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

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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: The Yale Group, Inc.

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

725 Newport Street

(No. and Street)

Denver

CO

80220

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Gordon Yale 303-331-6461

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Edward Richardson Jr., CPA

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

15565 Northland Dr. Suite 508 West Southfield, MI. 48075

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Gordon Yale, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Yale Group, Inc., as of December 31, 20 12, 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:

N/A

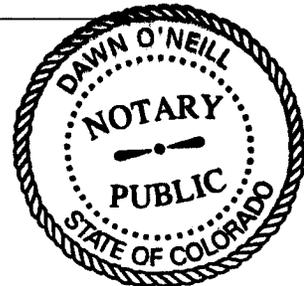
Subscribed and sworn to before me in the county of DENVER, State of Colorado, this 23<sup>rd</sup> day of February, 2013.  
Dawn O'Neill  
(Notary's Official Signature)  
6/21/2016  
(Commission Expiration Date)

Gordon Yale  
Signature

President

Title

Dawn O'Neill  
Notary Public



My Commission Expires 06/21/2016

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).

Edward Richardson Jr., CPA  
15565 Northland Dr W Ste 508  
Southfield, MI 48075  
248-559-4514

### Independent Auditor's Report

February 20, 2013

Board of Directors  
The Yale Group, Inc.  
3773 Cherry Creek Drive North Suite 575  
Denver, CO 80209

I have audited the accompanying balance sheet of The Yale Group, Inc., as of December 31, 2012, and the related statements of income, retained earnings, changes in stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of The Yale Group, Inc. as of December 31, 2012, and the results of its operations, retained earnings, changes in stockholders equity, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplemental schedules of computation of net capital, computation of basic net capital requirement, computation of aggregate indebtedness, exemptive provisions under rule 15c3-3, statement of changes in liabilities subordinated to the claims of general creditors, and the reconciliation of the computation of net capital under rule 15c3-1, are presented for additional analysis and are not a required part of the basic financial statements, but are supplementary information required by rule 17a-5 of the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects to the basic financial statements taken as a whole.

Further, there were no material differences in the net amount reported as Net Capital in the audited Computation of Net Capital and the broker-dealer's corresponding Unaudited Part IIA of the Focus report required under Rule 15c3-1.



Edward Richardson Jr., CPA

**The Yale Group, Inc.**  
**BALANCE SHEET**  
**As of December 31, 2012**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 14,822.00
Securities owned, at fair value	<u>60,335.00</u>

<b>Total Current Assets</b>	<u><b>75,157.00</b></u>
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**PROPERTY AND EQUIPMENT**

<b>TOTAL ASSETS</b>	<u><b>\$ 75,157.00</b></u>
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The footnotes are an integral part of the financial statements.

**The Yale Group, Inc.**  
**BALANCE SHEET**  
**As of December 31, 2012**

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**CURRENT LIABILITIES**

Accrued Liabilities \$ 1,450.00

**Total Current Liabilities** 1,450.00

**LONG-TERM LIABILITIES**

**Total Liabilities** 1,450.00

**STOCKHOLDERS' EQUITY**

Capital Stock, no par value, 25,636.00  
100 share authorized, 100 shares

issued and outstanding  
Retained Earnings 48,071.00

**Total Stockholders' Equity** 73,707.00

**TOTAL LIABILITIES AND  
STOCKHOLDERS' EQUITY** \$ 75,157.00

The footnotes are an integral part of the financial statements.

**The Yale Group, Inc.**  
**STATEMENT OF INCOME**

12 Months Ended  
December 31, 2012

<b>Revenues</b>	
Commissions & Fees	\$ 421,275.00
Other Income	388.00
Interest Income	7.00
Unrealized Gain (loss) on security	<u>2,022.00</u>
<b>Total Revenues</b>	<u>423,692.00</u>
<b>Operating Expenses</b>	
Employee compensation and ben	4,157.00
Floor brokerage, exchange, and c	2,789.00
Other expenses	386,708.00
<b>Total Operating Expenses</b>	<u>393,654.00</u>
<b>Operating Income (Loss)</b>	<u>30,038.00</u>
<b>Net Income (Loss)</b>	<u>\$ 30,038.00</u>

The footnotes are an integral part of the financial statements.

**The Yale Group, Inc.**  
**STATEMENT OF RETAINED EARNINGS**

	<b>12 Months Ended December 31, 2012</b>	
Beginning of Period	\$	39,182.00
Plus: Net Income	\$	30,038.00
Plus: Prior Period Adjustment	\$	351.00
Less: Dividends Paid		<u>(21,500.00)</u>
<b>RETAINED EARNINGS END OF PERIOD</b>	<b>\$</b>	<b><u>48,071.00</u></b>

The footnotes are an integral part of the financial statements.

**The Yale Group, Inc.**  
**STATEMENT OF CASH FLOWS**  
**For the 12 months Ended December 31, 2012**

2012

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income	\$ 30,038.00
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:	
Prior Period Adjustment	350.00
Losses (Gains) on sales of Fixed Assets	0.00
Decrease (Increase) in Operating Assets:	
Investments	137,463.00
Other	722.00
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	1.00
Accrued Liabilities	0.00
Total Adjustments	<u>138,536.00</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>168,574.00</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds From Sale of Fixed Assets	0.00
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>0.00</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Distributions	(21,500.00)
Capital Stock	(140,000.00)
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>(161,500.00)</b>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

7,074.00

**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD**

7,748.00

**CASH AND CASH EQUIVALENTS AT END OF PERIOD**

**\$ 14,822.00**

The footnotes are an integral part of the financial statements.

**THE YALE GROUP, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Preferred Stock		Common Stock		Paid-in Capital		Retained Earnings	Total Stockholder's Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Amount
Balance at January 1, 2012	-	-	100	\$ 165,636	-	\$ -	\$ 39,812	\$ 205,448
Net Income	-	-	-	-	-	-	30,038	30,038
Capital Transactions	-	-	-	(140,000)	-	-	(21,500)	(161,500)
Prior Period Adjustments	-	-	-	-	-	-	(279)	(279)
Balance at December 31, 2012	-	-	100	25,636	-	-	48,071	73,707

**THE YALE GROUP, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

**NOTE A – SUMMARY OF ACCOUNTING POLICIES**

Accounting principles followed by the Company and the methods of applying those principles which materially affect the determination of financial position, results of operation and cash flows are summarized below:

Organization

The Yale Group, Inc. (the Company) was incorporated in the State of Colorado effective September 1, 1998. The Company has adopted a calendar year end.

Description of Business

The Company, located in Denver, Colorado is a broker and dealer in securities registered with the Securities and Exchange Commission (“SEC”). The Company is a member of Financial Industry Regulatory Authority, Inc. (FINRA). The Company operates under SEC Rule 15c3-3(k)(2)(i), which provides an exemption because of limited business.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

The Company considers as cash all short-term investments with an original maturity of three months or less to be cash equivalents.

Revenue Recognition

Commission revenues are recorded by the Company when the service is rendered.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. All of the Company’s cash and cash equivalents are held at high credit quality financial institutions.

Fair Value of Financial Instruments

Financial instruments that are subject to fair value disclosure requirements are carried in the financial statements at amount that approximate fair value and include cash and cash equivalents. Fair values are based on quoted market prices and assumptions concerning the amount and timing

**THE YALE GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

of estimated future cash flows and assumed discount rates reflecting varying degrees of perceived risk.

**Comprehensive Income**

Statement of Financial Accounting Standards (SFAS) No. 130, Reporting Comprehensive Income, establishes requirements for disclosure of Comprehensive Income that includes certain items previously not included in the statement of income, including unrealized gains and losses on available-for-sales securities and foreign currency translation adjustment among others. During the year ended December 31, 2012, the Company did not have any components of Comprehensive Income to report.

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

**Business Concentrations**

The Company provides financial advisory and consulting services in the Rocky Mountain region for mergers, acquisition, divestitures, public and private placements of debt and equity in addition to valuation services and analysis.

The Company earned revenue from two major customers that accounted for 50.1% and 9.2% of commissions and fees for the year ended December 31, 2012.

**Income Taxes**

The Company is taxed as an "S" corporation under the Internal code. In lieu of corporate income taxes, the stockholders of an "S" corporation are taxed on their proportionate share of the Corporation's taxable income.

**Concentration of Credit Risk:**

The Company's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 per institutions by the Federal Deposit Insurance Corporation (FDIC).

**NOTE B – NET CAPITAL REQUIREMENTS**

Pursuant to the net capital provisions of Rule 15c3-3 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. Computation of Net Capital and the broker-dealer's corresponding unaudited Part IIA of the FOCUS report are required under Rule 15c3-1.

See accountant's audit report

**THE YALE GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

**NOTE C – INVESTMENTS**

Securities owned consist of investments in a money market. The original cost of the securities owned amounted to \$60,329.

**NOTE D – ACCRUED LIABILITES**

Accrued Liabilities consists of \$1,375.00 for auditing services and \$75.00 for monthly services.

**NOTE E – FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date (i.e., an exit price). The guidance includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority To unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

*Level 1* – Quoted, active market prices for identical assets or liabilities. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuation is obtained from readily available pricing sources for market transactions involving identical assets or liabilities. The Company did have any Level 1 assets..

*Level 2* – Observable inputs other than Level 1, such as quoted market prices for similar assets or liabilities, quoted for identical or similar assets in inactive markets, and model derived valuations in which all significant inputs are observable in active markets. The Company did not have any Level 2 assets or liabilities.

*Level 3* – Valuation techniques in which one or more significant inputs are observable in the marketable. The company did not have any Level 3 assets or liabilities.

Fair values of assets measured on a recurring basis at December 31, 2012 are as follows:

	<b>Fair value at Reporting Date Using</b>	
	<b>Fair Value</b>	<b>Quoted Price in Active markets for Identical Assets (Level 1)</b>
<b>December 31, 2012</b>		
<b>Marketable Securities</b>	\$ 60,335	\$ 60,335
<b>Total</b>	<b>\$ 60,335</b>	<b>\$ 60,335</b>

**THE YALE GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

Fair values for short-term investments and long-term investments are determined by reference to quoted market prices and other relevant information generated by market transactions. The income reported from these investments was realized gain of \$2,022.

The carrying amounts reflected in the balance sheet for cash, money market funds, and marketable securities approximate the respective fair values due to the short maturities of those instruments. Available-for-sale marketable securities are recorded at fair value in the balance sheet. A comparison of the carrying value of those financial instruments is as follows:

	<b>Fair value at Reporting Date Using</b>	
	Carrying Value	Fair Value
<b>December 31, 2012</b>		
Marketable Securities	\$ 60,335	\$ 60,335
Total	\$ 60,335	\$ 60,335

Cost and fair value of money market funds and marketable securities at December 31, 2012 are as follows:

	<b>Amortized Cost</b>	<b>Gross Unrealized Gain</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
<b>December 31, 2012</b>				
Held to Maturity:				
Marketable Securities	60,335	0.00	0.00	60,335
<b>Totals</b>	<b>\$ 60,335</b>	<b>0.00</b>	<b>0.00</b>	<b>\$ 60,335</b>

The fair value of money market funds and market securities have been measured on a recurring basis using Level 1 inputs, which are based on unadjusted quoted market prices within active markets. There have been no changes in valuation techniques and related inputs.

**NOTE F – RELATED PARTY TRANSACTIONS**

The company has an expense agreement with its shareholder. Under this agreement all operating expenses are paid by the Company, exclusive of personal expenses of the shareholder.

**THE YALE GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2012**

**NOTE G – SUBSEQUENT EVENTS**

As of February 18, 2013, there were no subsequent events. .

**Supplementary**  
**Pursuant to rule 17a-5 of the**  
**Securities and Exchange Act of 1934**  
**As of and for the Year Ended December 31, 2012**

**The Yale Group, Inc.**  
**Supplemental Schedules Required by Rule 17a-5**  
**As of and for the year ended December 31, 2012**

**Computation of Net Capital**

Total Stockholder's equity:		\$ 73,356.00
Nonallowable assets:		
Prepaid Expenses	0.00	
Fixed Assets	0.00	
Accounts receivable – other	0.00	<u>(0.00)</u>
Other Charges		
Haircuts	0.00	
Undue Concentration	0.00	<u>(0.00)</u>
Net allowable capital		\$ 73,356.00

**Computation of Basic Net Capital Requirement**

Minimum net capital required as a percentage of aggregate indebtedness	<u>\$ 96.72</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000.00</u>
Net capital requirement	<u>\$ 5,000.00</u>
Excess net capital	<u>\$ 68,356.00</u>

**Computation of Aggregate Indebtedness**

Total Aggregate Indebtedness	<u>\$ 1,450.00</u>
Percentage of aggregate indebtedness to net capital	<u>1.98%</u>

**Reconciliation of the Computation of Net Capital Under Rule 15c3-1**

Computation of Net Capital reported on FOCUS IIA as of December 31, 2012	\$ 72,501.00
Adjustments:	
Change in Equity (Adjustments)	(1.00)
Change in Non-Allowable Assets	(0.00)
Change in Haircuts	1,207.00
Change in Undue Concentration	0.00
NCC per Audit	<u>73,707.00</u>
Reconciled Difference	<u>\$ (0.00)</u>

**Balanced Security Planning, Inc.**  
**Supplemental Schedules Required by Rule 17a-5**  
**As of and for the year ended December 31, 2012**

**Exemptive Provisions Rule 15c3-3**

The Company is exempt from Rule 15c3-3 pursuant to (k)(1).

**Statement of Changes in Liabilities Subordinated to the Claims of General Creditors**

Balance of such claims at January 1, 2012	\$ -
Additions	-
Reductions	-
Balance of such claims at December 31, 2012	<u>\$ -</u>

**REPORT ON INTERNAL CONTROL**

**For the year ended December 31, 2012**

Edward Richardson, Jr., CPA  
15565 Northland Suite 508 West  
Southfield, MI. 48075

February 20, 2013

Board of Directors  
The Yale Group, Inc.  
3773 Cherry Creek Drive  
Suite 575  
Denver, CO 80209

In planning and performing my audit of the financial statements and supplemental schedules of Balanced Security Planning, Inc. for the year ended December 31, 2012, I considered its internal control, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements, and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by the company, including tests of such practices and procedures that I considered relevant to the objective 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, I 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.
2. Recordation of differences required by rule 17a-13.
3. 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 the preceding paragraphs. 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 paragraphs 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 of 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 paragraphs.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection or any evaluation of them

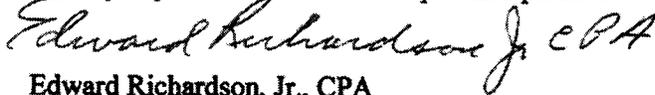
to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

My 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 material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted the following condition that I consider to be a material weakness as defined above.

Only one person is responsible for all accounting and reporting functions. Accordingly, there is no segregation of duties. Due to the size of the Company, management does not feel it is cost-effective to change this condition.

I understand that practices and procedures that accomplish the objectives referred to in the preceding paragraphs of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities and 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 my study, I believe that the Company's practices and procedures were adequate at December 31, 2012, to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC and the regulatory agencies that rely on rule 17a-5(g) under the Securities and 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.

Edward Richardson, Jr., CPA

Edward Richardson, Jr., CPA

**SEC  
Mail Processing  
Section**

**FEB 20 2013**

**Washington DC  
401**

**The Yale Group, Inc.**

**Financial Statements and Supplemental  
Schedules Required by the  
Securities and Exchange Commission**

**For the Year Ended December 31, 2012  
(With Independent Auditor's Report Thereon)  
and  
Supplemental Report on Internal Control**

***December 31, 2012***

**THE YALE GROUP, INC.**  
**December 31, 2012**

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