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

SEC FILE NUMBER  
8-65921

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**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 January 1, 2006 AND ENDING December 31, 2006  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER - DEALER:

Mount Yale Securities, LLC

OFFICIAL USE ONLY  
FIRM ID. NO.

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

1125 Seventeenth Street, Suite 1400

(No. and Street)

Denver

(City)

CO

(State)

80202

(Zip Code)

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

Michael J. Sabre

952-897-5395

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Deloitte & Touche LLP

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

400 One Financial Plaza, 120 S 6<sup>th</sup> St., Minneapolis

(Address)

(City)

MN

(State)

55402

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

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\*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)

APR 4

***Mount Yale Securities, LLC***

*Statement of Financial Condition as of  
December 31, 2006 and  
Independent Auditors' Report and  
Supplemental Report on Internal Control*

*This report is deemed PUBLIC in accordance with  
Rule 17a-5(e)(3) under the Securities Exchange Act of  
1934.*



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## INDEPENDENT AUDITORS' REPORT

To the Members of  
Mount Yale Securities, LLC

We have audited the accompanying statement of financial condition of Mount Yale Securities, LLC (the "Company") as of December 31, 2006, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, 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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of Mount Yale Securities, LLC as of December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

*Deloitte & Touche LLP*

February 27, 2007

# MOUNT YALE SECURITIES, LLC

## STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2006

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### ASSETS

Cash and cash equivalents	\$ 256,311
Accounts receivable	89,689
Related-party receivable	20,956
Prepaid expenses	<u>1,995</u>
TOTAL	<u>\$ 368,951</u>

### LIABILITIES AND MEMBER'S INTEREST

LIABILITIES - Accrued expenses and other liabilities	\$ 28,087
MEMBER'S INTEREST	<u>340,864</u>
TOTAL	<u>\$ 368,951</u>

See notes to statement of financial condition.

# MOUNT YALE SECURITIES, LLC

## NOTES TO STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2006

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### 1. ORGANIZATION

Mount Yale Securities, LLC (the "Company"), a wholly owned subsidiary of Mount Yale Capital Group, LLC (the "Parent"), is a registered introducing broker-dealer in securities under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc. ("NASD"). The Company is a limited-service brokerage firm engaged in the private placement of securities, which commenced operations on April 7, 2003, and obtained membership from the NASD on October 8, 2003.

As of November 8, 2004, the original membership interest in the Company was purchased by the Parent for \$22,800 in cash. The effects of this purchase transaction have not been pushed down to the financial statements. In connection with this transaction, the name of the Company was changed from Alpha Brokerage Partners, LLC to Mount Yale Securities, LLC.

Other Company affiliates 100% owned by the Parent include Mount Yale Asset Management, LLC ("MYAM"), which is registered as an investment adviser with the Securities and Exchange Commission ("SEC") and as a commodity pool operator and trading adviser with the Commodity Futures Trading Commission. Mount Yale Investment Advisors, LLC ("MYIA") and Mount Yale Portfolio Advisors, LLC ("MYPA") are investment advisory firms registered as investment advisers with the SEC. MYIA and MYPA provide advisory services to high net worth and institutional clients.

### 2. SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**—The financial statements are prepared on an accrual basis. Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements. Management believes that the estimates utilized in the preparation of the financial statements are reasonable and prudent. Actual results could differ from those estimates.

**Cash and Cash Equivalents**—Cash and cash equivalents include cash balances and investments with original maturities of three months or less. At December 31, 2006, the Company did not have cash equivalents.

**Fee Income**—The Company and its affiliates act as placement agents for various third party investment managers and earn fees based upon the level of assets invested with such managers. Certain placement fees are also subject to investment manager performance criteria. Such income is recognized upon notification by an investment manager that the performance criteria has been achieved, which may, under certain circumstances, coincide with the cash receipt of fee income by the Company.

The Company also receives commission income from MYAM to reimburse the Company for commissions paid to the sales staff in connection with sales efforts benefiting affiliated entities. Additionally, the Company receives referral fees from certain counterparties in connection with product sales which are also passed through to the sales agents negotiating such transactions.

*Income Taxes*—The Company is treated as a partnership for income tax purposes. Federal and state income tax statutes require that the income or loss of a partnership be included in the tax returns of the member.

### 3. RELATED-PARTY TRANSACTIONS

The Company and MYPA have entered into an administrative services agreement to provide administrative, managerial, and accounting services, as well as joint use and sharing of office facilities.

The Company's results of operations are not necessarily indicative of the results that might occur if the Company were operating independently.

### 4. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined under such provisions, shall not exceed 15 to 1. In addition, the Company may be prohibited from expanding its business or paying cash dividends if its ratio of aggregate indebtedness to net capital is greater than 10 to 1. At December 31, 2006, the Company had net capital of \$228,224 which was \$223,224 in excess of the required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was 0.12 to 1.

### 5. CONTINGENCIES

The Company is obligated to indemnify its officers and directors against certain liabilities incurred by them by reason of having been an officer or director of the Company. In addition, in the normal course of the business, the Company enters into contracts that provide general indemnifications to other parties. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. However, the Company has not had prior claims or losses pursuant to these indemnification provisions and expects the risk of loss to be remote.

\* \* \* \* \*

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

To the Member of  
Mount Yale Securities, LLC:

In planning and performing our audit of the financial statements of Mount Yale Securities, LLC (the "Company") for the year ended December 31, 2006, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "Commission"), we have made a study of the practices and procedures including tests of compliance with 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 and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13 or in 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, because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities.

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 Commission'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 acquisition, 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of them to future periods are 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 control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or

report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

*A material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 Commission 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, 2006, to meet the Commission's objectives.

This report is intended solely for the information and use of the member, management, the Commission, the National Association of Securities Dealers, 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.

Deloitte & Touche LLP

February 27, 2007

END