

11/20/14



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

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



SEC FILE NUMBER  
8-44681

**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 OCTOBER 1, 2013 AND ENDING SEPTEMBER 30, 2014  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: FORESIDE INVESTMENT SERVICES, LLC

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

OFFICIAL USE ONLY  
FIRM I.D. NO.

THREE CANAL PLAZA, 3RD FLOOR

(No. and Street)

PORTLAND

(City)

MAINE

(State)

04101

(Zip Code)

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

WESTON SOMMERS

(207) 553-7129

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

MARCUM LLP

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

750 THIRD AVENUE, 11TH FLOOR, NEW YORK

(Address)

(City)

NEW YORK

(State)

10017

(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)

11/20/14

OATH OR AFFIRMATION

I, WESTON SOMMERS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FORESIDE INVESTMENT SERVICES, LLC, as of SEPTEMBER 30, 2014, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Weston Sommers  
Signature

FINANCIAL AND OPERATIONS PRINCIPAL  
Title

Lisa Ann Bousquet  
NOTARY PUBLIC  
State of Maine  
My Commission Expires 01/16/2017  
Lisa Ann Bousquet  
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).

**FORESIDE INVESTMENT SERVICES, LLC**  
**(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member of  
**Foreside Investment Services, LLC**  
(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)

We have audited the accompanying statement of financial condition of Foreside Investment Services, LLC (a wholly-owned subsidiary of Foreside Financial Group, LLC) (incorporated in the state of Ohio) as of September 30, 2014, that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statement. Foreside Investment Services LLC's management is responsible for this financial statement. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial position, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial position presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial condition of Foreside Investment Services, LLC as of September 30, 2014 in accordance with accounting principles generally accepted in the United States of America.

*Marcum LLP*

New York, NY  
November 11, 2014

**FORESIDE INVESTMENT SERVICES, LLC**  
**(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)**

**STATEMENT OF FINANCIAL CONDITION**

**SEPTEMBER 30, 2014**

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**Assets**

Cash	\$	98,250
Prepaid expenses		<u>8,517</u>

**Total Assets** **\$ 106,767**

**Liabilities and Member's Equity**

**Liabilities**

Accrued expenses	\$	16,688
Due to related party		<u>1,946</u>

**Total Liabilities** **\$ 18,634**

**Commitments and Contingencies**

**Member's Equity** **88,133**

**Total Liabilities and Member's Equity** **\$ 106,767**

**FORESIDE INVESTMENT SERVICES, LLC**  
**(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)**

**NOTES TO FINANCIAL STATEMENT**

**SEPTEMBER 30, 2014**

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**NOTE 1 - ORGANIZATION**

Foreside Investment Services, LLC (the "Company"), a limited liability company, is an indirect wholly-owned subsidiary of Foreside Financial Group, LLC ("Foreside") and a direct subsidiary of Foreside Distributors, LLC (the "Parent"). The Company is registered with the Securities and Exchange Commission ("SEC") as a broker-dealer and is a member of both the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Company is approved by FINRA to engage in certain activities, including the wholesaling and marketing of private placements of securities in addition to providing FINRA Series 79 registration and related services to the investment banking industry. As of September 30, 2014, the Company did not have any clients.

The limited liability company operating agreement provides for the Company to exist into perpetuity.

The accompanying financial statement has been prepared from the separate records maintained by the Company and, due to certain transactions and agreements with affiliated entities, may not necessarily be indicative of the financial condition that would have existed, or the results that would have been obtained from operations, had the Company operated as an unaffiliated entity.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***USE OF ESTIMATES***

The preparation of the financial statement in conformity with U.S. generally accepted accounting principles ("GAAP") 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 statement. Actual results could differ from those amounts.

***CASH AND CASH EQUIVALENTS***

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less when purchased to be cash equivalents.

At September 30, 2014, the Company had no cash equivalents.

**FORESIDE INVESTMENT SERVICES, LLC**  
**(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)**

**NOTES TO FINANCIAL STATEMENT**

**SEPTEMBER 30, 2014**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***RECEIVABLES***

The Company extends unsecured credit in the normal course of business to its clients. The determination of the amount of uncollectible accounts is based on the amount of credit extended and the length of time each receivable has been outstanding. The allowance for uncollectible amounts reflects the amount of loss that can be reasonably estimated by management. As of September 30, 2014, the Company had not recorded an allowance for any potential non-collection.

***INCOME TAXES***

The Company is a disregarded entity for federal income tax purposes and is, therefore, required to be treated as a division of Foreside. The earnings and losses of the Company are included in the tax return of Foreside. The Company is not subject to income taxes in any jurisdiction. Foreside's members are responsible for the tax liability, if any, related to their proportionate share of the Company's taxable income. Accordingly, no provision for income taxes is reflected in the accompanying financial statement. Management has concluded that the Company is a pass-through entity and there are no uncertain tax positions that would require recognition in the financial statement. If the Company were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. For the year ended September 30, 2014, no interest or penalties were required to be recorded.

Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors. Generally, federal, state and local authorities may examine the Company's tax returns (as part of Foreside's returns) for three years from the date of filing. These returns remain subject to examinations from 2011 through the current year.

**NOTE 3 - FAIR VALUE**

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard establishes the following hierarchy used in fair value measurements and expands the required disclosures of assets and liabilities measured at fair value:

**FORESIDE INVESTMENT SERVICES, LLC**  
**(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)**

**NOTES TO FINANCIAL STATEMENT**

**SEPTEMBER 30, 2014**

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**NOTE 3 - FAIR VALUE (CONTINUED)**

- Level 1 - Inputs use quoted unadjusted prices in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2 - Fair value measurements use other inputs that are observable, either directly or indirectly. These inputs include quoted prices for similar assets and liabilities in active markets as well as other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 - Inputs that are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

The inputs or methodology used for valuing assets and liabilities are not necessarily an indication of the risk associated with investing in those assets and liabilities.

Certain financial instruments are carried at cost on the Statement of Financial Condition, which approximates fair value due to their short-term, highly liquid nature. These instruments are classified as Level 1.

There were no transfers between Levels 1, 2, and 3 as of September 30, 2014.

At September 30, 2014, the Company did not hold any Level 2 or Level 3 assets or liabilities.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

The financial statement has been prepared from the separate records maintained by the Company. The Company shares office space and equipment with affiliates, which are under common control of Foreside. Accordingly, the Company has been allocated a portion of such shared costs. Also, Foreside provides administrative, legal, human resource and other general support services, the cost of which is allocated to the Company. For the year ended September 30, 2014, these allocated expenses totaled \$20,210. At September 30, 2014, amounts due to the related party totaled \$1,946, which is included in "Due to related party" on the Statement of Financial Condition.

Foreside agrees to financially assist the Company and is committed to provide such funds, as needed, to operate the business.

**FORESIDE INVESTMENT SERVICES, LLC**  
**(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)**

**NOTES TO FINANCIAL STATEMENT**

**SEPTEMBER 30, 2014**

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**NOTE 4 - RELATED PARTY TRANSACTIONS (CONTINUED)**

During the year ended September 30, 2014, the Company received cash contributions from the Parent totaling \$60,000.

**NOTE 5 - NET CAPITAL REQUIREMENT**

The Company is subject to the SEC's Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and the ratio of aggregate indebtedness to net capital not to exceed 15 to 1. The rule also provides that equity capital may not be withdrawn, or cash distributions paid, if the resulting net capital ratio would exceed 10 to 1. At September 30, 2014, the Company had net capital of \$79,616, which was \$54,616 in excess of its minimum required net capital of \$25,000. The Company's ratio of aggregate indebtedness to net capital at September 30, 2014 was 0.23 to 1.

**NOTE 6 - REGULATORY COMPLIANCE**

The Company claims exemption under the exemptive provisions of Rule 15c3-3 under subparagraph (k)(2)(i) - the Company has no customers, carries no accounts and does not otherwise hold funds or securities.

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

***INDEMNIFICATIONS***

The Company provides representations and warranties to counterparties in connection with a variety of commercial transactions and occasionally indemnifies them against potential losses caused by the breach of those representations and warranties. These indemnifications generally are standard contractual terms and are entered into in the normal course of business. The Company's maximum exposure under these arrangements cannot be known; however, the Company expects any risk of loss to be remote.

***CREDIT RISK***

The Company maintains a checking account in a financial institution. The account is insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, cash may be uninsured or in deposit accounts that exceed the FDIC insurance limit. The Company has not experienced any losses in the account. The Company believes it is not exposed to any significant risk on cash. Management periodically assesses the financial condition of the bank and believes that any potential credit loss is minimal.

**FORESIDE INVESTMENT SERVICES, LLC**  
**(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)**

**NOTES TO FINANCIAL STATEMENT**

**SEPTEMBER 30, 2014**

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**NOTE 8 - SUBSEQUENT EVENTS**

Management has evaluated the impact of all events and transactions occurring after period end through the date this financial statement was issued, and has determined that there were no subsequent events requiring recognition or disclosure.