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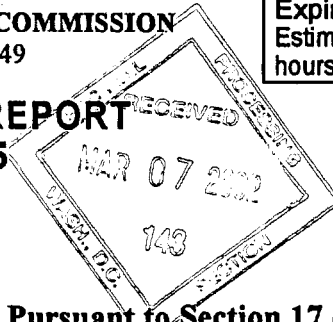
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**ANNUAL AUDITED REPORT  
FORM X17A5  
PART III**

OMB APPROVAL  
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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 January 1, 2001 AND ENDING December 31, 2001  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

CMP Equities, Inc.

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

6400 Flying Cloud Drive

(No. and Street)

Eden Prairie

Minnesota

55331

(city)

(State)

(Zip Code)

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

David J. Skoog

(952) 903-2200

(Area Code—Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Lurie Besikof Lapidus & Company, LLP

(Name—if Individual, state last, first, middle name)

2501 Wayzata Boulevard

Minneapolis

Minnesota

55405

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

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

PROCESSED

MAR 21 2002

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\*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).

OATH OR AFFIRMATION

I, David J. Skoog, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CMP Equities, Inc., 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:

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



David J. Skoog  
Signature  
Pres  
Title

Patricia A. Dettman  
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) Report on internal control required by SEC Rule 17a-5 for a broker-dealer claiming an exemption from SEC Rule 15c3-3.

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

Lurie Besikof Lapidus =  
& Company, LLP

**CMP EQUITIES, INC.**  
**FINANCIAL STATEMENTS**  
**Year Ended December 31, 2001**

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## INDEPENDENT AUDITOR'S REPORT

The Director and Stockholder  
CMP Equities, Inc.  
Eden Prairie, Minnesota

We have audited the accompanying statement of financial condition of CMP Equities, Inc. as of December 31, 2001, and the related statements of operations, changes in stockholder's equity, changes in subordinated borrowing, 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 accounting principles 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 CMP Equities, Inc. as of December 31, 2001, 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.

*Lurie Besikof Lapidus & Company, LLP*

Lurie Besikof Lapidus & Company, LLP

February 7, 2002

phone	612.377.4404
fax	612.377.1325
address	2501 Wayzata Boulevard Minneapolis, MN 55405
website	www.lblco.com

CMP EQUITIES, INC.

STATEMENT OF FINANCIAL CONDITION  
December 31, 2001

ASSET

CASH	\$ <u>6,506</u>
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LIABILITY AND STOCKHOLDER'S EQUITY

SUBORDINATED BORROWING	\$ 3,000
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STOCKHOLDER'S EQUITY	<u>3,506</u>
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	\$ <u>6,506</u>
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CMP EQUITIES, INC.

STATEMENT OF OPERATIONS  
Year Ended December 31, 2001

INCOME

Commissions:  
  Mutual funds  
  Annuities  
Interest

\$ 4,373  
117  
87  
4,577

OPERATING EXPENSES

4,506

NET INCOME

\$ 71

CMP EQUITIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
Year Ended December 31, 2001

	<u>Number of Shares</u>	<u>Common Stock *</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Stockholder's Equity</u>
BALANCE - DECEMBER 31, 2000	1,000	\$ 10	\$ 6,490	\$(3,065)	\$3,435
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>71</u>	<u>71</u>
BALANCE - DECEMBER 31, 2001	<u>1,000</u>	<u>\$ 10</u>	<u>\$ 6,490</u>	<u>\$(2,994)</u>	<u>\$3,506</u>

\* Par value \$.01 (authorized - 250,000 shares)



**CMP EQUITIES, INC.**

**STATEMENT OF CHANGES IN SUBORDINATED BORROWING**  
**Year Ended December 31, 2001**

**BALANCE - December 31, 2000 and 2001**

**\$ 3,000**

CMP EQUITIES, INC.

STATEMENT OF CASH FLOWS  
Year Ended December 31, 2001

OPERATING ACTIVITIES

Net income	\$ 71
Adjustments to reconcile net income to net cash used by operating activities:	
Changes in operating asset - commissions receivable	<u>984</u>
Net cash received from operating activities and net increase in cash	<u>1,055</u>

CASH

Beginning of year	<u>5,451</u>
End of year	<u>\$ 6,506</u>

CMP EQUITIES, INC.

NOTES TO FINANCIAL STATEMENTS

1. Description of Business and Summary of Significant Accounting Policies -

Description of Business

The Company is a securities broker/dealer registered with the Securities and Exchange Commission (SEC), and regulated by the National Association of Securities Dealers, Inc. (NASD). The Company is primarily an agent for clients in mutual fund transactions in the midwestern United States.

Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from these estimates.

Income Taxes

The shareholder of the Company elected to be taxed as an S corporation under the provisions of the Internal Revenue Code and applicable state regulations. Accordingly, no provision for income taxes is included in the financial statements.

2. Subordinated Borrowing -

The liability is due to the sole shareholder, subordinated to the claims of any general creditors, noninterest bearing, and due July 31, 2007.

3. Related Party Transactions -

The Company shares office facilities with an affiliated company; no charges are incurred for rent or other expenses. The Company paid a management fee of \$4,444 to this affiliated company under an agreement in which this affiliated company pays all the related broker/dealer expenses of the Company.

4. Net Capital Requirement -

The Company is subject to the Securities and Exchange Commission (SEC) Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires the ratio of aggregate indebtedness to net capital, both as defined, not to exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). Net capital and the related net capital ratio fluctuate on a daily basis; however, at December 31, 2001, the net capital ratio was 0 and net capital was \$6,506, which exceeded the minimum capital requirement by \$1,506.

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission since the Company does not carry security accounts for customers or perform custodial functions relating to customer

Lurie Besikof Lapidus  
& Company, LLP

INDEPENDENT AUDITOR'S REPORT - SUPPLEMENTARY INFORMATION REQUIRED BY  
RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION

The Director and Stockholder  
CMP Equities, Inc.  
Eden Prairie, Minnesota

We have audited the accompanying financial statements of CMP Equities, Inc. as of and for the year ended December 31, 2001, and have issued our report thereon dated February 7, 2002. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on page 9 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.

*Lurie Besikof Lapidus & Company, LLP*

Lurie Besikof Lapidus & Company, LLP

February 7, 2002

phone 612.377.4404  
fax 612.377.1325

address 2501 Wayzata Boulevard  
Minneapolis, MN 55405

CMP EQUITIES, INC.

COMPUTATION OF NET CAPITAL  
December 31, 2001

NET CAPITAL	
Stockholder's equity	\$ 3,506
Addition - subordinated borrowing	<u>3,000</u>
NET CAPITAL	<u>\$ 6,506</u>
BASIC NET CAPITAL REQUIREMENTS	
Net capital	\$ 6,506
Minimum net capital required	<u>5,000</u>
EXCESS NET CAPITAL	<u>\$ 1,506</u>
AGGREGATE INDEBTEDNESS	<u>\$ -</u>
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>0.0</u>
RECONCILING ITEMS TO THE COMPANY'S COMPUTATION INCLUDED IN PART II OF FORM X-17a-5 AS OF DECEMBER 31, 2001	
Net capital as reported by the Company	\$ 6,506
Net audit adjustments	<u>-</u>
	<u>\$ 6,506</u>

Lurie Besikof Lapidus  
& Company, LLP

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

The Director and Stockholder  
CMP Equities, Inc.  
Eden Prairie, Minnesota

In planning and performing our audit of the financial statements and supplemental schedule of CMP Equities, Inc. for the year ended December 31, 2001, we considered its internal control, including 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 (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 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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CMP EQUITIES, INC.

Lurie Besikof Lapidus  
& Company, LLP

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 errors 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 a material weakness 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, 2001, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, 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.

*Lurie Besikof Lapidus & Company, LLP*

Lurie Besikof Lapidus & Company, LLP

February 7, 2002