

BB



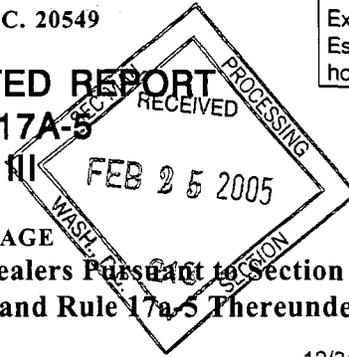
05037715

SECURI. Washington, D.C. 20549

ON

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	January 31, 2007
Estimated average burden hours per response.....	12.00

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



SEC FILE NUMBER
8- 65970

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 01/06/2004 AND ENDING 12/31/2004
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **CacheMatrix, LLC**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

3200 Cherry Creek South Drive Suite 480

(No. and Street)

Denver

Colorado

80209

(City)

(State)

(Zip Code)

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

George Hagerman

(303) 468-5500

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Spicer Jeffries LLP

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

5251 S. Quebec Street Suit 200

Greenwood Village

Colorado

80111

(Address)

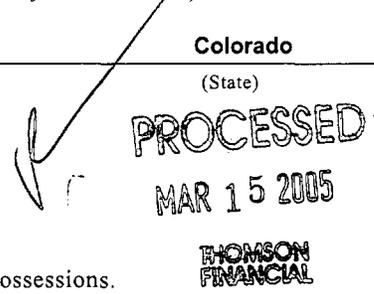
(City)

(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)

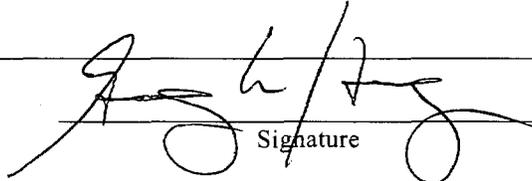
SEC 1410 (06-02)

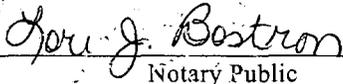
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

3/15/05

OATH OR AFFIRMATION

I, George Hagerman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CacheMatrix, LLC, as of December 31, 2004, 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
George Hagerman General Principal
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 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).

CACHEMATRIX, LLC

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	3
Statement of Financial Condition	4
Statement of Operations	5
Statement of Changes in Member's Equity	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 9
Supplementary Schedule:	
Computation of Net Capital Pursuant to Uniform Net Capital Rule 15c3-3 included in the Company's Corresponding Unaudited Form X-17a-5 Part II Filing	10
Independent Auditors' Report on Internal Accounting Control Pursuant to SEC Rule 17a-5	11-12



CERTIFIED PUBLIC ACCOUNTANTS

5251 SOUTH QUEBEC STREET • SUITE 200

GREENWOOD VILLAGE, COLORADO 80111

TELEPHONE: (303) 753-1959

FAX: (303) 753-0338

www.spicerjeffries.com

INDEPENDENT AUDITORS' REPORT

The Member of
Cachematrix, LLC

We have audited the accompanying statement of financial condition of Cachematrix, LLC as of December 31, 2004, and the related statements of operations, changes in member's equity and cash flows for the period from commencement of operations (January 6, 2004) through December 31, 2004. 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 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 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 Cachematrix, LLC as of December 31, 2004, and the results of its operations and its cash flows for the period from commencement of operations through December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the supplemental schedule listed in the accompanying index is presented for purposes of additional analysis and is not required for a fair presentation of the financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Spicer Jeffries LLP".

Greenwood Village, Colorado
February 10, 2005



CACHEMATRIX, LLC

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2004

ASSETS

Cash	\$	120,858
Receivables:		
Related party		321,029
Other		9,923
Furniture, equipment and leasehold improvements, net of accumulated depreciation and amortization of \$4,237		22,975
Prepaid expenses		<u>28,541</u>
<i>Total assets</i>	\$	<u><u>503,326</u></u>

LIABILITIES AND MEMBER'S EQUITY

LIABILITIES:

Accounts payable	\$	4,784
Other liabilities		<u>4,119</u>
<i>Total liabilities</i>		<u>8,903</u>

COMMITMENTS AND CONTINGENCIES (Notes 4 and 5)

MEMBER'S EQUITY (Note 2)		<u>494,423</u>
<i>Total liabilities and member's equity</i>	\$	<u><u>503,326</u></u>

The accompanying notes are an integral part of this statement.

CACHEMATRIX, LLC

STATEMENT OF OPERATIONS
FOR THE PERIOD FROM COMMENCEMENT OF
OPERATIONS (JANUARY 6, 2004) THROUGH
DECEMBER 31, 2004

REVENUES:

Service fees	\$ 40,068
Other income	524

Total revenues 40,592

EXPENSES:

Salaries, benefits and payroll taxes	168,581
Professional fees	77,973
General and administrative	76,222
Occupancy and equipment costs	64,278
Insurance	49,055
Regulatory fees	20,663

Total expenses 456,772

NET LOSS \$ (416,180)

The accompanying notes are an integral part of this statement.

CACHEMATRIX, LLC

**STATEMENT OF CHANGES IN MEMBER'S EQUITY
FOR THE PERIOD FROM COMMENCEMENT OF
OPERATIONS (JANUARY 6, 2004) THROUGH
DECEMBER 31, 2004**

	<u>Member's Equity</u>
COMMENCEMENT OF OPERATIONS (January 6, 2004)	\$ 485,221
Member contributions	425,382
Net loss	<u>(416,180)</u>
BALANCES, December 31, 2004	<u>\$ 494,423</u>

The accompanying notes are an integral part of this statement.

CACHEMATRIX, LLC

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM COMMENCEMENT OF
OPERATIONS (JANUARY 6, 2004) THROUGH
DECEMBER 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$ (416,180)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	4,237
Increase in receivable from related party	(321,029)
Increase in other receivables	(9,923)
Increase in other assets	(28,541)
Increase in accounts payable	4,784
Increase in other liabilities	4,119
	<hr/>
<i>Net cash flows used in operating activities</i>	<i>(762,533)</i>
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Furniture and equipment purchases	(27,212)
	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Member contributions	425,382
	<hr/>
NET DECREASE IN CASH	(364,363)
CASH, at beginning of period	485,221
	<hr/>
CASH, at end of period	\$ 120,858
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

CACHEMATRIX, LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business

Cachematrix, LLC (the "Company") was incorporated in Denver, Colorado on March 5, 2003, and was approved as a securities broker-dealer registered with the Securities and Exchange Commission and the National Association of Securities Dealers on January 2, 2004. The Company commenced operations on January 6, 2004. As the Company does not hold customer securities or perform custodial functions relating to customer accounts, it is therefore exempt from the possession and control requirements of Rule 15c3-3 under 15c3-3(k)(2)(i).

Depreciation and Amortization

The Company provides for depreciation of furniture and equipment on the straight-line method based on the estimated useful lives of the assets ranging from five to seven years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

Income Taxes

The Company is not considered a separate taxable entity for tax purposes. All income is reported on the sole member's tax return.

Revenue Recognition

The Company's main source of revenue is generated through an unrelated entity. The Company receives a fee for customers that it has referred to the unrelated entity at an annual rate ranging from 2.5 to 5 basis points of the value of the customer assets as of the last business day of each month. Revenue is recognized as earned. For the period ended December 31, 2004, the Company recorded a receivable from the unrelated entity in the amount of \$9,923.

Use of 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.

CACHEMATRIX, LLC

NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 2 - NET CAPITAL REQUIREMENTS

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. At December 31, 2004, the Company had net capital and net capital requirements of \$91,955 and \$5,000 respectively. The Company's net capital ratio (aggregate indebtedness to net capital) was .10 to 1. According to Rule 15c3-1, the Company's net capital ratio shall not exceed 8 to 1.

NOTE 3 - RELATED PARTY TRANSACTIONS

During the period ended December 31, 2004, the Company paid operating expenses on behalf of a related entity. As of December 31, 2004, the Company is owed \$321,029 for expenses paid.

NOTE 4 - LEASE COMMITMENTS

The Company leases office space under the terms of a non-cancelable operating lease expiring on January 1, 2007. At December 31, 2004, aggregate minimum future rental commitments under this lease with remaining terms in excess of one year are as follows:

	<u>Amount</u>
2005	\$ 36,049
2006	<u>36,049</u>
	<u>\$ 72,098</u>

Rent expense for the year ended December 31, 2004 amounted to approximately \$37,709.

NOTE 5 - FINANCIAL INSTRUMENTS, OFF-BALANCE SHEET RISKS AND CONTINGENCIES

The Company has a substantial portion of its assets on deposit with banks. Assets deposited with banks are subject to credit risk. In the event of a bank's insolvency, recovery of the Company's assets on deposit may be limited to account insurance or other protection afforded such deposits.

The Company's financial instruments, including cash and receivables are carried at amounts which approximate fair value. Payables and other liabilities are carried at amounts which approximate fair value.

SUPPLEMENTARY INFORMATION

CACHEMATRIX, LLC

**COMPUTATION OF NET CAPITAL PURSUANT TO UNIFORM
NET CAPITAL RULE 15c3-1
DECEMBER 31, 2004**

CREDIT:

Member's equity	\$	494,423
		494,423

DEBITS:

Nonallowable assets:		
Related party receivable		321,029
Prepaid expenses		28,541
Furniture, equipment and leasehold improvements, net		22,975
Excess fidelity bond deductible		20,000
Other receivables		9,923
		402,468

<i>Total debits</i>		402,468
		402,468

NET CAPITAL		91,955
--------------------	--	--------

Minimum requirements of 12.5% of aggregate indebtedness of \$8,903 or \$5,000, whichever is greater		5,000
		5,000

<i>Excess net capital</i>	\$	86,955
		86,955

AGGREGATE INDEBTEDNESS:

Accounts payable	\$	4,784
Other liabilities		4,119
		8,903

TOTAL AGGREGATE INDEBTEDNESS	\$	8,903
		8,903

RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL		.10 to 1
		.10 to 1

NOTE: There are no material differences between the above computation of net capital and the corresponding computation as submitted by the Company with the unaudited Form X-17A-5 as of December 31, 2004.

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

The Member of
Cachematrix, LLC

In planning and performing our audit of the financial statements and supplementary information of Cachematrix, LLC for the commencement of operations (January 6, 2004) through December 31, 2004, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Cachematrix, LLC that we considered relevant to the objectives stated in Rule 17a-5(g), (i) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or 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, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and procedures 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 above-mentioned objectives. Two of the objectives of an internal control structure 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 conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors 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. This report recognizes that it is not practicable in an organization the size of Cachematrix, LLC to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements 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, we noted no matters involving the internal control structure, including procedures for safeguarding securities that we consider to be material weaknesses as defined above.

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 were adequate at December 31, 2004, to meet the SEC's objectives.

In addition, our review indicated that Cachematrix, LLC was in compliance with the conditions of exemption from Rule 15c3-3 pursuant to paragraph k(2)(i) as of December 31, 2004, and no facts came to our attention to indicate that such conditions had not been complied with during the year.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.



Greenwood Village, Colorado
February 10, 2005