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

SEC FILE NUMBER
8- 49765

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: Aethlon Capital, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

4920 IDS Center, 80 South 8th Street

(No. and Street)

Minneapolis

(City)

MN

(State)

55402

(Zip Code)

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

Sima Griffith

612-338-0934

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Virchow, Krause & Company, LLP

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

7900 Xerxes Avenue South, Suite 2400 Minneapolis

(Address)

(City)

MN

(State)

55431

(Zip Code)

CHECK ONE:

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

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)

OATH OR AFFIRMATION

I, Sima Griffith, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Aethlon Capital, LLC, 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:



Sima Griffith
Signature
Managing Principal
Title

Jeannie Marie Maier
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 Proprietors' 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).

AETHLON CAPITAL, LLC
(A Limited Liability Company)

STATEMENTS OF FINANCIAL CONDITION
December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 69,910	\$ 95,317
COMMISSIONS RECEIVABLE	67,559	33,028
PREPAID EXPENSES	4,060	7,955
SECURITIES NOT READILY MARKETABLE	<u>3,450</u>	<u>3,350</u>
TOTAL ASSETS	<u>\$ 144,979</u>	<u>\$ 139,650</u>
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Accrued expenses	\$ 10,195	\$ 46,315
MEMBERS' EQUITY	<u>134,784</u>	<u>93,335</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 144,979</u>	<u>\$ 139,650</u>

See accompanying notes to financial statements.

AETHLON CAPITAL, LLC
(A Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 1 - Summary of Significant Accounting Policies

Nature of Business

Aethlon Capital, LLC (the Company) was formed in October 1996 as a limited liability company under Chapter 322B of the Minnesota statutes. The Company has issued membership interests to denominate each member's (owner's) voting power, share of Company's profit and losses and right to share in distributions. The Company will continue until October 30, 2026 unless terminated prior to that time.

The Company is a licensed securities broker-dealer and specializes in providing investment banking services for public and private emerging growth companies. Services provided include private placement of equity or debt, general corporate finance advisory services and investor relations.

The Company is a member of the Securities Investors Protection Corporation (SIPC) and the National Association of Securities Dealers (NASD).

The Company is exempt from the requirements of Rule 15c3-3 of the Securities Exchange Commission (the "Rule") based on the provisions of Section K2i of the Rule.

Cash and Cash Equivalents

The Company maintains its cash in high quality financial institutions and money market mutual funds. The balances, at times, may exceed federally insured limits.

Revenues

The Company's revenues during 2002 and 2001 were derived from private placement fees and related expense reimbursements. Revenue is recognized at the time of the placement's closing.

Equipment and Furniture

Equipment and furniture are being depreciated using accelerated methods over periods up to five years.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and revenue and expenses during the reporting period. Actual results could differ from those estimates.

AETHLON CAPITAL, LLC
(A Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 2 - Net Capital Requirements

The Company is subject to the Securities and Exchange Commission's 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 fifteen to one (eight to one for new broker/dealers). Net capital and the related net capital ratio fluctuate on a daily basis. As of December 31, 2002, the net capital ratio was .17 to 1 and net capital was \$59,644 which exceeded the minimum requirement by \$54,644. As of December 31, 2001, the net capital ratio was .98 to 1 and net capital was \$47,389 which exceeded the minimum requirement by \$42,389.

NOTE 3 - Equipment And Furniture

	2002	2001
Equipment and Furniture	\$ 25,231	\$ 17,105
Less Accumulated Depreciation	(25,231)	(17,105)
	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was \$8,126 and \$2,355 during 2002 and 2001, respectively.

NOTE 4 - Income Taxes

The Company is treated as a partnership for income tax purposes. Accordingly, these financial statements do not include any provision for income taxes since the income and expenses are reported on the individual income tax returns of the members and the applicable income taxes, if any, are paid from the personal funds of the members.

NOTE 5 - Lease

The Company entered into a noncancelable operating lease. The lease expires May 2005 and requires monthly base rents of \$2,825 which increase annually to \$2,948 in addition to the Company's prorata share of the building's property taxes and operating expenses. Rent expense was approximately \$55,000 and \$58,000 in 2002 and 2001, respectively. Future minimum rental commitments at December 31, 2002 are as follows:

2003	\$ 34,674
2004	35,165
2005	<u>14,737</u>
	<u>\$ 84,576</u>

NOTE 6 - Member Buy/Sell Agreement

Under the terms of a Member Control Agreement dated January 1, 1997, members may not sell, assign, or transfer their governance or financial rights without first offering these rights to the Company and the remaining members.

AETHLON CAPITAL, LLC
(A Limited Liability Company)

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

NOTE 7 - Employee Benefit Plan

The Company adopted a simplified employee pension plan in 1999. Contributions to the plan by the Company are discretionary. Employer contributions for 2002 and 2001 were \$40,000 and \$25,500, respectively.

NOTE 8 - Significant Customers

The Company received all of its 2002 and 2001 revenue from commissions earned on private placement offerings. Two customers accounted for 97% of the revenues in 2002. One other customer accounted for 93% of the revenues in 2001.