

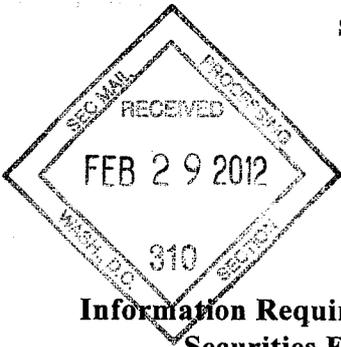
mk



SEC

MISSION

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
8-42013

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 January 1, 2011 AND ENDING December 31, 2011  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: GW & Wade Asset Management Company, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

93 Worcester Street

(No. and Street)

Wellesley

(City)

MA

(State)

02481-3609

(Zip Code)

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

Timothy Pinch

781-239-1188

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

LGC&D LLP

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

10 Weybosset Street, Suite 700

(Address)

Providence

(City)

RI

(State)

02903

(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)

44

OATH OR AFFIRMATION

I, Timothy Pinch, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supporting schedules pertaining to the firm of GW & Wade Asset Management Company, LLC as of and for the year ended December 31, 2011, are true and correct. I further affirm that neither the Company nor any Member, principal officer, or director has any proprietary interest in any account classified solely as that of a customer.

Timothy Pinch  
Signature

Chief Operating Officer, Compliance and Secretary  
Title

Subscribed and sworn to before me this  
27<sup>th</sup> day of February, 2012

Cecel W. Cassoli  
Notary Public

Commission expires Nov 8, 2013

This report contains (check all applicable boxes):

- (a) Facing Page
- (b) Statement of Financial Condition
- (c) Statement of Income
- (d) Statement of Cash Flows
- (e) Statement of Changes in Member's Equity
- (f) Statement of Changes in Liabilities Subordinated to Claims of General Creditors
- (g) Computation of Net Capital Pursuant to Rule 15c3-1
- (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 (bound under separate cover)
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit
- (o) Independent Auditors' Report on Internal Control

GW & WADE ASSET MANAGEMENT COMPANY, LLC  
(A LIMITED LIABILITY COMPANY)

YEAR ENDED DECEMBER 31, 2011

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
Financial statements:	
Statement of financial condition	3
Statement of income	4
Statement of changes in member's equity	5
Statement of cash flows	6
Notes to financial statements	7-11
Supplemental schedules:	
Schedule I: Computation of net capital under Rule 15c3-1 of the Securities Exchange Act of 1934	12-13
Schedule II: Statement of exempt status	14
Independent Auditors' Report on Internal Control	15-17



## **Independent Auditors' Report**

Member  
GW & Wade Asset Management Company, LLC  
(a Limited Liability Company)  
Wellesley, Massachusetts

We have audited the accompanying statement of financial condition of GW & Wade Asset Management Company, LLC (a Limited Liability Company) (the Company) as of December 31, 2011, and the related statements of income, changes in member's 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. 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 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. 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 financial statements referred to above present fairly, in all material respects, the financial position of GW & Wade Asset Management Company, LLC as of December 31, 2011, 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.

**Independent Auditors' Report (Continued)**

Member  
GW & Wade Asset Management Company, LLC  
(a Limited Liability Company)

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in Schedules I and II required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*LJC & O LLP*

Providence, Rhode Island  
February 24, 2012

GW & WADE ASSET MANAGEMENT COMPANY, LLC  
(A LIMITED LIABILITY COMPANY)

STATEMENT OF FINANCIAL CONDITION – DECEMBER 31, 2011

ASSETS

Cash and cash equivalents	\$ 688,102
Receivable from clearing broker-dealer	721,008
Commissions receivable	907,903
Investment	100,199
Prepaid expenses	51,485
Goodwill	10,597,421
Intangible assets, less accumulated amortization	<u>6,406,233</u>
	<u>\$ 19,472,351</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities:	
Due to Affiliate	\$ 249,930
Accounts payable	23,662
Deferred revenue	<u>14,900</u>
	288,492
Commitment (Note 2)	
Member's equity	<u>19,183,859</u>
	<u>\$ 19,472,351</u>

See notes to financial statements.

GW & WADE ASSET MANAGEMENT COMPANY, LLC  
(A LIMITED LIABILITY COMPANY)

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2011

Revenues:	
Commissions	\$ 7,919,862
Interest and dividends	36,692
	<hr/>
	7,956,554
	<hr/>
Expenses:	
Clearing expenses	466,729
Management fee, Affiliate	2,867,262
Administrative fee, Affiliate	873,000
Amortization of intangible assets	961,500
Regulatory fees	52,458
Software expense	45,738
Other operating expenses	251,545
	<hr/>
	5,518,232
	<hr/>
Net income	\$ 2,438,322
	<hr/> <hr/>

See notes to financial statements.

GW & WADE ASSET MANAGEMENT COMPANY, LLC  
(A LIMITED LIABILITY COMPANY)

STATEMENT OF CHANGES IN MEMBER'S EQUITY

YEAR ENDED DECEMBER 31, 2011

Balance, beginning of year	\$ 19,899,648
Net income	2,438,322
Distributions to Member	<u>(3,154,111)</u>
Balance, end of year	<u>\$ 19,183,859</u>

See notes to financial statements.

GW & WADE ASSET MANAGEMENT COMPANY, LLC  
(A LIMITED LIABILITY COMPANY)

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2011

Cash flows from operating activities:	
Net income	\$ 2,438,322
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization	961,500
Premium amortized on U.S. Treasury Note	1,028
(Increase) decrease in:	
Receivable from clearing broker-dealer	(261,692)
Commissions receivable	13,484
Prepaid expenses	1,667
Increase (decrease) in:	
Due to Affiliate	309,487
Accounts payable	2,326
Deferred revenue	3,500
	<hr/>
Net cash provided by operating activities	3,469,622
	<hr/>
Cash flows from investing activities:	
Maturity of U.S. Treasury Notes	100,000
Purchase of U.S. Treasury Notes	(100,433)
	<hr/>
Net cash used in investing activities	(433)
	<hr/>
Cash used in financing activities, distributions to Member	(3,154,111)
	<hr/>
Net increase in cash and cash equivalents	315,078
Cash and cash equivalents, beginning of year	373,024
	<hr/>
Cash and cash equivalents, end of year	<u>\$ 688,102</u>

See notes to financial statements.

GW & WADE ASSET MANAGEMENT COMPANY, LLC  
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

1. Organization and summary of significant accounting policies:

GW & Wade Asset Management Company, LLC (a Limited Liability Company) (the Company) is a wholly-owned subsidiary of Focus Operating, LLC (the Member), which is a subsidiary of Focus Financial Partners, LLC (Focus).

The Company is an introducing broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company provides brokerage services to customers of an affiliated company, GW & Wade, LLC (also a subsidiary of the Member), operating as an investment advisory company registered with the SEC and various state securities and other agencies providing financial advisory services to affluent individuals and their families residing throughout the United States (principally in Massachusetts).

The Company operates under the provisions of Paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934 and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker-dealer, and promptly transmit all customer funds and securities to the clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the accompanying financial statements relate to commissions receivable and the resulting management fee expense.

Fair value measurements:

Accounting guidance pertaining to fair value measurements provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3: Unobservable inputs that are not corroborated by market data

GW & WADE ASSET MANAGEMENT COMPANY, LLC  
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2011

1. Organization and summary of significant accounting policies (continued):

Cash and cash equivalents:

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2011, the Company had \$319,521 of cash equivalents, consisting of money market mutual funds which are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Goodwill and intangible assets:

Goodwill is tested at least annually for impairment, and is tested for impairment more frequently if events and circumstances (for example, financial losses and adverse business conditions) indicate that it might be impaired. A two-step impairment test is performed on goodwill. In the first step, the Company compares its fair value to the carrying value of its net assets. Fair value is determined using a discounted cash flow approach. Under this approach, management uses certain assumptions in its discounted cash flow analysis. These assumptions include but are not limited to: a risk adjusted rate that is estimated to be commensurate with the risk associated with the underlying cash flows, cash flow trends from prior periods, current-period cash flow, and management's expectation of future cash flow based on projections or forecasts derived from its understanding of the relevant business prospects, economic or market trends and regulatory or legislative changes which may occur.

If the Company's fair value exceeds the carrying value of its net assets, no further testing is performed. If the carrying value exceeds the fair value, then the Company performs the second step in order to determine the implied fair value of goodwill and compares it to the carrying value of goodwill for impairment loss assessment.

Amortization of intangible assets is provided using the straight-line method over a 10-year estimated useful life for customer lists and a 20-year estimated useful life for the management contract. The Company evaluates the remaining useful lives assigned to intangible assets annually to determine whether events or circumstances require the Company to revise the remaining period of amortization. The Company also evaluates intangible assets for impairment whenever events or changes in circumstances indicate that the intangible asset might be impaired. Recoverability of an asset is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by an asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount, based on discounted cash flows, by which the carrying amount of the asset exceeds the fair value of the asset.

GW & WADE ASSET MANAGEMENT COMPANY, LLC  
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2011

1. Organization and summary of significant accounting policies (continued):

Securities transactions:

The Company buys and sells securities for customers of GW & Wade, LLC by introducing transactions for execution, clearance, and settlement to another broker-dealer on a fully disclosed basis.

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing by the clearing broker-dealer of various customer securities transactions. These activities may expose the Company to off-balance sheet risk in the event the customer is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss. The Company's policy is ordinarily not to execute security transactions unless the customer is able to fulfill its contracted obligations.

Commissions:

Commissions, including front-end fees received related to mutual fund transactions introduced and related clearing expenses, are recorded on a trade-date basis as securities transactions occur. 12b-1 distribution fees based on a percentage of a fund's daily net asset levels are recorded as commissions in the period to which they relate. Other commissions are recognized when earned.

Investment:

The Company's investment consists of a U.S. Treasury Note maturing in October 2012, and is classified as available for sale; therefore it is carried at fair value. Unrealized holding gains and losses resulting from changes in fair value, if any, are included in net income. At December 31, 2011, the fair value of the Company's investment, based on its quoted market value (Level 1), approximates cost.

Income taxes:

The Company is a limited liability company and files consolidated tax returns with the Member. The Member has elected to be treated as a partnership for federal and state income tax reporting purposes. Accordingly, no income tax liability or asset has been recorded in the accompanying financial statements since the Member will include the Company's income or loss, whether or not distributed, in its income tax returns.

GW & WADE ASSET MANAGEMENT COMPANY, LLC  
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2011

1. Organization and summary of significant accounting policies (continued):

Liability of the Member:

The Member is not liable for obligations or liabilities of the Company, except to the extent provided for in the Delaware Act.

2. Related party transactions:

The Company maintains an expense-sharing arrangement with GW & Wade, LLC (the Affiliate) under which the Company is required to reimburse the Affiliate for its allocable share of expenses, including management fees payable under a contractual arrangement entered into by the Affiliate and Focus, as determined by the Affiliate. For the year ended December 31, 2011, the Affiliate allocated to the Company \$3,740,262 of expenses, including management fees. Amounts allocated by the Affiliate and charged to the Company as an administrative fee principally relate to employee compensation and benefits and occupancy costs, and have not been classified in the accompanying statement of income based on their natural classification.

3. Regulatory requirements:

The Company is subject to the Securities and Exchange Commission 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 (and also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2011, the Company had net capital of \$597,381, which was \$578,148 in excess of its required net capital of \$19,233. The Company's ratio of aggregate indebtedness to net capital was 0.48 to 1.

The Company is also subject to other rules and regulations of the SEC, as well as rules and regulations of FINRA and the various state securities and other agencies in the states in which it is licensed to conduct business. Compliance with such laws and regulations is subject to possible government review and interpretation.

GW & WADE ASSET MANAGEMENT COMPANY, LLC  
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2011

4. Intangible assets and goodwill:

At December 31, 2011, intangible assets consist of the following:

	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>
Customer lists	\$ 8,700,000	\$ 3,731,333
Management contract	<u>1,830,000</u>	<u>392,434</u>
Total	<u>\$ 10,530,000</u>	<u>\$ 4,123,767</u>

Amortization expense for each of the years ending December 31, 2012 through 2016 is estimated to total approximately \$961,500.

There were no changes in goodwill during the year ended December 31, 2011.

GW & WADE ASSET MANAGEMENT COMPANY, LLC  
(A LIMITED LIABILITY COMPANY)

SCHEDULE I

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES EXCHANGE ACT OF 1934  
AS OF DECEMBER 31, 2011

Net capital:		
Total member's equity and total qualified for net capital		\$ 19,183,859
Deductions and/or charges:		
Non-allowable assets:		
Commissions receivable and receivable from clearing broker-dealer under Rule 12b-1		(1,518,947)
Prepaid expenses		(51,485)
Goodwill		(10,597,421)
Intangible assets, net of accumulated amortization		(6,406,233)
Excess fidelity bond deductible		(5,000)
Total deductions and/or charges		<u>(18,579,086)</u>
Net capital before haircuts on securities positions		604,773
Haircuts on securities, money market accounts		<u>(7,392)</u>
Net capital		<u><u>\$ 597,381</u></u>
Aggregate indebtedness:		
Due to Affiliate		\$ 249,930
Accounts payable		23,662
Deferred revenue		14,900
Total aggregate indebtedness		<u><u>\$ 288,492</u></u>
Minimum net capital required (greater of \$5,000 or 6.67% of aggregate indebtedness)		<u><u>\$ 19,233</u></u>
Net capital in excess of minimum requirement		<u><u>\$ 578,148</u></u>
Net capital less greater of 10% of aggregate indebtedness or 120% of minimum dollar net capital		<u><u>\$ 568,531</u></u>
Ratio, aggregate indebtedness to net capital		0.48 to 1

(continued)

GW & WADE ASSET MANAGEMENT COMPANY, LLC  
(A LIMITED LIABILITY COMPANY)

SCHEDULE I (CONTINUED)

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES EXCHANGE ACT OF 1934  
AS OF DECEMBER 31, 2011

Reconciliation of Company's computation included in Part II of Form X-17A-5  
as of December 31, 2011:

Net capital, as reported in the Company's Part II (unaudited) FOCUS report	\$ 620,151
Increase in due to Affiliate	(28,106)
Increase in accounts payable	(2,036)
Decrease in haircut	<u>7,372</u>
Net capital, as reported in Schedule I	<u><u>\$ 597,381</u></u>
Aggregate indebtedness, as reported in the Company's Part II (unaudited) FOCUS report	\$ 258,350
Increase in due to Affiliate	28,106
Increase in accounts payable	<u>2,036</u>
Aggregate indebtedness, as reported in Schedule I	<u><u>\$ 288,492</u></u>
Net capital in excess of minimum requirement, as reported in the Company's Part II (unaudited) FOCUS report	\$ 602,928
Increase in due to Affiliate	(28,106)
Increase in accounts payable	(2,036)
Increase in net capital requirement relating to change in aggregate indebtedness	(2,010)
Decrease in haircut	<u>7,372</u>
Net capital in excess of minimum requirement, as reported in Schedule I	<u><u>\$ 578,148</u></u>

GW & WADE ASSET MANAGEMENT COMPANY, LLC  
(A LIMITED LIABILITY COMPANY)

SCHEDULE II

STATEMENT OF EXEMPT STATUS

DECEMBER 31, 2011

GW & Wade Asset Management Company, LLC (a Limited Liability Company) (the Company) is a registered broker-dealer under the Securities Exchange Act of 1934. The Company is an introducing broker-dealer and operates under the provisions of Paragraph (k)(2)(ii) of Rule 15c3-3 of the Act. The Company clears all transactions on behalf of a customer on a fully disclosed basis with a clearing broker-dealer, promptly transmits all customer funds and securities to the clearing broker-dealer, and the clearing broker-dealer carries all of the accounts of customers and maintains and preserves all related books and records. The Company is thereby exempt from the requirement for a computation for determination of reserve requirements pursuant to Rule 15c3-3. In addition, it is exempt from reporting information relating to the possession or control requirements under Rule 15c3-3.



## **Independent Auditors' Report on Internal Control**

Member  
GW & Wade Asset Management Company, LLC  
(a Limited Liability Company)  
Wellesley, Massachusetts

In planning and performing our audit of the financial statements of GW & Wade Asset Management Company, LLC (a Limited Liability Company) (the Company) as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express 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 Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of 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. 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 any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and 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
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3

CPAs / Business Advisors ■ A Limited Liability Partnership

10 Weybosset Street ■ Suite 700 ■ Providence, Rhode Island 02903 ■ Tel (401) 421-4800 ■ 1-800-927-LGCD ■ Fax (401) 421-0643 ■ [www.lgcd.com](http://www.lgcd.com)

## **Independent Auditors' Report on Internal Control (Continued)**

Member  
GW & Wade Asset Management Company, LLC  
(a Limited Liability Company)

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 SEC's previously 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 accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional objectives of the practices 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.

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 and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis.

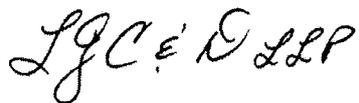
Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

**Independent Auditors' Report on Internal Control (Continued)**

Member  
GW & Wade Asset Management Company, LLC  
(a Limited Liability Company)

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 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, 2011 to meet the SEC's objectives.

This report is intended solely for the information and use of the Member, management, the SEC, FINRA, 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.



Providence, Rhode Island  
February 24, 2012

**GW & WADE ASSET MANAGEMENT  
COMPANY, LLC  
(A LIMITED LIABILITY COMPANY)**

**YEAR ENDED DECEMBER 31, 2011**

