounts. SE directs its trades through NFS, its clearing broker. NFS was chosen based on its relatively low transaction fees, high quality of execution

and access to mutual funds and ETFs. SE does not charge commissions but does charge service fees which approximate the internal costs of facilitating the transactions with NFS.

Summit does not receive research, product, or service benefits other than standard execution from a broker dealer or third party in connection with client securities transactions nor does it receive referrals from a broker dealer or third party in exchange for using that broker dealer or third party.

Clients who prefer not to use SE as the executing broker may open Flexible Managed Account.

Summit maintains the ability to block trade purchases across accounts for discretionary managed accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage if trades are not aggregated due to the best execution practices of our custodian.

Summit maintains a fiduciary duty to seek the best execution pricing available for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client.

Summit Equities' primary objective when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as price, size of order, difficulty of execution, and broker skill. Based on these criteria, the firm may not necessarily pay the lowest commission or commission equivalent, as specific transactions can involve specialized services on the part of the broker.

Summit Equities evaluates periodically whether it is meeting its best execution obligation to ensure the services provided by Summit Equities as broker-dealer introducing to National Financial Services, LLC. remain competitive and are in the best interest of the firm's clients.

Item 13 Review of Accounts

Summit's proprietary model portfolios are reviewed on a continuous basis or at the direction of the Chief Investment Officer with reviews also triggered by market or economic events. Clients in individual model programs are reviewed on a periodic basis based on the financial condition and profile of the client and annually by the adviser of the account. Clients with assets held with third party money managers and other programs are reviewed on a quarterly basis. In addition, reviews may be triggered by material market, economic, or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, inheritance, or other life events)

Each client will receive at least quarterly a written report that details the client's account which will come from the custodian. Clients may also request summary reports of all of their assets managed in any SE advisory program.

Item 14 Client Referrals and Other Compensation

SE and its IARs receive trailing revenue from many of the mutual funds that SE has advised its clients to purchase and may receive overrides, as well.

SE may from time to time compensate solicitors for client referrals. Terms of the compensation are disclosed to the client in the management contract and upon request.

Item 15 Custody

The SEC defines custody as holding client funds or securities, directly or indirectly, or having the authority to obtain possession of them. For example, advisers are deemed to have custody where the adviser can transfer a client's assets, even with written or oral permission from the client, unless certain conditions are met as detailed by the SEC in an FAQ. SE does assist clients with asset transfers and for some of the custodians which hold the assets. Therefore, it is deemed to have custody over certain assets held at NFS and several other custodians. For those assets, SE is obligated to adhere to additional safeguards which include ensuring that the assets are maintained with a "qualified custodian," (a legal term by the SEC); notifying the clients of the name and address of the qualified custodian, having a reasonable belief that the qualified custodian sends statements no less than quarterly, and engaging an independent public accountant to examine those assets on a surprise basis every year. The accountant performing the "surprise" examination will contact some, or all, advisory clients to confirm their holdings with those listed on the records of the adviser. Summit is also deemed to have custody with respect to certain of its assets because it can deduct advisory fees from those accounts.

SE urges clients to compare the account statements they receive from their account custodian with any performance report or statements SE or its service providers may create for them.

Item 16 Investment Discretion

SE has discretionary authority over specific Model Portfolios on its platform and it determines the securities to be bought or sold, the amount of securities to be bought or sold, and the timing of the purchases and sales of the securities. SE's discretionary authority for management accounts extends to determining what mutual funds or individual equities and what amount of each are to be bought or sold in a particular portfolio. For these accounts, no load or Class A shares @ NAV are generally used. In the past, B or C Class shares fund accounts were created with any moves in these accounts made within the same family of funds. Some B or C share accounts continue to be managed, but generally no further such accounts are offered, except for smaller accounts and unless approved by the client.

Item 17 Voting Client Securities

Summit will not request or accept voting authority for clients. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18 Financial Information

A. Balance Sheet as of December 31, 2013

ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY	
Cash and cash equivalents	\$ 3,974,000	Accounts Payable to clearing organization	\$ 105,293
Receivable from clearing organization and other receivables.	2,826,430	Current Liabilities	3,156,271
Fixed and Long Term Assets	784,899	Long Term Liabilities	98,103
Total Assets	<u>\$ 7,585,329</u>	Total Liabilities	<u>3,359,667</u>
		Stockholders' equity	
		Common stock, no par value, Class A; authorized 1,250 shares; 60.720 issued and 39.250 shares outstanding	\$ 7,500
		Class B; non-voting; authorized 1,250 shares; 166.060 issued and 127.660 shares outstanding	15,178
		Additional paid-in capital	1,137,172
		Retained earnings	4,002,670
		Treasury stock, 21.470 shares of Class A held at cost	(332,320)
		Treasury stock, 34.830 shares of Class B held at cost	(604,538)
		Total stockholders' equity	<u>4,225,662</u>
			<u>\$ 7,585,329</u>

Neither SE nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients. SE has not been the subject of any bankruptcy petition in the last ten years.