

3/13



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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: February 28, 2010  
Estimated average burden  
hours per response... 12.00

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

FEB 28 2008

SEC FILE NUMBER  
8-66619

FACING PAGE Washington, DC

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 01/01/07 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Foresight Investments, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
950 Skokie Boulevard Suite 200

Northbrook Illinois 60062  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
David Keefe (847) 498-7999  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Kutchins, Robbins & Diamond, Ltd.

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

1101 Perimeter Drive Suite 760 Schaumburg Illinois 60173  
(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 18 2008  
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)

AD  
3/17

## OATH OR AFFIRMATION

I, David Keefe, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Foresight Investments, LLC, as of December 31, 2007, 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 B. Keefe  
Signature

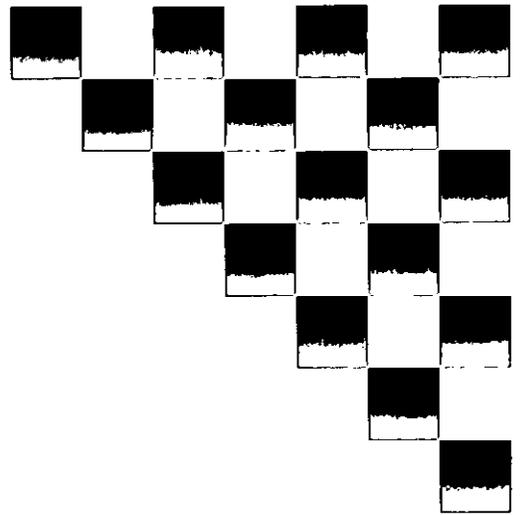
PRESIDENT  
Title

Laura J. LaHera  
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).



**FORESIGHT INVESTMENTS, LLC**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2007**

**SEC Mail Processing  
Section**

**FEB 28 2008**

**Washington, DC  
111**

(Filed as confidential information pursuant to Rule 17a-5(d) under the Securities Exchange Act of 1934)



FORESIGHT INVESTMENTS, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2007

---

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	3
Statement of Financial Condition	4
Statement of Income	5
Statement of Changes in Members' Equity	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 10
Supplementary Information	
Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	12
Certified Public Accountants' Supplementary Report On Internal Control	13 - 14

---



KUTCHINS  
ROBBINS &  
DIAMOND,  
LTD.

Independent Auditors' Report

To the Members of  
Foresight Investments, LLC  
Northbrook, Illinois

We have audited the accompanying statement of financial condition of Foresight Investments, LLC (an Illinois limited liability company) as of December 31, 2007, and the related statements of income, changes in members' equity, 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 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 Foresight Investments, LLC as of December 31, 2007, 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 conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 12 through 14 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 under the Securities Exchange Act of 1934. 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.

*Kutchnins, Robbins & Diamond, Ltd.*

Schaumburg, Illinois  
February 13, 2008

**FORESIGHT INVESTMENTS, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2007**

---

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 114,620
Commissions receivable	95,358
Miscellaneous receivables	4,398
Prepaid expenses	<u>23,285</u>

Total current assets 237,661

**PROPERTY AND EQUIPMENT**

Office equipment	2,835
Less: accumulated depreciation	<u>(551)</u>

Net property and equipment 2,284

**OTHER ASSETS**

Security deposit	<u>5,151</u>
------------------	--------------

\$ 245,096

**LIABILITIES AND MEMBERS' EQUITY**

**CURRENT LIABILITIES**

Accrued expenses	\$ 4,577
Commissions payable	<u>59,879</u>

Total current liabilities 64,456

**MEMBERS' EQUITY**

180,640

\$ 245,096

---

See accompanying notes to financial statements.

**FORESIGHT INVESTMENTS, LLC**  
**STATEMENT OF INCOME**  
**YEAR ENDED DECEMBER 31, 2007**

---

**REVENUES:**

Commissions	\$ 1,463,617
Principal transactions	1,764
Interest income	7,415
Reimbursed broker expenses	52,337
Rental income	42,962
Rebates	181,379
Fund trailers	86,600
Annuity income	16,869
Miscellaneous income	<u>4,783</u>
	<u>1,857,726</u>

**EXPENSES:**

Employee compensation and benefits	183,893
Commissions	447,218
Broker fees	251,579
Insurance	4,129
Depreciation expense	438
Professional fees	9,180
Telephone	18,523
Computer expense	6,913
Office expense	4,494
Office supplies	6,550
Postage and delivery	5,513
Quotes	36,686
Regulatory fees	23,162
Rent and utilities	76,250
Miscellaneous expense	<u>28,003</u>
	<u>1,102,531</u>

**NET INCOME**

**\$ 755,195**

---

See accompanying notes to financial statements.

**FORESIGHT INVESTMENTS, LLC**  
**STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
**YEAR ENDED DECEMBER 31, 2007**

---

<b>BALANCE, DECEMBER 31, 2006</b>	<b>\$ 219,111</b>
Net income	755,195
Distributions	<u>(793,666)</u>
<b>BALANCE, DECEMBER 31, 2007</b>	<b><u>\$ 180,640</u></b>

---

See accompanying notes to financial statements.

**FORESIGHT INVESTMENTS, LLC**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2007**

---

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income	\$ 755,195
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	438
Change in assets and liabilities:	
Commissions receivable	4,570
Miscellaneous receivables	(728)
Prepaid expenses	(4,019)
Accounts payable	(580)
Accrued expenses	1,100
Commissions payable	<u>(7,053)</u>
Net cash provided by operating activities	<u>748,923</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of office equipment	<u>(970)</u>
Net cash used in investing activities	<u>(970)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Distributions to members	<u>(793,666)</u>
Net cash used in financing activities	<u>(793,666)</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS** (45,713)

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** 160,333

**CASH AND CASH EQUIVALENTS AT END OF YEAR** \$ 114,620

---

See accompanying notes to financial statements.

FORESIGHT INVESTMENTS, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

---

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of operations

Foresight Investments, LLC (Company), was organized in the state of Illinois in accordance with the Illinois Limited Liability Act on April 10, 2002. The Company is a registered securities broker-dealer conducting its business on a fully disclosed basis. The Company is registered with the U.S. Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). As a limited liability company, members' liability is limited.

Use of estimates

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 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. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results could differ from those estimates.

Cash equivalents

For purposes of the statement of cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months, that are not held for sale in the ordinary course of business.

Securities transactions

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Customers' securities and commodities transactions are reported on a settlement date basis with related commission income and expense reported on a trade date basis.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition. The Company has no allowance for doubtful accounts as management considers all commissions receivable to be fully collectible.

Property and equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method based on a five year estimated useful life.

Income taxes

The Company is a limited liability company which is treated as a partnership for tax purposes and therefore is not a taxpaying entity for federal income tax purposes. Therefore, no income tax expense has been recorded in the statements. Income is taxed to the members in their individual returns. The Company is subject to Illinois state replacement taxes.

---

FORESIGHT INVESTMENTS, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

---

**2. COMMITMENTS**

Operating lease

On May 1, 2006 the Company entered into an operating lease for two office suites which expires on July 31, 2009. The lease contains a three year option, which can be exercised at the discretion of the tenant. Monthly base rentals are on an escalating scale throughout the lease. The monthly base rental for 2007 was \$5,572 from January through April and \$5,715 from May through December. Rent expense for the year ended December 31, 2007 was \$62,290. Future minimum rentals required under the lease for the year ending December 31, 2008 total \$63,864, and for 2009 total \$41,005. The Company is subleasing some of its' office space to traders under month to month agreements. Total minimum future rental payments have not been reduced by sublease rentals to be received in the future.

**3. NET CAPITAL REQUIREMENTS**

The Company is subject to the U.S. Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3 - 1), which requires the maintenance of minimum net capital of \$100,000.

**4. FINANCIAL INSTRUMENTS**

Concentrations of credit risk

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

Concentration of credit risk arising from cash deposits in excess of insured limits

The Company maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2007, the Company's uninsured cash balance was \$4,394.

Concentration of credit risk arising from revenue and commissions receivable

For the year ended December 31, 2007 revenue from one major customer aggregated approximately 95% of the Company's total revenues. Commissions receivable due from this customer was \$95,358 at December 31, 2007.

**5. INDEMNIFICATIONS**

In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties that provide indemnifications under certain circumstances. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of loss to be remote.

---

FORESIGHT INVESTMENTS, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

---

**6. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP"), and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. At this time, management is evaluating the implications of SFAS 157 and its impact on financial statements to be issued in subsequent periods.

**Supplementary Information**  
**Pursuant to Rule 17a-5 of the Securities and Exchange Act of 1934**  
**As of December 31, 2007**

**FORESIGHT INVESTMENTS, LLC**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1**  
**OF THE U.S. SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2007**

**NET CAPITAL**

Total members' equity	\$	180,640
Deductions and/or charges:		
Nonallowable assets:		
Miscellaneous receivables		4,398
Prepaid expenses		23,285
Property and equipment, net		2,285
Security deposit		<u>5,151</u>
Net capital	\$	<u>145,521</u>

**AGGREGATE INDEBTEDNESS**

Accrued expenses	\$	4,577
Commissions payable		<u>59,879</u>
	\$	<u>64,456</u>

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Minimum net capital required (6 2/3% of Aggregate Indebtedness)	\$	4,297
Minimum dollar net capital required		<u>100,000</u>
Net capital requirement (greater of the two)		<u>100,000</u>
Excess net capital	\$	<u>45,521</u>
Excess net capital at 1000%	\$	<u>139,075</u>

**RECONCILIATION TO UNAUDITED FORM K-17A-5 PART III**

Net capital reported above	\$	145,521
Haircuts on securities - general money market fund		<u>(12)</u>
Net capital - per form X-17A-5 Part IIA	\$	<u>145,509</u>

See independent auditors' report.

Certified Public Accountants' Supplementary  
Report on Internal Control

To the Members of  
Foresight Investments, LLC  
Northbrook, Illinois

In planning and performing our audit of the financial statements and supplemental schedule of Foresight Investments, LLC (the Company), for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the company's 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 consideration of control activities for safeguarding securities. This study included 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 debts) 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 and recordation of differences required by rule 17a-13
2. Complying with the requirements for prompt payment of 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 from loss against unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the 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 internal control and 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.

Certified Public Accountants' Supplementary  
Report on Internal Control (Continued)

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, or report financial data reliably in accordance with generally accepted accounting principles such that there is a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, 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 the 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, as described in the second paragraph of this report, were adequate at December 31, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, the Financial Industry Regulatory Authority, Inc., and any 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.

Schaumburg, Illinois  
February 13, 2008

**END**