

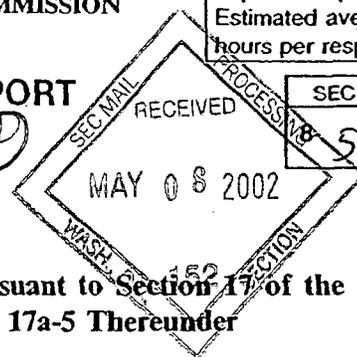
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SECURITIES AND COMMISSION
Washington, D.C. 20549

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



SEC FILE NUMBER
53400

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 5/24/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Diamond Funding, LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

(No. and Street)
Greenville, SC 29601
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Jim Callaway (864) 679-4620
(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Elliott Davis, LLC
(Name — if individual, state last, first, middle name)
P. O. Box 6286 Greenville, South Carolina 29606
(Address) (City) (State) (Zip Code)

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

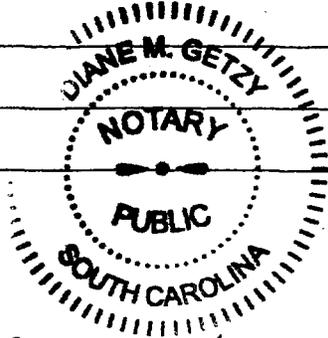
PROCESSED
MAY 23 2002
THOMSON
FINANCIAL

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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, Jim Callaway, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Diamond Funding, 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:



[Signature]
Signature
Managing Director
Title

[Signature]
Notary Public

My Commission expires on: September 25, 2010.
(Notary for the State of South Carolina)

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 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. N/A Not Consolidated
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report. N/A (Revenues under \$500,000)
- (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).

DIAMOND FUNDING, LLC
RECONCILIATION PURSUANT TO RULE 17a-5(d)(4)
DECEMBER 31, 2001

	<u>Unaudited</u>	<u>Adjustments</u> <u>Dr. (Cr.)</u>	<u>Audited</u>
ALLOWABLE ASSETS			
Cash	\$ 25,775		\$ 25,775
OTHER ASSETS	<u>1,130</u>		<u>1,130</u>
Total assets	<u>\$ 26,905</u>		<u>\$ 26,905</u>
CAPITAL ACCOUNTS			
Members' equity	<u>26,905</u>		<u>26,905</u>
Total capital	<u>\$ 26,905</u>		<u>\$ 26,905</u>

AS SHOWN ABOVE, THERE IS NO MATERIAL DIFFERENCE BETWEEN THE AUDITED NET CAPITAL ACCOUNT AND THE NET CAPITAL FROM THE MOST RECENT BROKER OR DEALER'S UNAUDITED PART II OR PART IIA FILING.