

MP

pls  
2/18



11015091

SECURI Washington, D.C. 20549 .ON

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

SEC FILE NUMBER
8- 46943

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 1/1/10 AND ENDING 12/31/10  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Cascade Investment Group, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

90 S. Cascade Avenue, Suite 1250

(No. and Street)

Colorado Springs

Colorado

80903

(City)

(State)

(Zip Code)

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

Kenneth Beach, President

(719) 632-0818

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

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

StarkSchenkein, LLP

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

3600 S. Yosemite Street, Suite 600

Denver

CO

80237

(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)

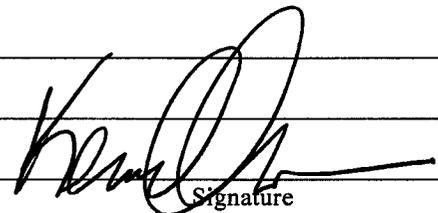
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

pls  
2/23

OATH OR AFFIRMATION

I, Kenneth Beach, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Cascade Investment Group, Inc., as of December 31, 2010, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
Signature

\_\_\_\_\_  
President  
Title

  
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).

**Cascade Investment Group, Inc.**  
**Table of Contents**

	<u>Page</u>
Report of Independent Auditors	1
Statement of Financial Condition	2
Statement of Income	3
Statement of Stockholders' Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule I – Computation of Net Capital Under Rule 15c3-1 Of the Securities and Exchange Commission	10
Schedule III – Computation for Determination of Reserve Requirements and Information Relating to the Possession and Control Requirements Under Rule 15c-3	11
Independent Auditors' Report on Internal Control Required by Rule 17a-5 of the Securities and Exchange Commission	12-13
SIPC-7T	14-15
Independent Auditors' Report on the SIPC Annual Assessment Required Under SEC Rule 17a-15(e)(4)	16



# StarkSchenkein, LLP

BUSINESS ADVISORS & CPAs

## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors  
Cascade Investment Group, Inc.

We have audited the accompanying statement of financial condition of Cascade Investment Group, Inc., as of December 31, 2010, and the related statements of income and stockholders' 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 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 Cascade Investment Group, Inc., as of December 31, 2010, 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 Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities 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.

Denver, Colorado  
February 3, 2011

**Cascade Investment Group, Inc.**  
**Statement of Financial Condition**  
**December 31, 2010**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 312,903
Receivable from clearing organization	27,957
Securities	99,207
Other assets	48,849
Cash held on deposit with clearing broker	<u>25,000</u>
	<u>\$ 513,916</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**LIABILITIES**

Accounts payable and accrued expenses	<u>\$ 74,694</u>
---------------------------------------	------------------

**STOCKHOLDERS' EQUITY**

Common stock, no par value, 50,000 shares authorized, 140 shares issued and outstanding	100,974
Retained earnings	<u>338,248</u>
	<u>439,222</u>
	<u>\$ 513,916</u>

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

**Cascade Investment Group, Inc.**  
**Statement of Income**  
**For The Year Ended December 31, 2010**

**REVENUES**

Commissions and asset management fees	\$ 1,469,300
Investment income	15,961
Interest income	<u>2,042</u>
Total revenues	<u>1,487,303</u>

**EXPENSES**

Commissions	724,861
Employee compensation and benefits	349,181
Occupancy	79,007
Clearance fees	107,593
Communications and data processing	29,848
Other operating expenses	<u>190,873</u>
Total expenses	<u>1,481,363</u>

**INCOME BEFORE PROVISION FOR INCOME TAXES** 5,940

**Provision for income taxes** -

**NET INCOME** \$ 5,940

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

**Cascade Investment Group, Inc.  
Statement of Stockholders' Equity  
For the Year Ended December 31, 2010**

	<u>Common Stock</u>		<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
	<u>Number of Shares</u>	<u>Amount</u>		
Balance, December 31, 2009	140	\$ 100,974	\$ 332,308	\$ 433,282
Net Income	<u>-</u>	<u>-</u>	<u>5,940</u>	<u>5,940</u>
Balance, December 31, 2010	<u>140</u>	<u>\$ 100,974</u>	<u>\$ 338,248</u>	<u>\$ 439,222</u>

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

**Cascade Investment Group, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2010**

**OPERATING ACTIVITIES**

Net Income	\$ 5,940
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	2,307
Net realized and unrealized gain on investment securities	(15,691)
Changes in assets and liabilities:	
Increase in receivable from clearing organization	(7,161)
Decrease in prepaid expenses	6,363
Increase in accounts payable and accrued expenses	13,943
Net cash provided by operating activities	5,701

**INVESTING ACTIVITIES**

Proceeds from sale of investments	14,774
Purchases of investments	(17,242)
Net cash (used in) investing activities	(2,468)

**FINANCING ACTIVITIES**

Net cash provided by financing activities	-
---	---

<b>NET INCREASE IN CASH</b>	3,233
<b>CASH AT BEGINNING OF YEAR</b>	309,670
<b>CASH AT END OF YEAR</b>	\$ 312,903

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

**CASCADE INVESTMENT GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**Note 1 – Summary of significant accounting policies**

**Organization**

Cascade Investment Group, Inc. (the “Company”), is a Colorado corporation organized on September 16, 1993. The Company is a broker/dealer registered with the Securities and Exchange Commission (the “SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”). The Company, in connection with its activities as a broker/dealer, is an introducing firm and is prohibited from receiving funds or securities from its customers; rather, the Company utilizes a clearing broker to perform the custodial functions. The Company maintains two offices in Colorado Springs, Colorado.

**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 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 revenue and expenses during the reporting period. Actual results could differ significantly from those estimates.

**Income Taxes**

In accordance with FASB ASC TOPIC 740 – “Income Taxes”, the Company accounts for income taxes using the asset and liability method, under which deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

**Revenue Recognition**

The Company recognizes commissions and related clearing expenses on a trade-date basis as securities transactions occur.

The Company receives managed account fees from its clients based on the average quarterly value of the clients’ accounts. Managed account fees are recorded as they are earned.

**Cash and Cash Equivalents**

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

**Concentrations of Credit Risk**

The Company maintains all cash in bank accounts, which at times may exceed federally insured limits. The Company has not experienced a loss in such accounts.

**CASCADE INVESTMENT GROUP, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**Note 1 – Summary of significant accounting policies (continued)**

**Fair Value of Financial Instruments**

The carrying value of cash, prepaid expenses and accounts payable approximates fair value because of the short maturity of these items.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2010, was \$16,211.

**Note 2 – Net Capital Requirements**

The Company is subject to the SEC uniform net capital rule (SEC 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, shall not exceed 15 to 1. At December 31, 2010, the Company had net capital of \$366,644, which was in excess of its required net capital of \$50,000. The Company's ratio of aggregate indebtedness to net capital was 20% at December 31, 2010.

**Note 3 – Regulatory Provisions**

The Company is exempt from Securities and Exchange Commission Rule 15c3-3 under the provisions of Section (k)(2)(ii) and, therefore, is not required to make the periodic computation for determination of reserve requirements or information relating to the possession and control requirements under Rule 15c3-3.

**Note 4 – Clearing Agreement**

The Company has an agreement with RBC Capital Markets ("RBC") under which RBC clears all securities transactions for the Company's customers and also performs all "back room" functions for the Company. These functions include, among other things, executing customer orders as they are transmitted to RBC, preparing and mailing transaction confirmations and customer statements directly to the Company's customers and performing all cashiering functions for customer accounts.

The Company receives commission and fee income from RBC based on the number and size of transactions. The Company pays all costs associated with transactions executed through RBC plus a "per transaction" fee based on the amount of business transacted during the month.

The agreement requires, and the Company maintains, a minimum cash deposit with RBC of \$25,000.

The Company currently transacts all of its brokerage business through RBC. Should RBC not fulfill its obligations under the agreement, the Company may be exposed to risk. The risk of default depends on RBC's ability to continue to perform under the agreement as well as

**CASCADE INVESTMENT GROUP, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

creditworthiness of RBC. It is the Company's policy to review, as necessary, the credit standing and financial viability of RBC.

**Note 5 – Investments**

The estimated fair market values of investments in securities at December 31, 2010, is as follows:

	<u>Cost</u>	<u>Gross Unrealized (Gain)/Loss</u>	<u>Estimated Fair Value</u>
Equity securities	\$ 69,329	\$ 13,771	\$83,100
Corporate bond funds	<u>17,885</u>	<u>(1,778)</u>	<u>16,107</u>
Total	<u>\$ 87,214</u>	<u>\$(11,993)</u>	<u>\$99,207</u>

Income from investments for 2010 consists of the following:

Interest and dividends	\$ 2,042
Realized and unrealized gains on investments	<u>15,961</u>
Total	<u>\$18,003</u>

The estimated fair value of the investments was measured using quoted prices in active markets for identical assets.

**Note 6 – Retirement Plan**

The Company has a profit sharing plan, which is qualified under Section 401(k) of the Internal Revenue Code. The Company made contributions to the plan for the year ended December 31, 2010, of \$21,008.

**Note 7 – Commitments**

The Company leases office space from an unrelated party under a lease that expires May 31, 2012. Total rent expense for the year ended December 31, 2009, was \$94,680. In addition, the Company leases computer and other office equipment. The future minimum lease payments are as follows:

2011	\$ 80,230
2012	47,082
2013	<u>4,231</u>
	<u>\$131,543</u>

**CASCADE INVESTMENT GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**Note 8 – Income Taxes**

The Company accounts for income taxes under Accounting Standards subtopic 740-10, "Income Taxes" ("ASC 740-10"), which requires the use of the liability method. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

The Company's provision for income taxes differs from the tax that would result from applying statutory rates to income before income taxes primarily because the Company has differences resulting from the 50% limitation on meals and entertainment expenses, unrealized gains and losses, and depreciation. During the year ended December 31, 2010, the Company made no estimated tax payments and is expected to owe an immaterial amount in taxes for the year ended December 31, 2010.

**Note 9 – Subsequent Events**

Management of the Company has evaluated all subsequent transactions through the date the financial statements were available to be issued and has determined that there are no subsequent events that require disclosure.

**Cascade Investment Group, Inc.**  
**Schedule I - Computation Of Net Capital Under Rule 15c3-1**  
**Of The Securities And Exchange Commission**  
**December 31, 2010**

Total stockholders' equity qualified for net capital from the Statement of Financial Condition	\$ 439,222
Less: Total nonallowable assets	53,849
Haircut of marketable securities	<u>18,729</u>
Net Capital	<u>\$ 366,644</u>
Aggregate indebtedness - from the Statement of Financial Condition	<u>\$ 74,694</u>
Basic net capital requirement	<u>\$ 50,000</u>
Excess net capital	<u>\$ 316,644</u>
Ratio aggregate indebtedness to net capital	<u>20%</u>
Net capital as reported in Company's Part II (unaudited) FOCUS Report as of December 31, 2010:	<u>\$ 366,644</u>

**Cascade Investment Group, Inc.**  
**Schedule III – Computation for Determination of Reserve Requirements**  
**and Information Relating to the Possession and Control**  
**Requirements Under Rule 15c3-3**  
**December 31, 2010**

Cascade Investment Group, Inc., operates pursuant to the Section K (2)(ii) exemption provision of the Securities and Exchange Commission Rule 15c3-3, of the customer protection rules, and does not hold customer funds or securities. Therefore, there are no reserve requirements and no possession and control requirements.



# StarkSchenkein, LLP

BUSINESS ADVISORS & CPAs

To the Board of Directors of  
Cascade Investment Group, Inc.

In planning and performing the audit of the financial statements and supplemental schedule of Cascade Investment Group, Inc. (the "Company"), as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting, including control activities for safeguarding securities, as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing 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 (SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17-a (5)(g) in the following: 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 the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the 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 the 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 accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practice and procedures listed in the preceding paragraph.

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

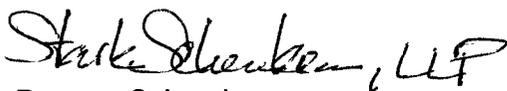
them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

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 result 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.

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 purpose 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 indicates a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2010, to meet the SEC's objectives.

This report is intended solely for the information and use of the members, management, the SEC, 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 those specified parties.



Denver, Colorado  
February 3, 2011

**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 Dec 31, 2010  
(Read carefully the instructions in your Working Copy before completing this Form)

**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:

Cascade Investment Group  
90 S. Cascade Ave. Ste. 1250  
Colorado Springs, CO  
80903

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.

2 A. General Assessment (item 2e from page 2)		\$ <u>3271.00</u>
B. Less payment made with SIPC-6 filed (exclude interest)	16.1	( <u>1586.<sup>00</sup></u> )
		<u>July 26, 2010</u> Date Paid
C. Less prior overpayment applied		( <u>0</u> )
D. Assessment balance due or (overpayment)		<u>1685.<sup>00</sup></u>
E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum		<u>0</u>
F. Total assessment balance and interest due (or overpayment carried forward)		\$ <u>1685.<sup>00</sup></u>
G. PAID WITH THIS FORM: Check enclosed, payable to SIPC Total (must be same as F above)		\$ <u>1685.<sup>00</sup></u>
H. Overpayment carried forward		\$ ( <u>0</u> )

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.

Dana Capozzella  
Cascade Investment Group  
(Name of Corporation, Partnership or Other Organization)  
[Signature]  
(Authorized Signature)  
Compliance Officer / Sec / Treas.  
(Title)

Dated the 8 day of FEB, 2011

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 JAN, 2010  
and ending Dec, 2010  
Eliminate cents

**Item No.**

2a Total revenue (FOCUS Line 12 Part I A Line 9 Code 4030)

\$ 1,487,304

**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

0

(3) Net loss from principal transactions in commodities in trading accounts

0

(4) Interest and dividend expense deducted in determining item 2a

0

(5) Net loss from management of or participation in the underwriting or distribution of securities

0

(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

0

(7) Net loss from securities in investment accounts

0

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.

162,981

(2) Revenues from commodity transactions

0

(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.

0

(4) Reimbursements for postage in connection with proxy solicitation.

0

(5) Net gain from securities in investment accounts.

15,961

(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.

0

(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 15(3)(L) of the Act).

0

(8) Other revenue not related either directly or indirectly to the securities business (See Instruction 2)

0

(9) Total interest and dividend expense (FOCUS Line 22 PART I A Line 13 Code 4035 plus line 20(4) above) but not in excess of total interest and dividend income

\$ 0

(10) 40% of margin interest earned on customer securities accounts (40% of FOCUS Line 5 Code 3930)

\$ 0

Enter the greater of (9) or (10)

0

Total deductions

178,942

2d SIPC Net Operating Revenues

\$ 1,308,362

2e General Assessment @ .0025

\$ 3271.<sup>00</sup>

(to page 1 line 2 A)



# StarkSchenkein, LLP

BUSINESS ADVISORS & CPAs

## INDEPENDENT AUDITORS' REPORT ON THE SIPC ANNUAL ASSESSMENT REQUIRED UNDER SEC RULE 17a-5(e)(4)

To the Board of Directors  
Cascade Investment Group, Inc.

In accordance with Rule 17a-5(e)(4) of the Securities and Exchange Commission, we have performed the following procedures with respect to the accompanying schedule of Securities Investor Protection Corporation assessments and payments (Form SIPC-7T) of Cascade Investment Group, Inc., for the year ended December 31, 2010. These procedures were performed solely to assist in complying with Rule 17a-5(e)(4), and the report is not to be used for any other purpose. The procedures that were performed are as follows:

1. Compared listed assessment payments with respective cash disbursements record entries;
2. Compared amounts reported on Form X-17a-5 with the amounts reported in the General Assessment Reconciliation (Form SIPC-7T) for the twelve months ended December 31, 2010;
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers supporting adjustments; and
5. Compare the amount of any overpayment applied with the Form SIPC-7T on which it was compared.

Because the above procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on the schedule referred to above. In connection with the procedures referred to above, nothing came to our attention that caused us to believe that the amounts shown on Form SIPC-7T were not determined in accordance with the applicable instructions and forms.

This report relates only to the schedule referred to above and does not extend to any financial statements of Cascade Investment Group, Inc., taken as a whole.

Denver, Colorado  
February 3, 2011

**CASCADE INVESTMENT GROUP, INC.**

**REPORT PURSUANT TO RULE 17a-5**

**FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT AUDITORS**

**AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2010**