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

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3/24

SEC FILE NUMBER
8- 66098

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: Farm Creek Securities, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

89 Roton Avenue  
(No. and Street)

Rowayton CT 06853  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Ken George 603-380-5435  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Reynolds & Rowella, LLP  
(Name - if individual, state last, first, middle name)

51 Locust Avenue New Canaan CT 06840  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED  
MAR 31 2005

RECEIVED  
MAR 02 2005

WASH. D.C. 179 SECTION

**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)

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SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Edward Hynes, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Farm Creek Securities, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

KATHY DELUCA  
NOTARY PUBLIC  
MY COMMISSION EXPIRES SEPT 30, 2007  
Kathy Deluca  
Notary Public

E Hynes  
Signature  
President  
Title

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).

TABLE OF CONTENTS

Page(s)

Independent Auditor's Report on the Financial Statements i

FINANCIAL STATEMENTS:

EXHIBIT A Statement of Financial Condition as of December 31, 2004 ii

EXHIBIT B Statement of Operations for the Year Ended December 31, 2004 iii

EXHIBIT C Statement of Changes in Member's Capital for the Year Ended  
December 31, 2004 iv

EXHIBIT D Statement of Cash Flows for the Year Ended December 31, 2004 v

EXHIBIT E Notes to Financial Statements vi-viii

SUPPLEMENTARY INFORMATION

SCHEDULE 1 Computation of Net Capital Under Rule 15c3-1 of the SEC as of  
December 31, 2004 ix

SCHEDULE 2 Computation of Aggregate Indebtedness as of December 31, 2004 x

Accountant's Supplementary Report on Internal Accounting Control  
for the Year Ended December 31, 2004

*Partners:*

Thomas F. Reynolds, CPA  
Frank A. Rowella, Jr., CPA  
Steven I. Risbridger, CPA

*Principal*

Richard J. Proctor, CPA, CVA, CGFM

INDEPENDENT AUDITOR'S REPORT

To the Member  
Farm Creek Securities, LLC

We have audited the accompanying statement of financial condition of Farm Creek Securities, LLC (a Connecticut limited liability company) as of December 31, 2004, and the related statements of operations, changes in member's capital, and cash flows for the year then ended, that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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 Farm Creek Securities, LLC as of December 31, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules 1 and 2 on pages ix and x is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. 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.

*Reynolds & Rowella LLP*  
Reynolds & Rowella, LLP

New Canaan, Connecticut  
January 28, 2005

EXHIBIT A

FARM CREEK SECURITIES, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2004

ASSETS

Cash	\$ 20,655
Receivable from broker-dealer	50,370
Equipment and software, net	3,577
Other assets	<u>1,245</u>
 TOTAL ASSETS	 <u>\$ 75,847</u>

LIABILITIES AND MEMBER'S CAPITAL

LIABILITIES	
Accounts payable	<u>\$ 900</u>
 TOTAL LIABILITIES	 900
 MEMBER'S CAPITAL	 <u>74,947</u>
 TOTAL LIABILITIES AND MEMBER'S CAPITAL	 <u>\$ 75,847</u>

See notes to financial statements.

EXHIBIT B

FARM CREEK SECURITIES, LLC  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2004

REVENUES

Ticket charges and fees	\$ 1,626
Interest and dividends	359

TOTAL REVENUES	1,985
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OPERATING EXPENSES:

Regulatory fees	20,121
Office expense and telephone	8,168
Professional fees	6,900
Research expense	631
Clearance fees	750
Web site expense	775
Depreciation expense	768
Dues and subscriptions	691

TOTAL OPERATING EXPENSES	38,804
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NET LOSS	\$ (36,819)
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See notes to financial statements.

FARM CREEK SECURITIES, LLC  
STATEMENT OF CHANGES IN MEMBER'S CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2004

<u>BEGINNING CAPITAL</u>	\$ 66,966
Member contributions	44,800
Net loss	<u>(36,819)</u>
<u>ENDING CAPITAL</u>	<u>\$ 74,947</u>

See notes to financial statements.

FARM CREEK SECURITIES, LLC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2004

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Net loss	\$ (36,819)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	768
Changes in assets and liabilities	
(Increase) decrease:	
Receivable from broker dealer	(370)
Other assets	(855)
Increase (decrease) in liabilities:	
Accrued expenses	551
Total adjustments	<u>94</u>
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(36,725)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchases of property and equipment	<u>(3,192)</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(3,192)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>	
Member contributions	<u>44,800</u>
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	<u>44,800</u>
NET INCREASE IN CASH	4,883
<u>CASH AT BEGINNING OF PERIOD</u>	<u>15,772</u>
<u>CASH AT END OF PERIOD</u>	<u>\$ 20,655</u>

See notes to financial statements.

FARM CREEK SECURITIES, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Farm Creek Securities, LLC, (the "Company") is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). The Company is a limited liability company formed in the State of Connecticut. Its member is Edward Hynes.

The clearing and depository operations for the Company's customer and proprietary transactions are performed by its clearing broker pursuant to the clearance agreement.

Use of Estimates

The preparation of the 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 these estimates.

Equipment and Software, Net

Equipment and software is stated at cost and includes expenditures for major items. Maintenance, repairs and minor replacements are expensed. Depreciation is calculated under the straight-line method based on expected useful lives of 3 to 5 years.

Income Taxes

The Company is organized as a Limited Liability Company. As a flow-through entity, Federal and state income taxes are the responsibility of the member. Therefore, the Company does not record a provision for income taxes as the member reports the Company's income or loss on his income tax returns.

Securities Transactions/Revenue Recognition

The Company records securities transactions and related revenues and expenses on a trade date basis.

FARM CREEK SECURITIES, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statement of Cash Flows

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.

Concentration of Credit Risk

The Company maintains its cash balances in accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes there is little or no exposure to any significant and believes there is little or no exposure to any significant credit risk.

NOTE 2 – PROPERTY AND EQUIPMENT, NET

Equipment and software consist of the following at December 31, 2004:

Computers and other equipment	\$ 4,160
Software	<u>328</u>
	4,488
Accumulated depreciation	<u>( 911)</u>
Property and equipment, net	<u>\$ 3,577</u>

NOTE 3 – NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1, in the initial year of operation.

At December 31, 2004, the Company had net capital of \$70,125, which exceeded the minimum requirement of \$5,000 by \$65,125.

NOTE 4 – OFF-BALANCE SHEET RISK

Pursuant to a clearance agreement, the Company introduces all of its securities transactions to its clearing broker on a fully-disclosed basis. Therefore, all of the customers' money balances and long and short security positions are carried on the

FARM CREEK SECURITIES, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004

NOTE 4 – OFF-BALANCE SHEET RISK (continued)

books of the clearing broker. Under certain conditions, as defined in the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the securities transactions introduced by the Company. In addition, the receivable from the clearing broker is pursuant to this clearing agreement and includes a clearing deposit required by the clearing broker.

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss. A significant portion of the Company's assets are held by the clearing broker.

NOTE 5 – RULE 15c3-3 EXEMPTION

The Company is exempt from the provisions of Rule 15c3-3 under paragraph (k)(2)(ii) in that the Company carries no margin accounts; promptly transmits all customer funds and delivers all securities received; does not otherwise hold funds or securities for, or owe money or securities to customers and effectuates all financial transactions on behalf of customers on a fully disclosed basis.

SUPPLEMENTARY INFORMATION

SCHEDULE 1

FARM CREEK SECURITIES, LLC  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
AS OF DECEMBER 31, 2004

TOTAL OWNERSHIP EQUITY QUALIFIED FOR NET CAPITAL	\$ 74,947
Deductions and/or charges for non-allowable assets:	
Furniture, equipment and leasehold improvements	3,577
Other assets	1,245
	<u>4,822</u>
NET CAPITAL	70,125
Minimum net capital required	<u>5,000</u>
Excess net capital	<u>\$ 65,125</u>

STATEMENT PURSUANT TO PARAGRAPH (d)(4) OF RULE 17a-5

There are no material differences between the computation of net capital presented above and the computation of net capital reported in the Company's unaudited Form X-17A-5, Part II-A filing as of December 31, 2004.

FARM CREEK SECURITIES, LLC  
COMPUTATION OF AGGREGATE INDEBTEDNESS  
AS OF DECEMBER 31, 2004

AGGREGATE INDEBTEDNESS

Items included in statement of financial condition:

Accounts payable and accrued expenses	<u>\$ 900</u>
Total aggregate indebtedness	<u>\$ 900</u>
Excess net capital at 1,000 percent	<u>\$ 70,035</u>
Ratio: Aggregate indebtedness to net capital	<u>.01 to 1</u>

x

FARM CREEK SECURITIES, LLC  
ACCOUNTANT'S SUPPLEMENTARY REPORT ON  
INTERNAL ACCOUNTING CONTROL  
FOR THE YEAR ENDED DECEMBER 31, 2004

*Partners:*

Thomas F. Reynolds, CPA  
Frank A. Rowella, Jr., CPA  
Steven I. Risbridger, CPA

*Principal*

Richard J. Proctor, CPA, CVA, CGFM

ACCOUNTANT'S SUPPLEMENTARY REPORT  
ON INTERNAL ACCOUNTING CONTROL

To the Member  
Farm Creek Securities, LLC

In planning and performing our audit of the financial statements and supplemental schedules of Farm Creek Securities, LLC (the "Company"), for the year ended 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 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by rule 17a-13.
3. 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.

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 judgements 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 internal control 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 accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error 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.

Our consideration of internal control would not necessarily disclose all matters in internal control 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 components does not reduce to a relatively low level the risk that error 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 internal control, including control activities 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.

This report is intended solely for the information and use of the management, the SEC, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

  
Reynolds & Rowella, LLP

New Canaan, Connecticut  
January 28, 2005