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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8-066412

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 01/01/04 AND ENDING 12/31/04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Mt Rushmore Securities LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1734 Jasmine Avenue

(No. and Street)

Fairfield

(City)

IA

(State)

52556

(Zip Code)

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

John Nelson

641-472-4773

(Area Code) (Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Balmer Nelson Van Mersbergen

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

54 1/2 North Main

(Address)

Fairfield

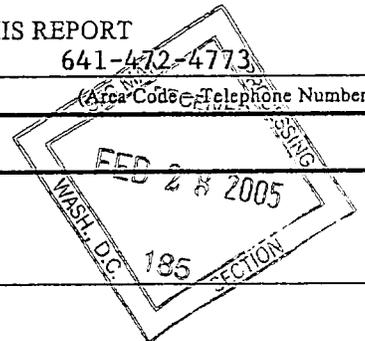
(City)

IA

(State)

52556

(Zip Code)



CHECK ONE:

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

PROCESSED

MAR 17 2005

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THOMSON FINANCIAL

*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)

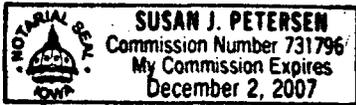
SEC 1410 (06-02)

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JH
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OATH OR AFFIRMATION

I, Gary Spitz, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Mt Rushmore Securities LLC, as of December 31, 2004, 20 , 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]
Signature
President
Title

[Signature]
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 15c3-3 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).

Independent Auditor's Report

Mt. Rushmore Securities LLC
Fairfield, Iowa 52556

We have audited the accompanying statement of financial condition of Mt. Rushmore Securities LLC as of December 31, 2004, and the related statement of the computation of net capital, statement of computation of net capital requirement, statement of income, statement of changes in ownership equity and statement of changes in liabilities subordinated to claims of General Creditors for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion of these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 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 statements presentation. Our audit also included a review of the procedures followed for safeguarding securities. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Mt. Rushmore Securities LLC as of December 31, 2004 in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion of the basic financial statements taken as a whole. The statement of the computation of net capital, statement of computation of net capital requirement, and statement of changes in liabilities subordinated to claims of General Creditors are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.

Balmer Nelson Van Mersbergen

Balmer Nelson Van Mersbergen
Certified Public Accountants
Fairfield, IA 52556

February 23, 2005

Form
X-17A-5

FOCUS REPORT
(Financial and Operational Combined Uniform Single Report)
PART IIA 12

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) 16 2) Rule 17a-5(b) 17 3) Rule 17a-11 18
4) Special request by designated examining authority 19 5) Other 26

NAME OF BROKER-DEALER

SEC FILE NO.

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Mt Rushmore Securities LLC 13

FIRM I.D. NO.

130955 15

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

FOR PERIOD BEGINNING (MM/DD/YY)

1734 Jasmine Avenue 20

01/01/04 24

(No. and Street)

AND ENDING (MM/DD/YY)

Fairfield 21 IA 22 52556 23

12/31/04 25

(City)

(State)

(Zip Code)

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

(Area Code) — Telephone No.

John Nelson 30

641-472-4773 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE

32 33

34 35

36 37

38 39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES 40 NO 41

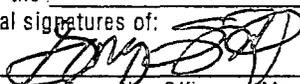
CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 23rd day of February 2005

Manual signatures of:

1) 
Principal Executive Officer or Managing Partner

2) _____
Principal Financial Officer or Partner

3) _____
Principal Operations Officer or Partner

ATTENTION — Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:f(a))

Persons who 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.

TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

NAME (If individual, state last, first, middle name)

Balmer Nelson Van Mersbergen

70

ADDRESS

54½ North Main

Number and Street

71

Fairfield

City

72

IA

State

73

52556

Zip Code

74

CHECK ONE

Certified Public Accountant

75

Public Accountant

76

Accountant not resident in United States
or any of its possessions

77

FOR SEC USE

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WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
50	51	52	53				

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER Mt Rushmore Securities LLC	N3			100
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STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY) 12/31/04 99
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 Consolidated 198
 Unconsolidated 199

	Allowable		Non-Allowable		Total
1. Cash	\$ 171,428	200			\$ 171,428 750
2. Receivables from brokers or dealers:					
A. Clearance account		295			
B. Other	7,874	300			
3. Receivable from non-customers		355	7,600	600	7,874 830
4. Securities and spot commodities owned at market value:					
A. Exempted securities		418			
B. Debt securities		419			
C. Options		420			
D. Other securities		424			
E. Spot commodities		430			850
5. Securities and/or other investments not readily marketable:					
A. At cost $\frac{1}{2}$ \$	130				
B. At estimated fair value		440	610		860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:					
A. Exempted securities \$	150				
B. Other securities \$	160				
7. Secured demand notes:		470	640		890
Market value of collateral:					
A. Exempted securities \$	170				
B. Other securities \$	180				
8. Memberships in exchanges:					
A. Owned, at market \$	190				
B. Owned, at cost			650		
C. Contributed for use of the company, at market value			660		900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships		480	670		910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization		490	2,238	680	2,238 920
11. Other assets...Prepaid Registration.		535	15,142	735	15,142 830
12. TOTAL ASSETS	\$ 179,302	540	\$ 24,980	740	\$ 204,282 940

OMIT PENNIES

See accompanying notes to financial statements

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER

Mt Rushmore Securities LLC

as of 12/31/04

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

LIABILITIES AND OWNERSHIP EQUITY

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13. Bank loans payable	\$ 6,760 1045	\$ 1255 ¹³	\$ 6,760 1470
14. Payable to brokers or dealers:			
A. Clearance account	1114	1315	1560
B. Other	1115 ¹⁰	1305	1540
15. Payable to non-customers	1155	1355	1610
16. Securities sold not yet purchased, at market value		1360	1620
17. Accounts payable, accrued liabilities, expenses and other	54,775 1205	1385	54,775 1685
18. Notes and mortgages payable:			
A. Unsecured	1210		1690
B. Secured	1211 ¹²	1390 ¹⁴	1700
19. E. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		1400	1710
1. from outsiders \$ 970			
2. includes equity subordination (15c3-1(d)) of ... \$ 980			
B. Securities borrowings, at market value from outsiders \$ 990		1410	1720
C. Pursuant to secured demand note collateral agreements		1420	1730
1. from outsiders \$ 1000			
2. includes equity subordination (15c3-1(d)) of ... \$ 1010			
D. Exchange memberships contributed for use of company, at market value		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	1750
20. TOTAL LIABILITIES	\$ 61,535 1230	\$ 1450	\$ 61,535 1760
Ownership Equity			
21. Sole Proprietorship			1770 ¹⁵
22. Partnership (limited partners)	1020 ¹¹		142,747 1780
23. Corporation:			
A. Preferred stock			1791
B. Common stock			1792
C. Additional paid-in capital			1793
D. Retained earnings			1794
E. Total			1795
F. Less capital stock in treasury			1796 ¹⁶
24. TOTAL OWNERSHIP EQUITY			1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY			\$ 204,282 1810

OMIT PENNIES

See accompanying notes to financial statements.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER **Mt Rushmore Securities LLC**

as of 12/31/04

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition	\$	142,747		3480
2. Deduct ownership equity not allowable for Net Capital			19	3490
3. Total ownership equity qualified for Net Capital		142,747		3500
4. Add:				
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital				3520
B. Other (deductions) or allowable credits (List)				3525
5. Total capital and allowable subordinated liabilities	\$	142,747		3530
6. Deductions and/or charges:				
A. Total non-allowable assets from				
Statement of Financial Condition (Notes B and C)	17	\$ 24,980		3540
B. Secured demand note delinquency				3590
C. Commodity futures contracts and spot commodities - proprietary capital charges				3600
D. Other deductions and/or charges				3610
		(24,980)		3620
7. Other additions and/or allowable credits (List)				3630
8. Net capital before haircuts on securities positions	20	\$ 117,767		3640
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):				
A. Contractual securities commitments	\$			3660
B. Subordinated securities borrowings				3670
C. Trading and investment securities:				
1. Exempted securities	18			3735
2. Debt securities				3733
3. Options				3730
4. Other securities				3734
D. Undue Concentration				3650
E. Other (List)				3736
				3740
10. Net Capital	\$	117,767		3750

OMIT PENNIES

See accompanying notes to financial statements.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER **Mt Rushmore Securities LLC**

as of 12/31/04

COMPUTATION OF NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6 $\frac{2}{3}$ % of line 19)	\$	4,102	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	5,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$	5,000	3760
14. Excess net capital (line 10 less 13)	\$	112,767	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	106,613	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$	61,535	3790
17. Add:			
A. Drafts for immediate credit	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	3810	
C. Other unrecorded amounts (List)	\$	3820	3830
18. Total aggregate indebtedness	\$	61,535	3840
19. Percentage of aggregate indebtedness to net capital (line 18 ÷ by line 10)	%	52	3850
20. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	%	0	3860

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

21. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	3970	
22. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	3880	3880
23. Net capital requirement (greater of line 21 or 22)	\$	3760	3760
24. Excess capital (line 10 less 23)	\$	3910	3910
25. Net capital in excess of the greater of:			
A. 5% of combined aggregate debit items or \$120,000	\$	3920	3920

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
 1. Minimum dollar net capital requirement, or
 2. 6 $\frac{2}{3}$ % of aggregate indebtedness or 4% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

See accompanying notes to financial statements.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER **Mt Rushmore Securities LLC**

For the period (MMDDYY) from **1/1/04** 3932 to **12/31/04** 3933
 Number of months included in this statement 12 3931

STATEMENT OF INCOME (LOSS)

REVENUE

1. Commissions:			
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$		3935
b. Commissions on listed option transactions	25		3938
c. All other securities commissions			3939
d. Total securities commissions			3940
2. Gains or losses on firm securities trading accounts			
a. From market making in options on a national securities exchange			3945
b. From all other trading			3949
c. Total gain (loss)			3950
3. Gains or losses on firm securities investment accounts			3952
4. Profit (loss) from underwriting and selling groups		25	3955
5. Revenue from sale of investment company shares			3970
6. Commodities revenue			3990
7. Fees for account supervision, investment advisory and administrative services			3975
8. Other revenue		23,383	3995
9. Total revenue		\$ 23,383	4030

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers			4120
11. Other employee compensation and benefits		33,581	4115
12. Commissions paid to other broker-dealers			4140
13. Interest expense		74	4075
a. Includes interest on accounts subject to subordination agreements		4070	
14. Regulatory fees and expenses		18,646	4195
15. Other expenses		328,335	4100
16. Total expenses		\$ 380,636	4200

NET INCOME

17. Income (loss) before Federal income taxes and items below (Item 9 less Item 16)		\$ (357,253)	4210
18. Provision for Federal income taxes (for parent only)		28	4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above			4222
a. After Federal income taxes of		4338	
20. Extraordinary gains (losses)			4224
a. After Federal income taxes of		4239	
21. Cumulative effect of changes in accounting principles			4225
22. Net income (loss) after Federal income taxes and extraordinary items		\$ (357,253)	4230

MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items		\$ (52,871)	4211
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See accompanying notes to financial statements.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER **Mt Rushmore Securities LLC**

For the period (MMDDYY) from 1/1/04 to 12/31/04

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1. Balance, beginning of period		\$	0	4240
A. Net income (loss)			(357,253)	4250
B. Additions (Includes non-conforming capital of	29	\$	4262	4260
C. Deductions (Includes non-conforming capital of		\$	4272	4270
2. Balance, end of period (From item 1800)		\$	142,747	4290

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS**

3. Balance, beginning of period		\$	0	4300
A. Increases				4310
B. Decreases				4320
4. Balance, end of period (From item 3520)		\$	0	4330

OMIT PENNIES

See Accompanying notes to financial statements.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER **Mt Rushmore Securities LLC**

as of **12/31/04**

EXEMPTIVE PROVISION UNDER RULE 15c3-3

24. If an exemption from Rule 15c3-1 is claimed, identify below the section upon which such exemption is based (check one only)

- | | | |
|---|-------------------------------------|------|
| A. (k)(1) — \$2,500 capital category as per Rule 15c3-1 | <input type="checkbox"/> | 4550 |
| B. (k)(2)(A) — "Special Account for the Exclusive Benefit of customers" maintained | <input checked="" type="checkbox"/> | 4560 |
| C. (k)(2)(B) — All customer transactions cleared through another broker-dealer on a fully disclosed basis.
Name of clearing firm ₃₀ | | 4570 |
| D. (k)(3) — Exempted by order of the Commission (include copy of letter) | | 4580 |

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual (See below for code)	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)	
31	4600	4601	4602	4603	4604	4605
32	4610	4611	4612	4613	4614	4615
33	4620	4621	4622	4623	4624	4625
34	4630	4631	4632	4633	4634	4635
35	4640	4641	4642	4643	4644	4645
			Total \$₃₅	0	4699	

OMIT PENNIES

Instructions: Detail Listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and anticipated accruals which would cause a reduction of Net Capital. These anticipated accruals would include amounts of bonuses, partners' drawing accounts, taxes, and interest on capital, voluntary contributions to pension or profit sharing plans, etc., which have not been deducted in the computation of Net Capital, but which you anticipate will be paid within the next six months.

WITHDRAWAL CODE:	DESCRIPTIONS
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals

Mt Rushmore Securities LLC
December 31, 2004

File Number 8-066412

Statement of Income

Line 15 (Item # 4100) - Other expenses:

Computer supplies	3,269
Consulting	52,307
Dues and Subscriptions	24,234
Insurance	2,165
Internet fees	70,562
Accounting fees	4,000
Legal fees	130,283
Rents	12,275
Telephone	8,921
Depreciation	3,331
Travel and entertainment	7,549
Office expense	1,390
Miscellaneous	8,049
Total other expenses	328,335

Mt Rushmore Securities LLC
Statement of Cash Flows
Year Ended December 31, 2004

Cash flows from operating activities:	
Net loss	\$ (357,253)
Adjustments to reconcile net income to net cash	
Provided by operating activities:	
Depreciation and amortization	3,331
Changes in current assets & current liabilities	
Net (increase) decrease in receivables and prepaids	(30,616)
Net increase (decrease) in payables and accrued expenses	54,775
Net cash provided by operating activities	(329,763)
Cash flows from investing activities:	
Purchase of furniture and equipment	(6,319)
Proceeds from sale of property and equipment	750
Net cash used by investing activities	(5,569)
Cash flows from financing activities:	
Net increase in short-term debt	6,760
Capital contributions	500,000
Net cash used by financing activities	506,760
Net increase (decrease) in cash	171,428
Cash at beginning of period	-
Cash at end of period	\$ 171,428
Supplemental disclosures of cash flow information:	
Interest paid	\$ 39
Income tax paid	\$ -
See accompanying notes to financial statements.	

No reconciliation of the computation of net capital under Sec.240.15c3-1 or computation for determination of the reserve requirements under Exhibit A of Sec.240.15c3-3 between the most recent un-audited Part IIA submitted and this audit report has been included, as no material differences exist.

Mt. Rushmore Securities LLC

Notes to Financial Statements
December 31, 2004

NOTE 1 - Summary of Significant Accounting Policies:

Nature of operations

Mt Rushmore Securities LLC was formed as a Delaware Limited Liability Company on December 2, 2003, and was approved to conduct business as a broker dealer by the NASD on August 12, 2004.

Accounting method

The Corporation prepares its financial statements using the accrual method of accounting.

Property, equipment, and depreciation

Property and Equipment are recorded at cost, major additions are capitalized while minor improvements, which do not extend the useful life of the asset, are expensed in the period incurred. Depreciation has been provided utilizing the double declining balance method. Assets are depreciated over their estimated useful life of 5-7 years.

Income taxes

The Company files its income tax return as a partnership. As a partnership, in lieu of the Company paying income tax, the Company's equity shareholders are taxed on their proportionate share of taxable income in accordance with the shareholder agreement and the Internal Revenue Code.

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - Property and equipment

As of December 31, 2004, Property and equipment consisted of the following:

Classification	Lives	Cost	Accumulated Depreciation
Computer equipment	5 yrs	\$5,169	(\$3,102)
Furniture	7 yrs	<u>400</u>	<u>(229)</u>
		\$5,569	\$3,311

NOTE 3 - Note payable

In November, the Company obtained a loan from Iowa State Bank of Fairfield. The \$7,010 loan carries a 6.75% interest rate and calls for monthly payments of \$313 over a 24 month period. The loan is secured by a commercial security agreement covering all Company assets. As of December 31, 2004, the remaining balance on the loan was \$6,760. Of this amount, \$3,406 will be paid in 2005, and \$3,354 will be paid in 2006.

NOTE 4 - Equity shares and members' liability

Under the *Limited Liability Company Agreement* dated January 5, 2004, the Company issued 1,000 shares with no stated value. As a Limited Liability Company, shareholders are limited in their liability as to Company matters by the amount in their respective equity accounts.

NOTE 5 - Related party transactions

During 2004, the Company paid \$12,546 in consulting fees to a 50% shareholder.