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

MAY 30 2013

SEC File Number
8-35581

FACING PAGE

Washington DC

**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 04/01/12 and ending 03/31/13

*

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Krueger Brokerage, Inc.

Official Use Only

Firm ID No.

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

(No. and Street)

Keokuk
(City)

IA
(State)

52632
(Zip Code)

**NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS
REPORT:** Daniel Krueger (319) 524-1240

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
DeMarco Sciacotta Wilkens & Dunleavy LLP

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

1211 West 22nd Street, Suite 110

(No. and Street)

Oak Brook
(City)

Illinois
(State)

60523
(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant, not resident in United States or any of its possessions

FOR OFFICAL USE ONLY

**Claims for exemption from the requirement that the annual report 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)*

CD
4/10/13

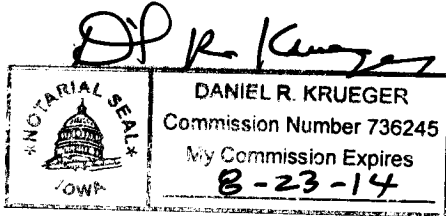
OATH OR AFFIRMATION

I, Henry Krueger, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to the firm of Krueger Brokerage, Inc., as of March 31, 2013, 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.

Henry Krueger
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 Cash Flows.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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 15c-3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c-3-3.
(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 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).

**SEC
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MAY 30 2013

**Washington DC
404**

KRUEGER BROKERAGE, INC.

STATEMENT OF FINANCIAL CONDITION
AND INDEPENDENT AUDITORS' REPORT

MARCH 31, 2013



INDEPENDENT AUDITORS' REPORT

Board of Directors
Krueger Brokerage, Inc.

Report on the Financial Statement

We have audited the accompanying statement of financial condition of Krueger Brokerage, Inc. (the Company) as of March 31, 2013 that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Krueger Brokerage, Inc. as of March 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

DeMarco Sciacotta Wilton & Dunleavy LLP

Oak Brook, Illinois
May 15, 2013

KRUEGER BROKERAGE, INC.

STATEMENT OF FINANCIAL CONDITION

MARCH 31, 2013

ASSETS

| | |
|---|-----------------------|
| Cash and cash equivalents | \$ 20,789 |
| Receivable from broker/dealers | 30,926 |
| Securities owned, at fair value | 66,471 |
| Leasehold improvements, at cost (net of accumulated amortization of \$2,507) | <u>16,853</u> |
| TOTAL ASSETS | <u>\$ 135,039</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES

| | |
|---------------------------------------|------------------|
| Accounts payable and accrued expenses | <u>\$ 16,520</u> |
|---------------------------------------|------------------|

SHAREHOLDERS' EQUITY

| | |
|--|-----------------|
| Common stock, Par value \$1,000; shares authorized 100; shares issued 50; outstanding 41 | \$ 50,000 |
| Additional paid-in capital | 1,649 |
| Retained earnings | 86,301 |
| Less 9 shares of Treasury Stock, at cost | <u>(19,431)</u> |

| | |
|----------------------------|-------------------|
| Total Shareholders' Equity | <u>\$ 118,519</u> |
|----------------------------|-------------------|

| | |
|--|-------------------|
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$ 135,039</u> |
|--|-------------------|

The accompanying notes are an integral part of this financial statement.

KRUEGER BROKERAGE, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization - Krueger Brokerage, Inc. (the “Company”) was incorporated in the state of Iowa on November 8, 1985. The Company is registered with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is also a Registered Investment Advisor. The Company's principal business activity is the sale of securities.

Securities Transactions - Commission revenue and related expense arising from securities transactions are recorded on a trade date basis.

Securities Owned - Securities are recorded at fair value in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*.

Concentrations of Credit Risk - The Company is engaged in various trading and brokerage activities in which the counterparties primarily include broker/dealers, banks, other financial institutions and the Company's own customers. In the event the counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

In addition, the Company's cash is on deposit at one financial institution and the balance at times may exceed the federally insured limit. The Company believes it is not exposed to any significant credit risk to cash.

Cash Equivalents - For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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.

KRUEGER BROKERAGE, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - *(Continued)*

Subsequent Events - The Company evaluated all significant events or transactions that occurred through the audit report date, the date these financial statements were available to be issued.

NOTE 2 - FAIR VALUE MEASUREMENT

FASB ASC 820 defines fair value, creates a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

KRUEGER BROKERAGE, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

NOTE 2 - FAIR VALUE MEASUREMENT - *(Continued)*

Level 1 inputs have been applied to value cash and certain assets included in receivable from broker/dealers on the statement of financial condition. In addition, Level 1 inputs have been used to value securities owned, which consist of investment securities as listed below.

| | |
|---|------------------|
| | <u>Owned</u> |
| Equity securities | \$ 41,243 |
| Securities registered under the Investment Company Act of 1940 | <u>25,228</u> |
| Total | <u>\$ 66,471</u> |

No valuation techniques have been applied to all other assets and liabilities included in the statement of financial condition. Due to the nature of these items, all have been recorded at their historic values.

NOTE 3 - CLEARING AGREEMENT WITH OFF-BALANCE-SHEET RISK

The Company's customers enter into various transactions involving derivatives and other off-balance-sheet financial instruments, including exchange traded and over the counter options. These derivative financial instruments are subject to varying degrees of market and credit risk. However, since the Company enters into the aforementioned transactions solely for the benefit of its customers, the Company does not bear any of the credit or market risk of those customers, with the exception of the risk to the Company should its customers fail to honor their obligations related to these derivative and other off-balance sheet financial instruments, as mentioned below.

Clearing Agreement - To facilitate the aforementioned transactions, as well as other securities transactions on behalf of its customers, the Company has entered into an agreement with another broker/dealer (Clearing Broker/dealer) whereby the Company forwards (introduces) customer securities transactions to the Clearing Broker/dealer, fully disclosing the customer name and other information. The processing and, if applicable, any financing pertaining to the introduced transactions are performed by the Clearing Broker/dealer. The customer account is therefore maintained and recorded in the books and records of the Clearing Broker/dealer on the Company's behalf.

KRUEGER BROKERAGE, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

NOTE 3 - CLEARING AGREEMENT WITH OFF-BALANCE-SHEET RISK - *(Continued)*

The Company is held responsible for any losses arising when the customers introduced by the Company to the Clearing Broker/dealer fail to meet their contractual commitments pertaining to the purchase, sale and possible financing of securities transactions. The Company may therefore be exposed to off-balance-sheet risk in the event the customer is unable to fulfill its contracted obligations and it is necessary for the Clearing Broker/dealer to purchase or sell the securities at a loss. The Company's exposure to risk would consist of the amount of the loss realized and any additional expenses incurred pertaining to the transaction or other customer activity.

This agreement was entered into January 13, 2012 and has an initial 3 year term. Under the terms the Company is required to maintain a \$25,000 deposit with the Clearing Broker/dealer to assure the Company's performance and the Company is restricted from entering into agreements, for similar services, with other broker/dealers.

NOTE 4 - OCCUPANCY LEASE

The Company is party to a noncancellable lease agreement for office space that expires January 31, 2015. The lessor is a related party to the Company. The total expenditure for office space for the year ended March 31, 2013 was \$6,000. Minimum annual lease payments related to this agreement are \$6,000 for the years ending March 31, 2014 and 2015.

KRUEGER BROKERAGE, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

NOTE 5 - NET CAPITAL REQUIREMENTS

As a registered broker/dealer and member of the Financial Industry Regulatory Authority the Company is subject to the Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregated indebtedness to net capital, both as defined, shall not exceed 1500%. At March 31, 2013 the Company's net capital and required net capital were \$90,948 and \$50,000 respectively. The ratio of aggregate indebtedness to net capital was 18%.

NOTE 6 - RELATED PARTY TRANSACTIONS

Through common ownership, the Company is affiliated with Geode, L.L.C. The Company leases office space from this entity.

NOTE 7 - NET OPERATING LOSS CARRYFORWARD

The Company reports its income on a calendar year basis for federal income tax purposes. It currently has yet unused a net operating loss carryforward for federal income tax purposes of \$18,725 which expires on various dates beginning January 1, 2029.

The Company accounts for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as interest/other expense. The Company is no longer subject to examination by tax authorities for federal, state or local income taxes for periods before 2009.

NOTE 8 - RETIREMENT PLAN

The Company maintains a Simplified Employee Pension Plan commonly referred to as a SEP IRA. Eligible employees are those that have completed 3 years of service, are at least 21 years of age and have earned at least a minimum level of compensation. The Company may make discretionary contributions on behalf of all the eligible employees. For the year period ended March 31, 2013, the Company has made contributions to this plan totaling \$20,719.