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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	April 30, 2013
Estimated average burden per response.....	12.00

NY
3/12

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

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SEC FILE NUMBER
8-25280

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 01/01/12 AND ENDING 12/31/12
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: The Windmill Group, Inc

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
253 Route 207
(No. and Street)

SOMERS New York 10589
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
John Maceranka 914 277 2700
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Robert J. Gardner
(Name - if individual, state last, first, middle name)

385 Broadway Bethpage NY 11714
(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)

KW
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OATH OR AFFIRMATION

I, John Maceranka, 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 Windmill Group, Inc, as of December 31, 2012, 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:

None

John Maceranka
Signature
President
Title

Carol M. Masi
Notary Public

CAROL M. MASI
Notary Public, State of New York
No. 01MA5035464
Qualified in Westchester County
My Commission Expires 10.31.2014

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).

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THE WINDMILL GROUP, INC.

ANNUAL REPORT

DECEMBER 31, 2012

THE WINDMILL GROUP, INC.
ANNUAL REPORT
DECEMBER 31, 2012

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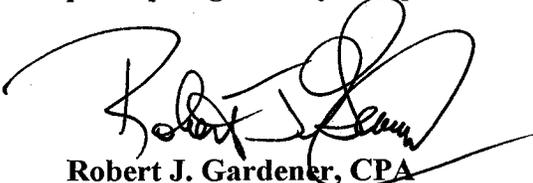
February 19, 2013

To the Stockholders of
The Windmill Group, Inc.
253 Route 202
Somers, New York 10589

I have audited the accompanying balance sheet of The Windmill Group, Inc., as of December 31, 2012 and the related statements of operation, accumulated deficit, and cash flows for the year ended December 31, 2012. These financial statements are the responsibility of company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit 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 respects, the financial position of The Windmill Group, Inc. as of December 31, 2012 and the results of their operations and cash flows for the year ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.



Robert J. Gardener, CPA

January 15, 2013

THE WINDMILL GROUP, INC.
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

Current Assets	
Cash	\$ 2,312
Investments	2,958
Accounts receivable	<u>33,492</u>
Total	<u>38,762</u>
Fixed Assets	
Office equipment	5,000
Furniture & fixtures	<u>1,000</u>
	6,000
Less: Accumulated depreciation	<u>(6,000)</u>
Net equipment and fixtures	<u>0</u>
Other Assets	
Loan Receivable	<u>3,050</u>
Total	<u>3,050</u>
Total Current Assets	\$ 41,812 =====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	
Commissions payable	\$ 492
Payroll taxes payable	<u>2,035</u>
Total Liabilities	<u>2,527</u>
Stockholders' Equity	
Capital stock	2,700
Additional paid in capital	130,100
Retained earnings - (deficit)	<u>(93,515)</u>
Total	<u>39,285</u>
Total Liabilities and Stockholders' Equity	\$ 41,812 =====

See accompanying notes and accountant's audit report.

THE WINDMILL GROUP, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

Revenues	
Commissions	<u>\$ 408,577</u>
Operating Expenses	<u>400,051</u>
Net Profit	8,526
Retained Earnings - (deficit) - January 1	<u>(102,041)</u>
Retained Earnings - (deficit) - December 31	<u>\$(93,515)</u> =====

See accompanying notes and accountant's audit report.

THE WINDMILL GROUP, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance as of Jan. 1, 2012	\$2,700	\$130,100	(\$102,041)	\$ 30,759
Net profit – 2012			8,526	8,526
Balance as of Dec. 31, 2012	<u>\$2,700</u>	<u>\$130,100</u>	<u>(\$ 93,515)</u>	<u>\$ 39,285</u>

See accompanying notes and accountant's audit report.

THE WINDMILL GROUP, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

Cash flows provided by operating activities:

Net Profit	<u>\$ 8,526</u>
Adjustments to reconcile net income to net cash provided by operating activities	
Changes in assets and liabilities	
Accounts receivable	(23,053)
Payroll taxes payable	235
Commissions payable	<u>(2,584)</u>
Total adjustments	<u>(25,402)</u>
Net cash provided by operating activities	<u>(16,876)</u>
Cash flows from investing activities:	
Loan receivable	4,950
Investments in securities	<u>671</u>
Net cash provided by investing activities	<u>5,621</u>
Net decrease in cash and cash equivalents	(11,255)
Cash and cash equivalents - January 1	<u>13,567</u>
Cash and cash equivalents - December 31	<u>\$ 2,312</u> =====

See accompanying notes and accountant's audit report.

THE WINDMILL GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Receivable

The year end balance of \$33,492 is all current. These amounts were received in full in January 2013.

Investments

This represents the market value of various investment securities (including a 15% haircut).

Commissions Payable

The year end balance of \$492 is all current. It represents commissions earned in December 2012 by brokers registered with the firm. All commissions were paid in full in January 2013.

Payroll Taxes Payable

The year end balance of \$2,035 represents payroll taxes withheld from wages paid during the 4th Quarter of 2012. All payroll taxes were paid in full in January 2013.

Income Taxes

In 1987, the former shareholder elected to treat the company as a small business corporation ("S" corporation) for income tax purposes. As such, the company's income or loss and credits will be passed through to the shareholders and combined with their other personal income and deductions to determine taxable income on their individual returns.

Capital Stock

The present shareholders each own 50% of the company at December 31, 2012.

See accompanying notes and accountant's audit report.



February 19, 2013

The Windmill Group, Inc.
253 Route 202
Somers, New York 10589

As an addendum to the annual report of December 31, 2012, I herewith submit the following exhibits:

- "A" Schedule of Operating Expenses
- "B" Computation of Net Capital Requirements
- "C" Computation of Net Capital

In my opinion, the aforementioned exhibits present fairly, the information under Security Exchange Commission Rule 17A-5(d)(4) in conformity with generally accepted accounting principles. It is also my opinion, that no material inadequacies currently exist or were found to have existed since the previous audit dated 12/31/11, pursuant to SEC Rule 17a-5(d)(4), SEC Rule 17a-5(g) or SEC Rule 17a-5(j).

Robert J. Gardener

THE WINDMILL GROUP, INC.
OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

Operating Expenses

Automobile	\$ 9,803
Bank charges	536
Commissions	282,226
Contributions	100
Dues, subscriptions, and licenses	6,111
Insurance	10,047
Internet expenses	3,129
Meals & Entertainment	250
Office expense & supplies	30,990
Postage & Delivery	395
Professional fees	5,850
Rent	16,164
Salaries - Officers	25,100
Telephone	5,075
Taxes	3,484
Utilities	<u>791</u>
 Total	 \$ 400,051 <u>=====</u>

THE WINDMILL GROUP, INC.
COMPUTATION OF NET CAPITAL REQUIREMENT
DECEMBER 31, 2012

Minimum Net Capital Required 6 2/3% of aggregate indebtedness	\$ 168 =====
Minimum Required	\$ 5,000 =====
Net Capital Required (Greater of above amounts)	\$ 5,000 =====
Excess Net Capital (Net Capital \$39,285 per Exhibit C less net capital requirement \$5,000)	\$ 34,285 =====
Net Capital less 120% of minimum dollar Net Capital requirement of \$5,000	\$ 33,285 =====

THE WINDMILL GROUP, INC.
COMPUTATION OF NET CAPITAL
DECEMBER 31, 2012

Total stockholders' equity from balance sheet equity	\$ 39,285
Liabilities subordinated to claims of general creditors	<u>0</u>
Total capital & allowable subordinated liabilities	<u>\$ 39,285</u>
Less: non allowable assets from the balance sheet:	
Other assets	<u>0</u>
Net Capital	<u><u>\$ 39,285</u></u>