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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

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 01/01/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: FOREFRONT CAPITAL MARKETS LLC

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

590 MADISON AVE, 34<sup>TH</sup> FL

(No. and Street)

NEW YORK

(City)

NY

(State)

10022

(Zip Code)

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

DAVID WASITOWSKI

212-607-8140

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

MONROE J CHALMERS CPA PC

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

2 HARTSDALE ST

(Address)

ST JAMES

(City)

NY

(State)

11780

(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)

SEC 1410 (06-02)

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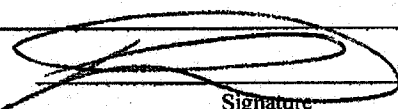
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OATH OR AFFIRMATION

I, DAVID WASITOWSKI, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FOREFRONT CAPITAL MARKETS LLC, as of DECEMBER 31, 2011, 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  
DAVID WASITOWSKI  
CHIEF FINANCIAL OFFICER  
Title

**CATLIN R DOUGLAS**  
Notary Public - State of New York  
NO. 01008254419  
Qualified in New York County  
My Commission Expires 1/17/2012

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.
- (o) Independent auditors' report on internal accounting control.

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

**FOREFRONT CAPITAL MARKETS LLC**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**For the Year Ended December 31, 2011  
With Report of Independent Registered Public Accounting Firm**

**FOREFRONT CAPITAL MARKETS LLC**  
**FINANCIAL STATEMENTS**  
**and**  
**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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MONROE J. CHALMERS CPA, P.C.

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**Report of Independent Registered Public Accounting Firm**

The Member of  
Forefront Capital Markets LLC  
New York, New York

I have audited the accompanying statement of financial condition of Forefront Capital Markets LLC (the "Company") as of December 31, 2011, and the related statements of income, changes in member's equity, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I express no such opinion. An audit also 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2011, 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.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in Schedules I and II required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

February 27, 2012

FOREFRONT CAPITAL MARKETS LLC  
STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2011

Assets

Cash	\$ 67,719
Receivable from clearing brokers, net of allowance for doubtful of \$4,000	19,267
Prepaid expenses and other assets	<u>11,854</u>
Total assets	<u>\$ 98,840</u>

Liabilities and Member's Equity

Liabilities	
Accounts payable and accrued expenses	\$ 373
Member's equity	<u>98,467</u>
Total liabilities and member's equity	<u>\$ 98,840</u>

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

FOREFRONT CAPITAL MARKETS LLC

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2011

Revenues:	
Commissions	\$ 232,387
Advisory fees	<u>143,740</u>
Total revenues	<u>376,127</u>
Expenses:	
Employee compensation and benefits	232,303
Professional fees	8,818
Occupancy	30,758
Other expenses	<u>30,504</u>
Total expenses	<u>302,383</u>
Net income	<u>\$ 73,744</u>

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

FOREFRONT CAPITAL MARKETS LLC  
STATEMENT OF CHANGES IN MEMBER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2011

Balance - January 1, 2011	\$ 6,000
Net income	73,744
Member's capital contributions	98,723
Member's capital withdrawals	<u>(80,000)</u>
Balance - December 31, 2011	<u>\$ 98,467</u>

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



FOREFRONT CAPITAL MARKETS LLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

Cash flows provided by operating activities:	
Net income	\$ 73,744
Adjustments to reconcile net income to net cash provided by operating activities:	
Allowance for doubtful accounts	4,000
(Increase) in operating assets:	
Receivable from clearing brokers	(23,267)
Prepaid expenses and other assets	(11,854)
Increase in operating liabilities:	
Accounts payable and accrued expenses	<u>373</u>
Net cash provided by operating activities	<u>42,996</u>
Cash flows from financing activities	
Member capital contributions	98,723
Member capital withdrawals	<u>(80,000)</u>
Net cash provided by financing activities	<u>18,723</u>
Net increase in cash and cash equivalents	61,719
Cash - beginning of year	<u>6,000</u>
Cash - end of year	<u>\$ 67,719</u>

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

# FOREFRONT CAPITAL MARKETS LLC

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

### Note 1 - Organization and nature of business

Forefront Capital Markets LLC (the "Company"), a wholly owned subsidiary of Forefront Partners LLC (the "Parent"), is a broker-dealer registered with the Security Exchange Commission ("SEC"), and a member of the Financial Industry Regulatory Authority ("FINRA"). The Company, formed on June 25, 2009 as a Delaware Limited Liability Company for the purpose of doing business as a broker-dealer in securities and to provide advisory services, began operations in April 2011.

All transactions for the Company's customers are cleared through clearing broker-dealers on a fully disclosed basis.

### Note 2 - Significant accounting policies

#### Commissions

Commissions are recorded on a trade date basis as security transactions occur.

#### Investment advisory fees

Investment advisory fees are recognized as earned based on the terms of the contract.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

#### Cash and cash equivalents

The Company considers all highly liquid assets purchased with a maturity of three months or less to be cash equivalents.

#### Subsequent Events

The Company has evaluated subsequent events through February 27, 2012, which is the date the financial statements were available to be issued.

**FOREFRONT CAPITAL MARKETS LLC**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**Note 3 - Clearing broker and advisory agreements**

The Company has entered into various agreements with clearing brokers. One of the agreements can be terminated by either party after the initial 12 month term upon 60 day notice all other agreements can be terminated upon notice. In addition, the Company has entered into various advisory agreements with terms up to 1 year.

**Note 4 - Liabilities subordinated to claims of general creditors**

There were no liabilities subordinated to claims of general creditors at December 31, 2011.

**Note 5 - Concentrations of credit risk**

The Company is engaged in various brokerage activities whose counterparties primarily include broker-dealers, a clearing broker 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. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

The Company maintains cash balances at financial institutions that at times exceed the amount covered by insurance provided by the Federal Deposit Insurance Corporation. There was no excess amount at December 31, 2011.

**Note 6 - Net capital requirements**

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregated indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2011, the Company had net capital of \$73,673 which was \$68,673 in excess of its required net capital of \$5,000. The Company's net capital ratio was .01 to 1.

**Note 7 - Related party transactions**

The Company has entered into an Expense Sharing Agreement ("Agreement") with Forefront Management Group ("FMG"), a company under common ownership. The agreement has a term of one year and is automatically renewed annually, unless terminated or modified by written notice. Pursuant to the agreement, FMG provides administrative, facility and other management and back-office services to the Company. For the year ended December 31, 2011 charges for these services totaled \$218,173, of which \$41,723 was forgiven by FMG and recorded as capital contributions by the Company.

**FOREFRONT CAPITAL MARKETS LLC**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**Note 8 – Income Taxes**

The Company is a single member limited liability company and as such, is treated as a disregarded entity for tax purposes. The Company's parent entity submits a local tax return that includes the taxable results of the Company and other entities of the parent entity. The parent entity assumes the liability for the Company's local income tax, payment of this tax is remitted directly by the parent entity. Accordingly, although during the year ended December 31, 2011, the Company incurred taxable income as determined under the tax basis of accounting utilized by the parent entity, no provision for income taxes is recorded in the financial statements of the Company as of December 31, 2011.

Uncertain tax positions - The Company adopted the provisions of "*Accounting for Uncertainty in Income Taxes*" which prescribes recognition thresholds that must be met before a tax position is recognized in the financial statements and provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Under *Accounting for Uncertainty in Income Taxes*, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Company has evaluated its tax positions for the year ended December 31, 2011, and does not expect a material adjustment to be made. The Company is subject to routine audits by taxing jurisdictions; however there are currently no audits in progress.

SCHEDULE I

FOREFRONT CAPITAL MARKETS LLC

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION

AS OF DECEMBER 31, 2011

Allowable capital:	
Total members' equity	<u>\$ 98,467</u>
Less non-allowable assets:	
Due from broker/dealers	12,940
Prepaid expenses and other assets	<u>11,854</u>
Total non-allowable assets	24,794
Other deductions and/or charges	<u>-</u>
Net capital before haircuts on securities	73,673
Haircuts on securities	<u>-</u>
Net capital	<u>\$ 73,673</u>
Aggregate indebtedness	<u>\$ 373</u>
Minimum net capital required (the greater of \$5,000 or 6 2/3% of aggregated indebtedness)	<u>\$ 5,000</u>
Excess net capital	<u>\$ 68,673</u>
Ratio: Aggregate indebtedness to net capital	.01 to 1

No material differences exist between the above computation and the computation included in the Company's corresponding unaudited Form X-17A-5 Part IIA filing.

SCHEDULE II

FOREFRONT CAPITAL MARKETS LLC

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION

AS OF DECEMBER 31, 2011

EXEMPTION UNDER SECTION (k)(2)(ii) IS CLAIMED:

The Company operates under the exemptive provisions of Paragraph (k)(2)(ii) of SEC rule 15c3-3.  
All customer transactions were cleared through another broker-dealer on a fully disclosed basis.



## MONROE J. CHALMERS CPA, P.C.

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**REPORT of INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**  
**ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**  
**FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM**  
**SEC RULE 15c3-3**

The Member of  
Forefront Capital Markets LLC  
New York, New York

In planning and performing my audit of the financial statements and supplemental schedules of Forefront Capital Markets LLC (the "Company"), as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, I considered the Company's internal control over financial reporting (internal control) as a basis for designing my audit 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, I 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), I 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 I considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) 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, I did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications and comparisons and recordation of differences required by Rule 17a-13.
2. 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 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 against loss from 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 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.

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.

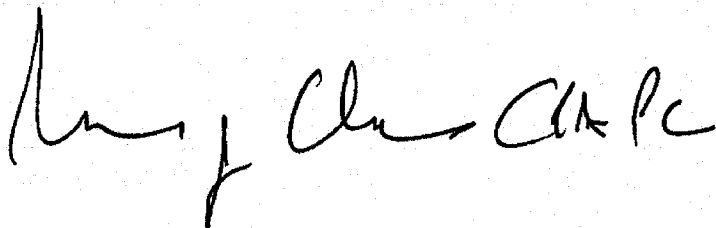
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet is important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented, or detected and corrected, on a timely basis.

My 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. I did not identify any deficiencies in internal control that I consider to be material weaknesses, as defined above.

I 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 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 my study, I believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011, to meet the SEC's objectives.

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



February 27, 2012