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

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**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 JULY 1, 2015 AND ENDING JUNE 30, 2016  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: FORESIDE DISTRIBUTION SERVICES, L.P.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**THREE CANAL PLAZA, 3RD FLOOR**

(No. and Street)  
**PORTLAND MAINE 04101**  
(City) (State) (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 THRID AVENUE, 11TH FLOOR NEW YORK NEW YORK 10017**  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

<b>FOR OFFICIAL USE ONLY</b>

\*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, 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 DISTRIBUTION SERVICES, L.P., as of JUNE 30, 2016, 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:

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

W.S.  
Signature

FINANCIAL AND OPERATIONS PRINCIPAL  
Title

Ann J. McKawer  
Notary Public My Commission Expires 10/30/2022

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 DISTRIBUTION SERVICES, L.P.**  
**(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 Distribution Services, L.P.  
(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)

We have audited the accompanying statement of financial condition of Foreside Distribution Services, L.P. (a wholly-owned subsidiary of Foreside Financial Group, LLC) as of June 30, 2016 that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements. Foreside Distribution Services, L.P.'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 condition, 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 Distribution Services, L.P. as of June 30, 2016 in accordance with accounting principles generally accepted in the United States of America.

*Marcum LLP*

New York, NY  
August 22, 2016



**FORESIDE DISTRIBUTION SERVICES, L.P.**  
**(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)**

**STATEMENT OF FINANCIAL CONDITION**

**JUNE 30, 2016**

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**Assets**

Cash	\$ 684,621
12b-1 fees receivable	139,250
Prepaid expenses	14,808
Other receivables	<u>47,231</u>

**Total Assets** \$ 885,910

**Liabilities and Partner's Capital**

**Liabilities**

Accrued 12b-1 fees	\$ 512,958
Accrued expenses	27,955
Due to related party	<u>41,334</u>

**Total Liabilities** \$ 582,247

**Commitments and Contingencies**

**Partner's Capital** 303,663

**Total Liabilities and Partner's Capital** \$ 885,910

*The accompanying notes are an integral part to this financial statement.*    2

**FORESIDE DISTRIBUTION SERVICES, L.P.**  
**(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)**

**NOTES TO FINANCIAL STATEMENT**

**JUNE 30, 2016**

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**NOTE 1 - ORGANIZATION**

Foreside Distribution Services, L.P. (the "Company"), a limited partnership, 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 the Financial Industry Regulatory Authority ("FINRA").

The Company serves as the distributor and principal underwriter to various investment companies (the "Funds"). Substantially all of the Company's revenues are earned from the Funds or from the Funds' advisors (collectively, the "Advisors"). In accordance with the structure of the Company, sales of the Funds' shares are executed by unaffiliated third party broker-dealers.

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, liabilities, and disclosures of contingent assets and liabilities at the date of this financial statement. Actual results could differ from those amounts.

***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 June 30, 2016, the Company had no cash equivalents.

**FORESIDE DISTRIBUTION SERVICES, L.P.**  
**(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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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 June 30, 2016, the Company had not recorded an allowance for any potential non-collection as all receivables are deemed collectible.

***INCOME TAXES***

The Company is organized as a limited liability company ("LLC") that has elected to be treated as a single member LLC under the Internal Revenue Code. As such, income, losses, and other tax attributes are primarily passed through to Foreside. Foreside is organized as an LLC that has elected to be treated as a partnership under the Internal Revenue Code. As such, income, losses, and other tax attributes are primarily passed through to its member and taxed at the member level.

**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:

- 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.

**FORESIDE DISTRIBUTION SERVICES, L.P.**  
**(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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

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.

As of June 30, 2016, the Company had no financial instruments that required to be fair valued.

There were no transfers between Levels 1, 2, and 3 as of June 30, 2016.

At June 30, 2016, 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, the Parent provides administrative, legal, human resource and other general support services, the cost of which is allocated to the Company. For the year ended June 30, 2016, these allocated expenses totaled \$512,986. At June 30, 2016, amounts due to the related party totaled \$41,334, which is included in "Due to related party" on the Statement of Financial Condition.

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

During the year ended June 30, 2016, the Company received capital contributions from the Parent totaling \$100,000.

**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 June 30, 2016, the Company had net capital of \$241,624, which was \$202,808 in excess of its minimum required net capital of \$38,816. The Company's ratio of aggregate indebtedness to net capital at June 30, 2016 was 2.41 to 1.



**FORESIDE DISTRIBUTION SERVICES, L.P.**  
**(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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**NOTE 5 - NET CAPITAL REQUIREMENT (CONTINUED)**

The Company is a fund member of the NSCC which requires registered broker-dealers to have \$50,000 in excess net capital over the minimum net capital requirement imposed by the SEC.

**NOTE 6 - REGULATORY COMPLIANCE**

The Company claims exemption under the exemptive provisions of Rule 15c3-3 under subparagraph (k)(1) - all customer transactions are limited to the sale and redemption of redeemable securities of registered investment companies and the Company does not maintain customer accounts or handle customer funds.

**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. Such accounts are 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 such accounts. 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.

***LITIGATION***

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising from the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Currently there is no litigation against the Company.

**FORESIDE DISTRIBUTION SERVICES, L.P.**  
**(A Wholly-Owned Subsidiary of Foreside Financial Group, LLC)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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**NOTE 8 - AGREEMENTS**

The Company has Agreements with the Funds under which it acts as the distributor of the shares of beneficial interest of the Funds. The Agreements initial terms are for two years. Thereafter, if not terminated, the Agreements shall continue with respect to the Funds for successive one-year terms, provided such continuation is approved at least annually in accordance with the terms of the Agreements. The Agreements are terminable without penalty with 60 days' prior written notice, by the Funds or by the Company, in accordance with the terms of the Agreements. The Company has also entered into Distribution Services Agreements with the Advisors (the "Services Agreements") which continue in effect through the term of the Agreements.

The Company enters into Dealer and Selling Group Member Agreements with various intermediaries (including third party broker-dealers, banks and third party administrators) related to the sale of the shares of the Funds and the servicing of the Funds' shareholders. The Company may pay these intermediaries 12b-1 fees as outlined in their respective Dealer and Selling Group Member Agreements provided that the Company first receives such payments from the Funds.

**NOTE 9 - CONCENTRATION**

As of June 30, 2016, two clients accounted for approximately 73% of service fee accounts receivable due from clients which are included in "Other receivables" in the accompanying Statement of Financial Condition.

**NOTE 10 - 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.