

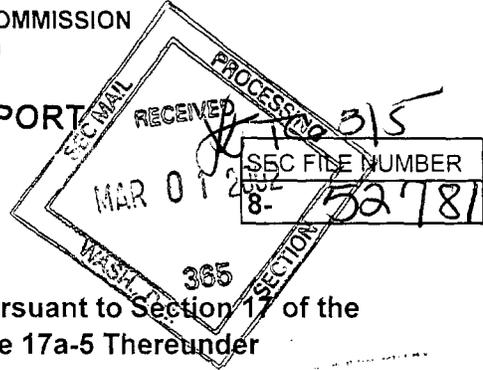
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3/18/2002

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



02007241

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



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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

GRAMERCY FINANCIAL SERVICES LLC

OFFICIAL USE ONLY  
FIRM ID. NO.

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

545 STEAMBOAT ROAD - FIRST FLOOR

(No. and Street)

GREENWICH CT 06830  
(City) (State) (Zip Code)

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

J. ROBERT YOUNG 203-422-0588  
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

PRICEWATERHOUSECOOPERS LLP

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

1177 AVENUE OF THE AMERICAS NEW YORK NY 10036  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

P MAR 21 2002  
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).

Handwritten signature and date 3/21/02

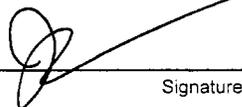
## OATH OR AFFIRMATION

I, JAY A. JOHNSTON, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GRAMERCY FINANCIAL SERVICES LLC, as of DECEMBER 31, 2001, 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:

**ROBERT J. LANAVA**  
**NOTARY PUBLIC**  
MY COMMISSION EXPIRES JUNE 30, 2006



Notary Public



Signature

**CHIEF EXECUTIVE OFFICER**

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 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.

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

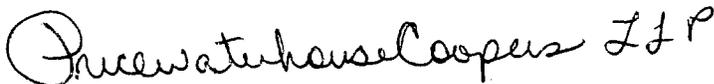
**Gramercy Financial Services  
LLC**

**Statement of Financial Condition  
December 31, 2001**

**Report of Independent Accountants**

To the Member of  
Gramercy Financial Services LLC

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Gramercy Financial Services LLC (the "Company") at December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



February 25, 2002

**Gramercy Financial Services LLC**  
**Statement of Financial Condition**  
**December 31, 2001**

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**Assets**

Cash	\$ 52,612
Receivable from clearing broker	749,251
Other assets	<u>7,976</u>
<b>Total assets</b>	<b>\$ <u>809,839</u></b>

**Liabilities and Member's Capital**

<b>Liabilities</b>	
Accrued expenses	\$ 31,260
Due to affiliates	<u>11,309</u>
<b>Total liabilities</b>	<b><u>42,569</u></b>
<b>Member's capital</b>	<b><u>767,270</u></b>
<b>Total liabilities and member's capital</b>	<b>\$ <u>809,839</u></b>

The accompanying notes are an integral part of this financial statement.

**Gramercy Financial Services LLC**  
**Notes to Statement of Financial Condition**  
**December 31, 2001**

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**1. Operations**

Gramercy Financial Services LLC (the "Company") was formed as a limited liability company under the laws of the state of Delaware (United States of America). Gramercy Financial Group LLC (the "Member") holds 100% of the membership interests of the Company.

The Company is registered as a broker-dealer with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. The Company was organized to act as a broker primarily for U.S. institutional customers dealing in emerging markets bonds and other fixed income instruments. The Company also acts as a broker for affiliated entities dealing in fixed income instruments. The Company commenced the securities activities for which it was organized during November 2001.

**2. Significant Accounting Policies**

**Basis of presentation**

The Company's records are maintained on the accrual basis of accounting and conform to generally accepted accounting principles in the United States of America.

**Securities transactions**

Transactions in securities and related revenues and expenses are recorded on a trade date basis.

**Receivable from clearing broker**

At December 31, 2001, the receivable from clearing broker represents cash of \$539,208 and receivables from unsettled trades of \$210,043 maintained at the clearing broker.

**Uses of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results may differ from those estimates.

**3. Related Party Transactions**

**Due to Affiliates**

During the year ended December 31, 2001, an affiliated company paid certain expenses, including regulatory fees and other operating expenses. These items totaled \$11,309 and are recorded in "Due to Affiliates" on the Statement of Financial Condition.

**Capital contributions and notes receivable from affiliates**

During October 2000, the Member contributed \$150,000 in cash to the Company which is included in beginning member's capital at January 1, 2001. During 2001, the Member contributed cash of \$500,000 and notes receivable in the amount of \$2,322,197 to the Company. The notes receivable are comprised of amounts due primarily from officers of the Member and have been presented as a reduction in member's capital on the statement of financial condition. The terms on these receivables range from due on demand to a maturity of December 31, 2002, with interest rates up to the one month LIBOR rate.

**4. Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital, as defined, equal to the greater of \$100,000 or 12.5% of aggregate indebtedness, as defined. At December 31, 2001, the Company had net capital of \$759,294, which was \$659,294 in excess of the amount required of \$100,000. The ratio of aggregate indebtedness to net capital was 0.06 to 1.

**5. Fair Value of Financial Instruments**

Statement of Financial Accounting Standards No. 107, "Disclosure About Fair Value of Financial Instruments," requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized on the Statement of Financial Condition. Management estimates that the fair value of the financial instruments recognized on the Statement of Financial Condition approximates their carrying value as such financial instruments are short-term in nature.

**6. Financial Instruments with Off-Balance-sheet Risk and Concentration of Credit Risk**

In the normal course of business, securities transactions of customers of the Company are introduced and cleared through a correspondent clearing broker. Pursuant to an agreement between the Company and its correspondent clearing broker, the correspondent clearing broker has the right to charge the Company for unsecured losses that result in the event that a customer or counterparty is unable to fulfill its contractual obligations. The Company has a policy of reviewing as considered necessary the credit standing of each counterparty and customer with which it conducts business.