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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III
FACING PAGE**

SEC FILE NUMBER
8-52009

**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 1/1/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

FOLIO*fn* Investments, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

8000 Towers Crescent Drive, 15th Floor

(No. and Street)

Vienna

(City)

VA

(State)

**PROCESSED
APR 14 2008**

**THOMSON
FINANCIAL**

22182

(Zip Code)

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

MS. BETH KIRKSEY

703-245-4874

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

UHY LLP

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

53 STATE STREET

(Address)

BOSTON

(City)

MA

(State)

02109

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

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Washington, DC

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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).

SEC 1410 (6-02)

AFFIRMATION

I, Beth Kirksey, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to the firm FOLIO^{fn} Investments, Inc. (the "Company") for the year ended December 31, 2007 are true and correct. I further 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.

Beth Kirksey 2/21/08
Beth Kirksey Date
Chief Operating Officer and Chief Financial Officer

Subscribed and sworn to before me,
this 21st day of February 2008

Ashley Nicole Alvarado
Notary Public

City/County of Fairfax
Commonwealth of Virginia

Subscribed and sworn to before me
this 21 day of February, 2008
by Beth Kirksey

Ashley Nicole Alvarado Notary Public
ASHLEY NICOLE ALVARADO
Reg. #7129309 Commission Exp. 8/31/2011

FOLIOfn INVESTMENTS, INC.

STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2007 (In thousands)

ASSETS

Cash and cash equivalents	\$	11,057
Cash segregated under federal and other regulations		11,810
Deposits with clearing organizations		2,409
Receivable from customers		5,725
Receivable from broker dealers and clearing organizations		1
Other receivables		339
Dividends and interest receivable		58
Corporate equity securities owned - at market value		816
Municipal security owned - at market value		5
Prepaid expenses and other assets		360
Deferred tax asset		217
Total assets	\$	<u>32,797</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES:

Payable to customers	\$	13,133
Payable to broker-dealers and clearing organizations		4,885
Accounts payable and accrued expenses		575
Deferred tax liabilities		217
Due to parent		603
Deferred revenue		676
Total liabilities		<u>20,089</u>

STOCKHOLDER'S EQUITY:

Common stock, \$0.0001 par value - 1,000 shares authorized, issue, and outstanding		-
Additional paid-in capital		24,092
Accumulated deficit		<u>(11,384)</u>
Total stockholder's equity		<u>12,708</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY \$ 32,797

END

The accompanying notes are an integral part of these financial statements.