



05040742

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

B13 3/24

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
65473 8-51431

BEST AVAILABLE COPY

**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 1/1/2004 AND ENDING 12/31/2004
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Presidio Merchant Partners LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

101 California Street, 12th Floor

(No. and Street)

San Francisco

(City)

California

(State)

94111

(Zip Code)

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

Kathleen Pearson, Managing Director Finance & Accounting

(415) 449-2520

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Rothstein, Kass & Company, LLP

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

300 Ygnacio Valley Road, Suite 200

(Address)

Walnut Creek

(City)

California

(State)

94596

(Zip Code)

CHECK ONE:

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

PROCESSED
B MAR 31 2005
THOMSON FINANCIAL

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.

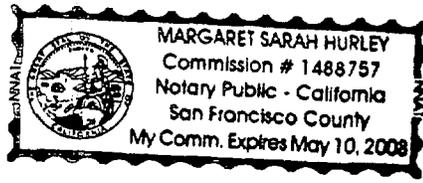
OATH OR AFFIRMATION

I, Jeffrey Zlot, Managing Director, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Presidio Merchant Partners LLC, as of [redacted], 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:

NOT APPLICABLE

[Handwritten signature] Signature
Managing Director Title

Margaret S. Hurley
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 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 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.
- (o) Independent auditor's report on internal accounting control.
- (p) Schedule of segregation requirements and funds in segregation--customers' regulated commodity futures account pursuant to Rule 171-5.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

PRESIDIO MERCHANT PARTNERS LLC

**STATEMENT OF
FINANCIAL CONDITION
AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2004

PRESIDIO MERCHANT PARTNERS LLC

CONTENTS

Independent Auditor's Report	1
Financial Statement	
Statement of Financial Condition	2
Notes to Statement of Financial Condition	3-5



INDEPENDENT AUDITORS' REPORT

Managing Member
Presidio Merchant Partners LLC

We have audited the accompanying statement of financial condition of Presidio Merchant Partners LLC (the "Company") as of December 31, 2004. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Presidio Merchant Partners LLC as of December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

Rothstein, Kass & Company, L.L.P.

Walnut Creek, California
February 28, 2005

PRESIDIO MERCHANT PARTNERS LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2004

ASSETS

Cash and cash equivalents	\$ 1,570,714
Accounts receivable	3,767,908
Due from related parties	509,241
Property and equipment, net	88,241
Other assets	<u>1,073</u>
	<u>\$ 5,937,177</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities

Accounts payable and accrued expenses	\$ 106,514
Accrued compensation	<u>563,601</u>
Total liabilities	<u>670,115</u>

Member's equity	<u>5,267,062</u>
	<u>\$ 5,937,177</u>

See accompanying notes to statement of financial condition.

PRESIDIO MERCHANT PARTNERS LLC

NOTES TO STATEMENT OF FINANCIAL CONDITION

1. Nature of business

Presidio Merchant Partners LLC (the "Company") is a broker-dealer registered with the Securities and Exchange Commission (SEC). The Company is also a member of the National Association of Securities Dealers, Inc. (NASD). The Company is wholly owned by Presidio Financial Partners LLC (the "Parent"). The Company is an introducing broker and its operations consist primarily of engaging in principal transactions and providing investment banking services.

2. Summary of significant accounting policies

Basis of Presentation

The financial statements are expressed in United States dollars and have been prepared in conformity with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Company considers money market accounts maintained at banking institutions to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. The Company provides for depreciation and amortization as follows:

Asset	Estimated Useful Life	Principal Method
Office and other equipment	7 years	Straight-line
Furniture and fixtures	7 years	Straight-line
Computer hardware	5 years	Straight-line
Computer software	5 years	Straight-line

Income Taxes

The Company does not record a provision for income taxes because its member reports its share of the Company's income or loss on its income tax returns.

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 amounts disclosed in the financial statements. Actual results could differ from those estimates.

PRESIDIO MERCHANT PARTNERS LLC

NOTES TO STATEMENT OF FINANCIAL CONDITION

3. Property and equipment

Details of property and equipment at December 31, 2004 are as follows:

Office and other equipment	\$	21,591
Furniture and fixtures		54,002
Computer hardware		33,594
Computer software		11,297
		<u>120,484</u>
Less accumulated depreciation and amortization		<u>32,243</u>
	\$	<u>88,241</u>

4. Net capital requirement

The Company is subject to the SEC Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn if the resulting net capital ratio would exceed 10 to 1. At December 31, 2004, the Company's net capital was approximately \$872,000, which was approximately \$827,000 in excess of its minimum requirement of approximately \$45,000.

5. Concentrations of risk

For the year ended December 31, 2004 the Company earned and recorded approximately 66% of its gross revenues from two customers. As of February 28, 2005 the Company has not received payment associated with one of these engagements representing approximately 35% of its gross revenue due to the fact the lead syndicator of the deal has yet to fund the offering. Management of the Company believes that the chance of the deal not being done is remote.

The Company's receivables are principally with companies in the United States of America. The Company performs ongoing credit evaluations and generally does not require collateral. Historically, the Company has not incurred any significant credit related losses.

The Company maintains its cash balances in financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$100,000 per institution.

PRESIDIO MERCHANT PARTNERS LLC

NOTES TO STATEMENT OF FINANCIAL CONDITION

6. Related party transactions

The Company has outstanding receivables with related entities. As of December 31, 2004, Presidio Capital Advisors LLC, Presidio Financial Partners LLC and Presidio Wealth Management LLC account for \$207,624, \$6,539 and \$295,078 respectively. All of the receivables outstanding were paid on February 28, 2005.

Pursuant to lease agreements entered into by the Parent, the Company pays rent for office space. Rent expense under these agreements for the year ended December 31, 2004 was \$162,084 and rent income from a sublease that expired on July 31, 2004 was \$24,187.

Aggregate future lease payments of office space to the Parent for the five years subsequent to December 31, 2004 are as follows:

Year Ending December 31,	
2005	\$ 186,763
2006	186,763
2007	192,146
2008	192,146
2009	186,638
	<hr/>
	\$ 944,456

7. Subsequent events

For the period January 1, 2005 through February 28, 2005 the Company has made approximately \$1,200,000 in additional capital distributions.