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OMB APPROVAL
OMB number 3235-0123
Expires September 30, 1998
Estimated average burden
Hours per response.....12

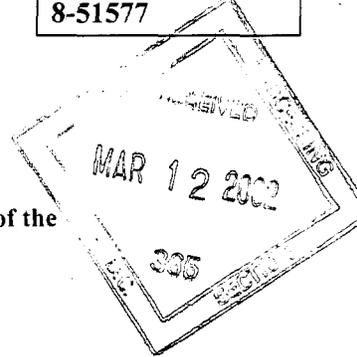
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SEC FILE NUMBER
8-51577

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER

Changes, LLC

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

440 South La Salle Street Suite 1900

Chicago, Illinois 60605
(City) (State) (zip code)

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

Matt Amberson (Area Code—Telephone No.) 312-663-7343

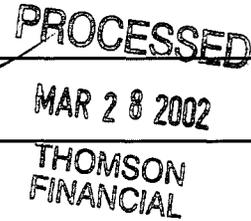
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B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Robert Cooper & Company CPA's, P.C.
(Name—if individual state Last, First, Middle name)

4460 Franklin Avenue, Western Springs, Illinois 60558
(ADDRESS) Number and Street City State zip code



CHECK ONE:

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

FOR OFFICAL USE ONLY

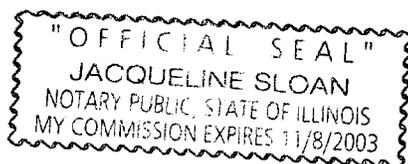
Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant
Must be supported by a statement of facts and circumstances relied on as the basis for the exemption.
See Section 244.17a-5(e)(2)

SEC 1410.1-781

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OATH OR AFFIRMATION

I, Matt Amberson , swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Changes, 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:



A handwritten signature in black ink, appearing to read "Matt Amberson", written over a horizontal line.

Signature

Managing member

Title

A handwritten signature in black ink, appearing to read "Jacqueline Sloan", written over a horizontal line.

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 Cash Flows.
- (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 of 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).*

CHANGES, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2001

Changes, LLC
Annual Report
For the Year Ended December 31, 2001

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANT

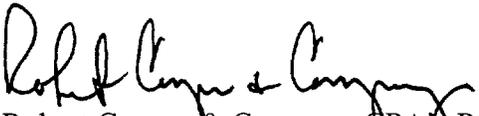
**To the Members:
Changes, LLC**

We have audited the accompanying statement of financial condition of **Changes, LLC** as of December 31, 2001, and the related statements of income, changes in members capital, and cash flows for the period ending December 31, 2001. These financial statements are the responsibility of the members. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 **Changes, LLC** as of December 31, 2001, and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles.

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 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.


Robert Cooper & Company CPAs P.C.

February 24, 2002

Changes, LLC
Statement of Financial Condition
December 31, 2001

ASSETS

Cash	\$	20,893
Securities owned		
Marketable, at market value		9,922,888
Long options, at market		10,839,133
Due from broker		4,658,369
Interest receivable Sage clearing		22,355
Fixed assets net of depreciation		30,359
Preferred stock at fair value		<u>50,000</u>
	\$	<u><u>25,543,997</u></u>

LIABILITIES AND MEMBER'S CAPITAL

Liabilities		
Securities sold, not yet purchased	\$	14,033,270
Short Options, at market value		9,935,894
Due from broker		77,883
Dividends Payable		5,291
Accounts payable		<u>483,166</u>
		24,535,505
 Member's Capital		 <u>1,008,492</u>
	\$	<u><u>25,543,997</u></u>

The accompanying notes should be read in
conjunction with the financial statements

Changes, LLC
Statement of Income
For the year ending, December 31, 2001

REVENUES	
Trading Revenue (net of commissions & fees)	\$ 999,183
Interest and Dividend Income net	503,314
Total Revenues	<u>1,502,497</u>
EXPENSES	
Seat Lease	488,072
Floor brokerage	15,335
Interest Expense	531,278
Payroll and trader fees	979,787
Depreciation	7,590
Exchange fees and market data information	120,358
Other operating costs	<u>116,603</u>
Total Expenses	<u>2,259,023</u>
Net Income for Year	\$ <u><u>(756,526)</u></u>

The accompanying notes should be read in
conjunction with the financial statements

Changes, LLC
Statement of Changes of Members' Capital
For the Year Ended December 31, 2001

Balance	
January 1, 2001	\$ 931,109
Net Income	(756,526)
Capital Contributions	1,127,810
Capital Withdrawals	<u>(293,900)</u>
December 31, 2001	<u>\$ 1,008,492</u>

The accompanying notes should be read in
conjunction with the financial statements

Changes, LLC
Statement of Cash Flows
For the year ending December 31, 2001

Cash flows from operating activities	
Net Income	\$ (756,526)
items not effecting cash flows	7,590
Adjustments to reconcile net income to net cash used in operating activities	
Increase in payable to broker	(18,484,946)
Increase in interest receivable	(20,688)
Increase in dividend payable	(3,594)
Decrease in payables	(158,187)
Increase in securities sold, not yet purchased	(11,255,183)
Increase in net unsettled positions	2,857,426
Increase in securities owned	<u>26,983,668</u>
Net cash used in operating activities	(830,440)
Funds provided by investing activities	
Purchase of computer hardware	(13,603)
	<u>0</u>
Net cash used in investing activities	(13,603)
Cash flows from financing activities	
Contribution of capital	1,127,810
Distributions	<u>(293,900)</u>
Net cash provided by financing activities	833,910
Decrease in cash for year	<u>(10,133)</u>
Cash at beginning of the year	<u>31,026</u>
Cash at end of the year	<u>\$ 20,893</u>
Interest expense paid during the year	\$ 531,278

The accompanying notes should be read in
conjunction with the financial statements

Changes, LLC
Notes to Financial Statements
For the Year Ended December 31, 2001

NOTE 1 Organization

Changes, LLC (The "Company") was organized under the Illinois Liability Company Act on June 11, 1998. The business of the Company is to engage in the speculative trading of stock and stock options, for their own account on organized exchanges in the United States. **Changes, LLC** is registered as a Broker Dealer with the Securities and Exchange Commission (SEC) and a member of the Chicago Board Options Exchange (CBOE). The Company is exempt from certain filing requirements under the Rule 15c3-1(a)(6) of the Securities and Exchange Commission, since the Company does not trade on behalf of customers, effects transactions only with other broker dealers, does not effect transactions in unlisted options and clears and carries its trading accounts with a registered clearing member of the Exchange.

NOTE 2 Significant Accounting Policies

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 disclosures 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 those estimates.

In the normal course of business, the Company enters into transactions in exchange traded securities, including options thereon which are used primarily to hedge certain proprietary securities and commitments. Proprietary securities transactions together with related revenues and expenses are recorded on trade date. Securities and options owned are reflected at market value with the resulting unrealized gains and losses reflected currently in income.

Cash equivalents consist of investments in a bank money market account.

NOTE 3 Fair Value of Financial Instruments

Substantially all of the Company's assets and liabilities are considered financial instruments as defined by Statement of Financial Accounting Standard No. 107 and are either already reflected at fair values, are short-term or replaceable on demand. Therefore, except for deposit for memberships and Sage Clearing Stock ownership, their carrying amounts approximate their fair value.

Changes, LLC
Notes to Financial Statements
For the Year Ended December 31, 2001

NOTE 4 Securities Owned and Sold, but not yet purchased

Marketable securities owned and sold but not yet purchased consists of trading and investment securities at quoted market value, as illustrated below.

	Owned	Sold but not yet Purchased
Stocks	\$9,922,888.00	\$14,033,270.00
Options	\$10,839,133.00	\$9,935,894.00
Totals	<u>\$20,762,021.00</u>	<u>\$23,969,164.00</u>

NOTE 5 Income Taxes

Pursuant to Treasury Regulation Section 301.7701, Changes, LLC is disregarded as a entity for tax purposes. All taxes are reported on the individual income tax return of the member.

NOTE 6 Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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 (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). Under this rule, the Company is required to maintain "minimum net capital" equivalent to \$100,000 or 6 2/3% of "aggregate indebtedness," whichever is greater, as these terms are defined. At December 31, 2001 the Company had net capital of \$306,341 which was \$ 206,341 in excess of its required net capital.

NOTE 7. Derivative Financial Instruments

Derivative financial instruments used for trading purposes, including economic hedges of trading instruments, are carried at market value or, if market prices are not readily available, fair value. Market values for exchange-traded derivatives, principally futures and certain options, are based on quoted market prices. Fair values for over-the-counter derivative financial instruments, principally forwards, options, and swaps, are based on pricing models intended to approximate the amounts that would be received from or paid to a third party in

Changes, LLC
Notes to Financial Statements
For the Year Ended December 31, 2001

NOTE 7 Derivative Financial Instruments

settlement of the contracts.

Derivatives used for economic hedging purposes include swaps, forwards, futures, and purchased options. Unrealized gains or losses on these derivative contracts are recognized currently in the statement of income as trading revenues. The Company does not engage in activity in swaps or the forward market.

Financial Instruments and Fair Value of Financial Instruments," requires disclosures about the amounts, nature, terms and fair values of derivative financial instruments. The statements also requires that a distinction be made between financial instruments held or issued for trading purposes and financial instruments held or issued for purposes other than trading.

The Company invests in exchange traded options on stock for speculative purposes. These contracts are marked to market daily and involve elements of market and credit risk. The Company's contracts are all exchange-traded whereas the options clearing corporation acts as the counter party of the specific transactions and , therefore, bears the risk of delivery to and from the counter parties.

The Company does not apply hedge accounting as defined in FASB Statement 133, Accounting for Derivative Instruments and Hedging Activities, as all financial instruments are marked to market with changes in fair values reflected in earnings. Therefore, the disclosures required in paragraphs 44 and 45 of the statement are generally not applicable with respect to these financial instruments.

Fair value of options contracts are recorded in securities owned or securities sold, not yet purchased, as appropriate.

Premiums and unrealized gains and losses for written and purchased option contracts are recognized gross in the consolidated statement of financial condition.

NOTE 8 Financial Instruments Held or Issued for Trading Purposes

The Company trades in exchange trade equities and equity options. The following table summarizes the components of income from proprietary trading transactions and includes the class of financial instruments included.

Equity activities (including equity shares, and options on stock)	\$999.183
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Changes, LLC
Notes to Financial Statements
For the Year Ended December 31, 2001

NOTE 8 Financial Instruments Held or Issued for Trading Purposes (continued)

The following amounts disclosed represent the market or fair value of derivative financial instruments at December 31, 2001, and the average market of fair value calculated based upon month end amounts, during the year for those instruments:

	Fair Value		Average Fair Value	
	December 31, 2001		Year Ended	
	Asset	Liability	December 31, 2001	December 31, 2001
	Asset	Liability	Asset	Liability
Equity options	\$10,839,133	\$ 9,935,894	\$12,208,880	\$18,518,499

NOTE 9 Due from Broker-Dealers

Due to broker-dealers at December 31, 2001 consist of the following:

Broker-dealer	\$4,658.369
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The amount due from broker-dealers is primarily from the selling of stock and stock options.

The Company clears all transactions through another broker dealer pursuant to a clearing agreement.

At December 31, 2001, substantially all assets of the Company are deposited with the clearing broker.

NOTE 10 Commitments and Contingencies

The Company has no long term agreements which would require expenditures in future periods.

NOTE 11 Preferred Stock

The preferred stock is a non dividend paying restricted stock. The stock is considered unmarketable and is carried at cost which approximates fair value.

Changes, LLC
Computation of Net Capital Under 15C 3-1
of the Securities and Exchange Commission
December 31, 2001

Total member's capital	\$ 1,008,492
Unallowable assets	(50,000)
Haircut's required	<u>(652,151)</u>
Net Capital	<u>306,341</u>
Minimum net capital requirement	100,000
Excess Net capital	\$ <u>206,341</u>
Excess net capital at 1000%	\$ <u><u>258,025</u></u>

Note: The above information on this schedule is in agreement, in all material respects, with the unaudited FOCUS Report, Part II filed by Changes, LLC as of December 31, 2001

The accompanying notes should be read in
conjunction with the financial statements

SCHEDULE I

Changes, LLC
Computation of Net Capital Under 15C 3-1 (continued)
of the Securities and Exchange Commission
December 31, 2001

COMPUTATION OF AGGREGATE INDEBTEDNESS

Aggregate Indebtedness

Items included in the balance sheet:

Accrued expenses	\$	483,166
		<hr/>
	\$	<u>483,166</u>

Ratio: Aggregate Indebtedness
to Net Capital

157.72%
to 1

The accompanying notes should be read in
conjunction with the financial statements

**CHANGES, LLC
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
AND INFORMATION RELATING TO POSSESSION AND CONTROL
REQUIREMENTS PURSUANT TO RULE 15c3-3**

December 31, 2001

**RESERVE COMPUTATION
(See note below)**

**INFORMATION FOR POSSESSION AND CONTROL REQUIREMENTS
(See note below)**

Note: Although the Company is not exempt from Rule 15c3-3, it does not transact a business in securities with, or for, other than members of a national securities exchange and does not carry margin amounts, credit balances or securities for any person defined as a "customer" pursuant to Rule 17a-5(c)(4). Accordingly, there are no amounts reportable under these sections.

**Independent Auditor's Report on Internal Control Structure Required
by SEC Rule 17a-5**

**To the Members:
Changes, LLC**

In planning and performing our audit of the financial statements of **Changes, LLC**, for the year ended December 31, 2001, 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 consolidated 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, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by **Changes, LLC** that we considered relevant to the objectives stated in rule 17a-5(g), (1) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the reserve required by 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) in making the quarterly securities examinations, counts, verifications and comparisons, and (2) recordation of differences required by rule 17a-13; (3) in complying with the requirements for prompt payment for securities under section 8 of 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 judgments 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 Commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide the owner 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 any internal control structure or the practices and procedures referred to above, errors or irregularities 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.

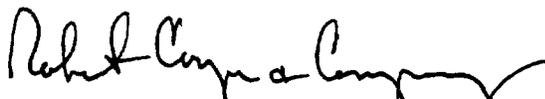
Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design 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 the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

The Company, because of its size and limited personnel, is unable to maintain an adequate separation of the various accounting functions. However, the managers of the Company informed me that they exercise close oversight of accounting records daily, thus offsetting the lack of separation of duties. The study and evaluation disclosed no condition that we believed to be a material weakness.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Commission 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 Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the Chicago Board Options Exchange and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

o Sincerely,


Robert Cooper & Company CPAs P.C.

February 24, 2002

OATH OR AFFIRMATION
REGARDING ACCURACY AND COMPLETENESS
OF FINANCIAL STATEMENTS AS OF FOR
THE YEAR ENDING DECEMBER 31, 2001

To the best of my knowledge and belief, the information contained herein is accurate and complete.



Matt Amberson
Member

Changes, LLC