



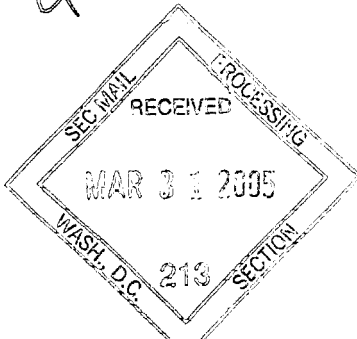
05041453

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

AM 4-5-2005

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

VF
4-7-05



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

SEC FILE NUMBER
8-51851

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: STONEBRIDGE SECURITIES, LLC

OFFICIAL USE ONLY

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

FIRM I.D.NO.

2505 2ND AVENUE, SUITE 515

SEATTLE

WA

98121

(City)

(State)

(Zip Code)

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

JEFF C. HUEY

(206) 770-9700

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PETERSON SULLIVAN, PLLC

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

601 UNION ST, STE 2300

SEATTLE

WA

98101

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

APR 11 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 240.17 a-5(e)(2)

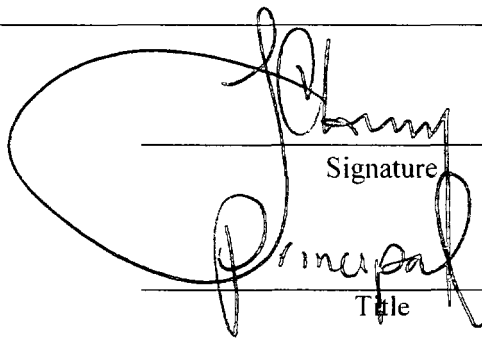
Potential persons who are to respond to the collection of
information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.

SEC 1410 (06.02)

Handwritten initials/signature

OATH OR AFFIRMATION

I, Jeff C. Huey, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Stonebridge 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:

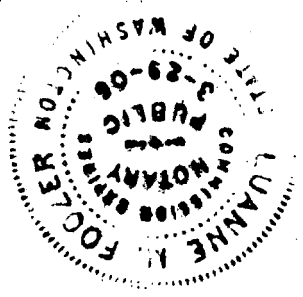


Signature

Principal

Title

Lu Anne M Fodder
Notary Public in and for
the state of Washington
My appointment expires 3/29/06
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. (CASH FLOWS)
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors. (NOT APPLICABLE)
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3. (NOT APPLICABLE)
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3. (NOT APPLICABLE)
- (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. (NOT APPLICABLE)
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report. (NOT APPLICABLE)
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit. (NOT APPLICABLE)

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

X (O) INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3.
* RESERVE REQUIREMENT IS NOT APPLICABLE

STONEBRIDGE SECURITIES, LLC

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2004

C O N T E N T S

	Page
FACING PAGE	1
OATH OR AFFIRMATION	2
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL CONDITION	4
STATEMENT OF INCOME.....	5
STATEMENT OF CHANGES IN MEMBERS' EQUITY	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS.....	8 and 9
SUPPLEMENTARY INFORMATION	
SCHEDULE I - COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1	11
SCHEDULE II - RECONCILIATION BETWEEN THE COMPUTATION OF NET CAPITAL PER THE BROKER'S UNAUDITED FOCUS REPORT, PART IIA, AND THE AUDITED COMPUTATION OF NET CAPITAL	12
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3	13 and 14



CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300

SEATTLE, WASHINGTON, 98101

INDEPENDENT AUDITORS' REPORT

To the Members
Stonebridge Securities, LLC
Seattle, Washington

We have audited the accompanying statement of financial condition of Stonebridge Securities, LLC as of December 31, 2004, and the related statements of income, changes in members' equity, and cash flows for the year then ended. 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. 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 Stonebridge 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in Schedules I and II 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 of the Securities and Exchange Commission. 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.

Peterson Sullivan PLLC

March 15, 2005

STONEBRIDGE SECURITIES, LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2004

ASSETS

Cash and cash equivalents	\$	4,135
Securities owned, at market value		25,252
Other current assets		345
Property and equipment, at cost, net of accumulated depreciation of \$9,972		<u>1,226</u>
	\$	<u><u>30,958</u></u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities		
Payable to related parties	\$	4,411
Members' equity		<u>26,547</u>
	\$	<u><u>30,958</u></u>

See Notes to Financial Statements

STONEBRIDGE SECURITIES, LLC

STATEMENT OF INCOME

For the Year Ended December 31, 2004

Revenues	
Consulting fee income	\$ 35,000
Comission fee income	17,071
Interest and dividends	480
Gains on securities owned	2,773
Rental income	18,610
	<hr/>
	73,934
Expenses	
Professional fees	36,495
Rent	26,111
Travel and entertainment	7,698
Regulatory fees	6,157
Commissions	2,371
Depreciation	2,146
Parking	1,882
Telephone	1,853
Office expense	1,827
Printing	1,287
Local taxes	932
Insurance	738
	<hr/>
	89,497
	<hr/>
Net loss	\$ (15,563)

See Notes to Financial Statements

STONEBRIDGE SECURITIES, LLC

STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the Year Ended December 31, 2004

Balance, December 31, 2003	\$ 28,110
Contributions	14,000
Net loss	<u>(15,563)</u>
Balance, December 31, 2004	<u><u>\$ 26,547</u></u>

See Notes to Financial Statements

STONEBRIDGE SECURITIES, LLC

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2004

Cash Flows from Operating Activities	
Net loss	\$ (15,563)
Adjustments to reconcile net loss to cash flows from operating activities	
Depreciation	2,146
Gains on securities owned	(2,773)
Change in operating assets and liabilities	
Accounts receivable	4,000
Securities owned	(12,662)
Other current assets	(25)
Accounts payable	(9,810)
	<hr/>
Net cash flows from operating activities	(34,687)
Cash Flows from Investing Activities	
Purchase of equipment	(757)
Cash Flows from Financing Activities	
Member capital contributions	14,000
	<hr/>
Decrease in cash	(21,444)
Cash and cash equivalents, beginning of year	25,579
	<hr/>
Cash and cash equivalents, end of year	<u><u>\$ 4,135</u></u>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization

Stonebridge Securities, LLC ("the Company") is a securities broker and dealer as approved by the Securities and Exchange Commission and the National Association of Securities Dealers, Inc. The Company's services include raising capital for customers through the private placement process by placing securities with accredited investors, providing fee based financial structuring and consulting, and providing mutual funds and variable annuities to customers. All consulting fee income was earned from one company in 2004. Approximately 70% of commission fee income was received from one company in 2004.

As an LLC, any liabilities to the owners are generally limited to amounts invested into it.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from the estimates that were used.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in banks and funds in money market accounts.

Securities Owned

Securities owned include bond and equity mutual funds.

Property and Equipment

Depreciation of property and equipment is recognized on the straight-line basis over the estimated lives of the assets.

Revenue Recognition

Commission fee income is recognized when the Company successfully raises capital for a customer. Commission percentages are generally based on contractual agreements and range from 5% to 8% of the private placement amount raised. Revenue from consulting services is recognized when the financial services are performed.

Income Taxes

The Company is taxed as a partnership and, with limited exceptions, is not taxed at the Company level. Instead, items of income, loss, deduction and credit are passed through to its member owners in computing their individual tax liabilities.

Note 2. Payable to Related Parties

The Company has an amount payable to members of the Company. The amount payable is unsecured, bears no interest, and is expected to be paid within a year.

Note 3. Operating Lease

The Company leases four offices under an operating lease on a month-to-month basis. The Company also subleases two of these offices under operating leases on a month-to-month basis. One of the offices is sublet to a company owned by the Members of the Company. The total rent received from this related company amounted to \$10,800 during 2004. The other office is subleased to an unrelated party. Total sublease income from the unrelated party was \$7,810 in 2004.

Note 4. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1). Accordingly, the Company is required to maintain a minimum level of net capital (as defined) of \$5,000. At December 31, 2004, the Company had computed net capital of \$20,659, which was in excess of the required net capital level by \$15,659. In addition, the Company is not allowed to have a ratio of aggregate indebtedness to net capital (as defined) in excess of 15 to 1. At December 31, 2004, the Company's ratio of aggregate indebtedness to net capital was 0.21 to 1.

S U P P L E M E N T A R Y I N F O R M A T I O N

STONEBRIDGE SECURITIES, LLC

SCHEDULE I
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1
December 31, 2004

COMPUTATION OF NET CAPITAL

Members' equity		\$	26,547
Liabilities subordinated to claims of general creditors			
Deductions			
Equipment	1,226		
Other	914		(2,140)
			<hr/>
Haircuts on security positions			
Money market			(71)
Mutual funds			(3,677)
			<hr/>
Net capital			20,659
Minimum net capital			<hr/> 5,000
Excess net capital		\$	<hr/> <hr/> 15,659

COMPUTATION OF AGGREGATE INDEBTEDNESS

Payable to related parties per financial statement	\$	<hr/> <hr/> 4,411
--	----	-------------------

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6 2/3% of total aggregate indebtedness or \$5,000, whichever is greater)	\$	<hr/> <hr/> 5,000
Percentage of aggregate indebtedness to net capital		21%
Ratio of aggregate indebtedness to net capital		0.21

Stonebridge Securities, LLC is exempt from the computation of reserve requirements pursuant to Rule 15c3-3 under paragraph K(2)(i).

STONEBRIDGE SECURITIES, LLC

SCHEDULE II

**RECONCILIATION BETWEEN THE COMPUTATION OF NET CAPITAL PER
THE BROKER'S UNAUDITED FOCUS REPORT, PART IIA, AND THE
AUDITED COMPUTATION OF NET CAPITAL**

December 31, 2004

Net capital per the broker's unaudited Focus Report, Part IIA	\$	21,846
Adjustments		
Increase in unallowable assets due to audit adjustments		(569)
Increase in haircuts due to audit adjustments		(618)
Net capital as audited	\$	<u>20,659</u>



CERTIFIED PUBLIC ACCOUNTANTS
601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER
CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3

To the Members
Stonebridge Securities, LLC
Seattle, Washington

In planning and performing our audit of the financial statements and supplemental schedules of Stonebridge Securities, LLC for the year ended December 31, 2004, we considered its internal control, including internal control activities 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 internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures followed by Stonebridge Securities, LLC 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 and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because Stonebridge Securities, LLC 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 Stonebridge Securities, LLC 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 Stonebridge Securities, LLC 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 Securities and Exchange Commission'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 Stonebridge Securities, LLC 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 accordance with accounting principles generally accepted in the United States. 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, projections 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 structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 Securities and Exchange Commission 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 Stonebridge Securities, LLC's practices and procedures were adequate at December 31, 2004, to meet the Securities and Exchange Commission's objectives.

This report is intended solely for the use of the Stonebridge Securities, LLC management, the Securities and Exchange Commission, 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 should not be used by anyone other than these specific parties.

Peter Sulli PLLC
March 15, 2005