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

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

OMB APPROVAL
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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 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Okoboji Options, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

440 S. LaSalle Street, Suite 1725

(No. and Street)

Chicago

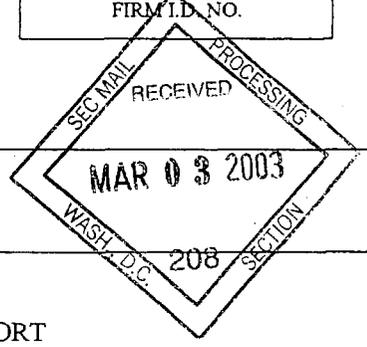
(City)

IL

(State)

60506

(Zip Code)



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

(312) 362-3067

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Miller, Cooper & Co., Ltd

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

650 Dundee Road, Suite 250

(Address)

(City)

Northbrook, IL

(State)

60062

(Zip Code)

CHECK ONE:

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

PROCESSED

MAR 18 2003

**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)

MAR 17 2003

OATH OR AFFIRMATION

I, James F. Hart, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Okoboji Options, Inc., as of December 31, 2002, 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: NONE.



James F. Hart
Signature
Pres
Title

Calandra Russo

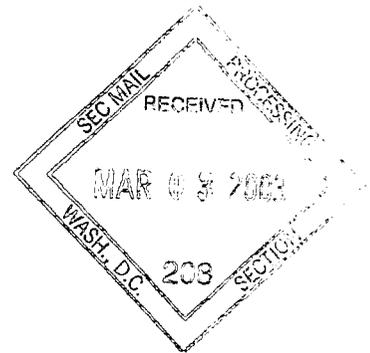
Notary Public

This report ** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of 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 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) Independent Auditor's Report on Internal Control

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

Okoboji Options, Inc.
Financial Statements and
Independent Auditor's Report
December 31, 2002



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MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Okoboji Options, Inc.

We have audited the accompanying balance sheet of Okoboji Options, Inc. as of December 31, 2002, and the related statements of operations and retained earnings 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 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 Okoboji Options, Inc. as of December 31, 2002, 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on page 11 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.

MILLER, COOPER & CO., LTD.


Certified Public Accountants

Northbrook, Illinois
January 24, 2003

FINANCIAL STATEMENTS

Okoboji Options, Inc.
BALANCE SHEET
December 31, 2002

ASSETS

Cash and cash equivalents	\$ 15,138
Securities owned, at market value	1,896,164
Due from clearing organization	2,686,540
Interest and dividends receivable	21,779
Clearing corporation stock, at cost (market \$10,000)	<u>10,000</u>
	<u>\$ 4,629,621</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Accounts payable and accrued expenses	\$ 109,519
Accrued traders' commissions	140,000
Securities sold not yet purchased, at market value	<u>839,025</u>
	<u>1,088,544</u>
STOCKHOLDER'S EQUITY	
Common stock, no par value; 1,000 shares authorized, issued, and outstanding	1,538,963
Additional paid-in capital	835,852
Retained earnings	<u>1,166,262</u>
	<u>3,541,077</u>
	<u>\$ 4,629,621</u>

The accompanying notes are an integral part of this statement.

Okoboji Options, Inc.
STATEMENT OF OPERATIONS AND RETAINED EARNINGS
Year ended December 31, 2002

REVENUES	
Interest and dividends	\$ 73,436
Net trading gains	<u>251,005</u>
	<u>324,441</u>
EXPENSES	
Outside services and commissions	278,333
Quotation service fees	101,568
Professional fees	63,259
Occupancy and equipment rent	27,114
Other operating expenses	59,902
Seat lease expense	<u>24,340</u>
	<u>554,516</u>
NET LOSS	(230,075)
Retained earnings at beginning of year	<u>1,396,337</u>
Retained earnings at end of year	<u><u>\$ 1,166,262</u></u>

The accompanying notes are an integral part of this statement.

Okoboji Options, Inc.
STATEMENT OF CASH FLOWS
Year ended December 31, 2002

Cash flows from operating activities	
Net loss	\$ (230,075)
Decrease in assets	
Securities owned	1,363,062
Due from clearing organization	554,456
Interest and dividends receivable	6,265
(Decrease) in liabilities	
Accounts payable and accrued expenses	(5,792)
Accrued traders' commissions	(10,000)
Securities sold not yet purchased	<u>(1,675,509)</u>
Net cash provided by operating activities	2,407
Cash and cash equivalents at beginning of year	<u>12,731</u>
Cash and cash equivalents at end of year	<u>\$ 15,138</u>

The accompanying notes are an integral part of this statement.

Okoboji Options, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE A - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Business

Okoboji Options, Inc. (the Company) is a proprietary trading firm whereby the sole stockholder speculates in values of securities and the respective profits and losses are reflected in current income.

2. Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

3. Securities Owned and Securities Sold Not Yet Purchased

These securities consist of trading and investment securities and are valued at quoted market values as of the date of the financial statements. Related gains and losses are recognized in income, currently.

4. Income Taxes

Income taxes on net income are payable personally by its stockholder pursuant to an election under Subchapter S of the Internal Revenue Code. Accordingly, no provision for income taxes has been made to these financial statements.

5. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure 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.

Okoboji Options, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE B - SECURITIES OWNED AND SECURITIES SOLD NOT YET PURCHASED

Securities owned and sold not yet purchased consist of the following:

	<u>Owned</u>	<u>Sold Not Yet Purchased</u>
Options held	\$ 178,080	\$ 335,235
Corporate stock	<u>1,718,084</u>	<u>503,790</u>
	<u>\$ 1,896,164</u>	<u>\$ 839,025</u>

NOTE C - DUE FROM CLEARING ORGANIZATIONS

The amount due from the clearing organization is a result of both deposits made to the clearing organization by the Company, and proceeds from closed investment transactions. Related interest is at a variable rate (2.4% at December 31, 2002).

NOTE D - COMMITMENT AND CONTINGENCIES

1. **Operating Lease and Rental Agreements**

The Company leases its office facility under an informal month-to-month arrangement, with related rent expense aggregating \$27,114 in 2002.

The Company also leases a seat on the Chicago Board Options Exchange (CBOE). The lease calls for rent to be based on fair value of the seat during the previous month. The lease is renewable on a monthly basis. Related rent expense aggregated \$24,340 in 2002.

2. **Concentration of Credit Risk**

The Company maintains cash balances in one financial institution located in Chicago, Illinois. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2002, there were no uninsured cash balances.

Okoboji Options, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE D - COMMITMENT AND CONTINGENCIES (Continued)

3. Financial Instruments with Off-Balance Sheet Risk

Securities owned and securities sold not yet purchased are subject to market risks which is substantially dependent upon the value of the underlying financial instruments and is affected by market forces.

In addition, the market values of derivative financial instruments held on December 31, 2002 are as follows:

	<u>Assets</u>	<u>Liabilities</u>
Options held	\$ <u>178,080</u>	\$ <u>335,235</u>

The Company also has sold securities that it does not currently own and will therefore be obligated to purchase such securities at a future date. The Company has recorded these obligations in the financial statements at December 31, 2002, at market values of the related securities and will incur a loss if the market value of the securities increases subsequent to December 31, 2002.

4. Pending Lawsuit

The Company is a plaintiff in a lawsuit whereby it seeks the recovery of \$190,000 from a former employee who allegedly wire transferred this amount to himself without authorization.

The employee has filed a counter claim for an additional \$110,000 of salary allegedly owed to him. The outcome of either claim is currently uncertain. No adjustment has been made to these financial statements for either the potential recoverability of the amount wired to the employee or the potential liability that may result from the employee's counterclaim.

NOTE E - MINIMUM CAPITAL REQUIREMENTS

As a broker-dealer in securities, the Company is subject to the minimum capital requirements adopted and administered by the CBOE. As of December 31, 2002, adjusted net capital of the Company amounted to \$3,093,523. This amount was \$2,993,523 in excess of the minimum required under the regulations of the exchange at December 31, 2002.

SUPPLEMENTAL INFORMATION

Okoboji Options, Inc.
COMPUTATION OF NET CAPITAL
December 31, 2002

Total assets	\$ 4,629,621
Less noncurrent assets	(10,000)
Less haircuts on securities	<u>(437,554)</u>
Adjusted current assets	4,182,067
Total liabilities	<u>1,088,544</u>
Net capital	<u>3,093,523</u>
Minimum net capital required	<u>100,000</u>
Excess net capital	<u>\$ 2,993,523</u>
Aggregate indebtedness	
Accounts payable and accrued expenses	<u>\$ 249,519</u>
Reconciliation of net capital	
Net capital as originally reported in the Company's FOCUS report	\$ 3,108,452
Adjustment to increase accounts payable and accrued expenses to amounts actually owed at December 31, 2002	<u>(14,929)</u>
Adjusted net capital	<u>\$ 3,093,523</u>

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5

The Board of Directors
Okoboji Options, Inc.

In planning and performing our audit of the financial statements of Okoboji Options, Inc. for the year ended December 31, 2002, 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 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 Okoboji Options, Inc. that we considered relevant to the objectives stated in Rule 17a-5(g), (1) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e). Because the Company does not carry securities accounts of 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. Reconciliation 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 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 management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against losses 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.

(Continued)

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.

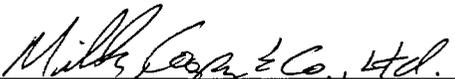
Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design 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 the following matters involving the accounting system and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of Okoboji Options, Inc. for the year ended December 31, 2002.

Okoboji Options, Inc.'s accountant ceased employment in May 2002 and transactions were not recorded properly in the interim, thus causing FOCUS reports filed with the Chicago Board Options Exchange to be misstated with respect to net capital computations for the months ended May 2002 through October 2002. These FOCUS reports were subsequently amended to properly record the transactions.

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 purpose 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, 2002 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.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Northbrook, Illinois
January 24, 2003