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

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

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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 FEBRUARY 1, 2011 AND ENDING JANUARY 31, 2012
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

RUSHMORE CAPITAL, INC.

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

160 SUMMIT AVENUE

(No. and Street)

MONTVALE,

(City)

NJ

(State)

07645

(Zip Code)

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

(201) 476-0900

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

WOLINETZ, LAFAZAN & COMPANY, P.C.

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

5 NORTH VILLAGE AVENUE, ROCKVILLE CENTRE, NY 11570

(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)

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SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, HARRY LEFKOWITZ, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of RUSHMORE CAPITAL, INC., as of January 31, 2012, 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:

Harry Lefkowitz
Signature
President
Title

Ann M. Gatto
Notary Public

ANN M. GATTO
NOTARY PUBLIC
STATE OF NEW JERSEY
MY COMMISSION EXPIRES 10-4-2013

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder
Rushmore Capital, Inc.

We have audited the accompanying statement of financial condition of Rushmore Capital, Inc. as of January 31, 2012, and the related statements of operations, changes in stockholders' equity 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 Rushmore Capital, Inc. as of January 31, 2012, 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 made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules 1 and 2 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. These schedules are the responsibility of the Company's management. 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.


WOLINETZ, LAFAZAN & COMPANY, P.C.

Rockville Centre, New York
March 28, 2012

RUSHMORE CAPITAL, INC.
STATEMENT OF FINANCIAL CONDITION
JANUARY 31, 2012

ASSETS

Cash and cash equivalents	\$ 66,658
Clearing broker receivables	528,836
Other assets	28,171
Property and equipment, net	<u>474</u>
 Total Assets	 <u>\$ 634,139</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:		
Clearing broker payables		\$ 70,835
Accounts payable and accrued expenses		<u>59,974</u>
 Total Liabilities		 130,809
 Commitments and Contingencies		
 Stockholders' Equity:		
Common stock, no par value, authorized 1,000 shares, issued 300 shares	\$ 30,295	
Additional paid-in capital	1,358,825	
Retained earnings (deficit)	<u>(869,490)</u>	
	519,630	
Less: Cost of treasury stock (50 shares)	<u>(26,300)</u>	
 Total Stockholders' Equity		 <u>493,330</u>
 Total Liabilities and Stockholders' Equity		 <u>\$ 624,139</u>

The accompanying notes are an integral part of the financial statements.

RUSHMORE CAPITAL, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JANUARY 31, 2012

REVENUES:

Commission income	\$ 174,784
Trading gains - net	23,200
Interest and dividends	4,935
Other income	<u>26,062</u>
Total Revenues	228,981

EXPENSES:

Officer's compensation	\$ 30,404
Employee compensation and benefits	694,523
Regulatory fees and expenses	29,468
Clearing charges	11,781
Communication and data processing	81,900
Occupancy costs	27,348
Other expenses	<u>256,912</u>
Total Expenses	<u>1,132,336</u>

NET LOSS

\$ (903,355)

The accompanying notes are an integral part of the financial statements.

RUSHMORE CAPITAL, INC.
 STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
 FOR THE YEAR ENDED JANUARY 31, 2012

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Treasury Stock</u>	<u>Total</u>
Balances - February 1, 2011	\$ 30,295	\$ 158,825	\$ 33,865	\$(26,300)	\$ 196,685
Capital contributions	-	1,200,000	-	-	1,200,000
Net loss	<u>-</u>	<u>-</u>	<u>(903,355)</u>	<u>-</u>	<u>(903,355)</u>
Balances - January 31, 2012	<u>\$ 30,295</u>	<u>\$1,358,825</u>	<u>\$(869,490)</u>	<u>\$(26,300)</u>	<u>\$ 493,330</u>

The accompanying notes are an integral part of the financial statements.

RUSHMORE CAPITAL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 31, 2012

Cash Flows from Operating Activities:	
Net loss	\$(903,355)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	2,422
Changes in Operating Assets and Liabilities:	
Clearing broker receivables	(474,473)
Other assets	(3,429)
Clearing broker payables	70,835
Accounts payable and accrued expenses	<u>21,411</u>
Net Cash Used in Operating Activities	<u>(1,286,589)</u>
Cash Flows from Investing Activities:	<u>-</u>
Cash Flows from Financing Activities:	<u>-</u>
Proceeds of Capital Contributions	<u>1,200,000</u>
Net Cash Provided by Financing Activities	<u>1,200,000</u>
Decrease in Cash and Cash Equivalents	(86,589)
Cash and Cash Equivalents - Beginning of Year	<u>153,247</u>
Cash and Cash Equivalents - End of Year	<u>\$ 66,658</u>
Supplemental Cash Flow Information:	
Cash paid for income taxes	<u>\$ 1,000</u>
Cash paid for interest	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

RUSHMORE CAPITAL, INC.
Notes to Financial Statements

NOTE 1 - Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Rushmore Capital, Inc., (the "Company") is a brokerage firm engaged primarily in retail activities and securities trading. The Company is a registered broker-dealer with and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA").

The Company operates under the provision of Paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmit all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

Accounting Standards Codification

In June 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification 105, "Generally Accepted Accounting Principles" ("ASC 105"). On July 1, 2009, the FASB completed ASC 105 as the single source of authoritative U.S. generally accepted accounting principles ("GAAP"), superseding all then-existing authoritative accounting and reporting standards, except for rules and interpretive releases for the SEC under authority of federal securities laws, which are sources of authoritative GAAP for Securities and Exchange Commission registrants. ASC 105 reorganizes the authoritative literature comprising U.S. GAAP into a topical format that eliminates the current GAAP hierarchy. ASC 105 is not intended to change U.S. GAAP and will have no impact on the Company's consolidated financial position, results of operations or cash flows. However, since it completely supersedes existing standards, it will affect the way the Company references authoritative accounting pronouncements in its financial statements and other disclosure documents.

Revenue Recognition

The Company records firm trading transactions and client transactions on a trade date basis. The Company is exposed to risk of loss on these transactions in the event a client or broker fails to meet the terms of their contracts, in which case the Company may have to purchase or sell the positions at prevailing market prices.

Use of Estimates

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

RUSHMORE CAPITAL, INC.
Notes to Financial Statements

NOTE 1 - Nature of Business and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Securities Owned and Securities Sold, Not Yet Purchased

Securities owned and securities sold, not yet purchased are stated at fair value and are recorded in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*. They represent equity securities in which the Company acts as market maker and performs proprietary trading.

Securities sold but not yet purchased represent obligations of the Company to deliver the specified security at the contracted price. A liability is thereby created to purchase the security in the market at prevailing prices. Accordingly, these transactions result in off-balance-sheet risk as the Company's ultimate obligation to satisfy the sale of securities sold but not yet purchased may exceed the amount recognized in the statement of operations.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line methods over the estimated useful lives of the related assets, which approximates 3 and 5 years.

Income Taxes

The Company accounts for income taxes under the liability method, which requires the recognition of deferred tax liabilities and assets at tax rates expected to be in effect when these balances reverse. Future tax benefits attributable to temporary differences are recognized to the extent that realization of such benefits is more likely than not.

The Company has adopted the provisions of FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainties in Income Taxes - an interpretation of FASB Statement No. 109," now incorporated in ASC 740, which provide standards for establishing and classifying any tax provisions for uncertain tax positions and recognizing any interest and penalties.

Concentration of Credit Risks

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

RUSHMORE CAPITAL, INC.
Notes to Financial Statements

NOTE 2 - Fair Value Measurements

The authoritative guidance for fair value measurements defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or the most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Market participants are buyers and sellers in the principal market that are (i) independent, (ii) knowledgeable, (iii) able to transact, and (iv) willing to transact. The guidance describes a fair value hierarchy based on the levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active, or other inputs that are observable or corroborated by observable market data or substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the value of the assets or liabilities.

The Company's financial instruments include cash and cash equivalents, receivable from clearing broker, securities owned and securities sold, not yet purchased, accounts payable and accrued expenses and payable to clearing broker. These items are determined to be a Level 1 fair value measurement.

The carrying amounts of cash and cash equivalents, receivable from clearing broker, securities owned and securities sold, not yet purchased, accounts payable and accrued expenses and payable to clearing broker approximate fair value because of the short maturity of these instruments.

NOTE 3 - Clearing Broker Receivables and Payables

Amounts receivable from and payable to clearing broker consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Clearing broker deposits	\$ 528,836	\$ -
Payable on trading settlements, net	-	11,336
Payable on securities positions, net	-	59,499
	<u>\$ 528,836</u>	<u>\$ 70,835</u>

RUSHMORE CAPITAL, INC.
Notes to Financial Statements

NOTE 4 - Property and Equipment

Property and equipment is summarized as follows:

Office Equipment	<u>\$ 13,009</u>
	13,009
Less: Accumulated Depreciation	<u>12,535</u>
	<u>\$ 474</u>

Depreciation expense was \$2,422 for the year ended January 31, 2012.

NOTE 5 - Regulatory Requirements

The Company's capital ratio was 12.9%, versus an allowable maximum of 1500%, pursuant to the Uniform Net Capital Rule 15c3-1, under the Securities Exchange Act of 1934. The Company's net capital requirement pursuant to said rule is \$100,000. The net capital as computed was \$463,821, leaving an excess over requirements of \$363,821.

NOTE 6 - Financial Instruments with Off-Balance Sheet Credit Risk

As a securities broker, the Company is engaged in buying and selling securities for a diverse group of investors. The Company introduces these transactions for clearance to another broker/dealer on a fully disclosed basis.

The Company's exposure to credit risk associated with non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair the customers' ability to satisfy their obligations to the Company and the Company's ability to liquidate the collateral at an amount equal to the original contracted amount. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to such non-performance by its customers. The Company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing broker's internal guidelines. The Company monitors its customer activity by reviewing information it receives from its clearing broker on a daily basis, and requiring customers to deposit additional collateral, or reduce positions when necessary. At January 31, 2012, the Company believes that its exposure to such credit risk is immaterial.

The Company is obligated to settle transactions with brokers and/or other financial institutions even if its customers fail to meet their obligations to the Company. Customers are required to complete their transactions on settlement date, generally three business days after trade date. If customers do not fulfill their contractual obligations, the Company may incur losses. The Company has established procedures to reduce this risk by requiring that customers deposit cash and/or securities into their account prior to placing an order. In addition, the Company monitors each of its customers via computer analysis to assess risk of each trade and the customer's overall position.

RUSHMORE CAPITAL, INC.
Notes to Financial Statements

NOTE 6 - Financial Instruments with Off-Balance Sheet Credit Risk (Continued)

The Company maintains inventories in equity securities on both a long and short basis. While long inventory positions represent the Company's ownership of securities, short inventory positions represent obligations of the Company to deliver specified securities at a contracted price, which may differ from market prices prevailing at the time of completion of the transactions. Accordingly, both long and short inventory positions may result in losses or gains to the Company as market values of securities fluctuate. To mitigate the risk of losses, long and short positions are marked to market daily and are continuously monitored by the Company.

NOTE 7 - Income Taxes

At January 31, 2012, the Company had available contribution carryforwards of approximately \$23,000, which may be applied against future taxable income, if any, through January 31, 2013 and net operating loss carryforwards of approximately \$871,000, which may be applied against future taxable income, if any, through January 31, 2032. Certain significant changes in ownership of the Company may restrict the future utilization of these tax loss carryforwards.

At January 31, 2012, the Company had a deferred tax asset of approximately \$358,000 representing the benefit of its contribution and net operating loss carryforwards. The Company has not recognized the tax benefit because realization of the tax benefit is uncertain and thus a valuation allowance has been fully provided against the deferred tax asset.

NOTE 8 - Profit Sharing Plan

The Company sponsors a defined contribution 401(k) profit sharing plan ("the Plan") that covers substantially all employees. Under the Plan, the Company may make a discretionary contribution determined by the Board of Directors. All employees are eligible to participate in the Plan, based on meeting certain age and term of employment requirements. The Company made no matching contributions during the year ended January 31, 2012.

NOTE 9 - Commitments and Contingencies

The Enforcement Division of FINRA (DOE) has commenced a disciplinary proceeding against the Company and others. The Company has filed an answer, denying the material allegations and intends to vigorously defend this proceeding. The DOE is seeking sanctions in an unspecified amount, but has made a demand prior to the filing of a complaint against the Company that it would agree to a fine of \$200,000 against the Company. Such demand was rejected by the Company. The Company has established a reserve of \$50,000 in connection with this proceeding. This charge has been included in other expenses.

RUSHMORE CAPITAL, INC.
Notes to Financial Statements

NOTE 10 - Related Party Transactions

Included in accounts payable and accrued expenses is \$3,172 due to an affiliate for accrued rent.

The Company rents its facilities on a month to month basis from an affiliate. Rent expense was approximately \$27,000 for the year ended January 31, 2012.

SUPPLEMENTAL SCHEDULES

SCHEDULE 1.

RUSHMORE CAPITAL, INC.
COMPUTATION OF NET CAPITAL UNDER S.E.C. RULE 15c3-1
JANUARY 31, 2012

CREDIT ITEMS:

Total Stockholders' Equity \$ 493,330

DEBIT ITEMS:

Property and equipment, net \$ 474
Other assets 28,171 28,645

Net Capital Before Haircuts 464,685

Haircuts 864

Net Capital 463,821

Less: Minimum Net Capital Requirement 100,000

Remainder: Net capital in excess of all requirements \$ 363,821

Capital Ratio: (Maximum allowance 1500%)

Aggregate Indebtedness \$ 59,974
Divided by: Net Capital \$463,821 = 12.9%

Net Capital Requirement:

Greater of:
Minimum net capital required (6.67% of \$59,974) \$ 4,000
Minimum dollar net capital requirement \$ 100,000

SCHEDULE 2.

RUSHMORE CAPITAL, INC.
RECONCILIATION OF THE COMPUTATION OF NET CAPITAL
JANUARY 31, 2012

Net capital - per Company's unaudited X-17A-5 Part II A Filing	\$ 521,799
Increase in accounts payable and accrued expenses	(54,118)
Increase in clearing broker payables	<u>(3,860)</u>
Net Capital - per report pursuant to Rule 17a-5(d)	<u>\$ 463,821</u>

Wolinetz, Lafazan & Company, P.C.

Certified Public Accountants

5 North Village Avenue
Rockville Centre
New York 11570
516-536-0770
Fax: 516-536-5753
www.wolafcpa.com

To the Board of Directors and Stockholder
Rushmore Capital, Inc.

In planning and performing our audit of the financial statements of Rushmore Capital, Inc. ("the Company") as of and for the year ended January 31, 2012 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g) (1) of the Securities and Exchange Commission ("the SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included 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 and recordation of differences required by Rule 17a-13.
2. 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 internal control 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 controls 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 preparation of financial statements in conformity 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 and 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.

Rushmore Capital, Inc.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

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, as described in the second paragraph of this report, were adequate at January 31, 2012, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, Inc., and other regulatory agencies which 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.


WOLINETZ, LAFAZAN & COMPANY, P.C.

Rockville Centre, New York
March 28, 2012