



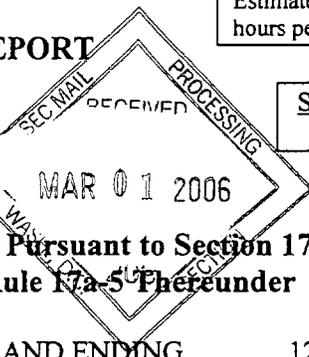
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OMB Number: 3235-0123  
Expires: January 31, 2007  
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ANNUAL REPORT  
FORM X-17 A-5  
PART III



SEC FILE NUMBER  
8-45530

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 01/01/05 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:  
INTEGRAL SECURITIES, INC.

OFFICIAL USE ONLY

FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
747 3<sup>RD</sup> AVENUE, 25<sup>TH</sup> FLOOR

(No. and Street)

NEW YORK  
(City)

NY  
(State)

10017  
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
OWEN HERNANDEZ (212) 702-8805

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
KAUFMANN, GALLUCCI & GRUMER LLP

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

ONE BATTERY PARK PLAZA  
(Address)

NEW YORK  
(City)

NY  
(State)

10004  
(Zip Code)

CHECK ONE:

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



PROCESSED

JUN 08 2006

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)

SEC 1410 (06-02)

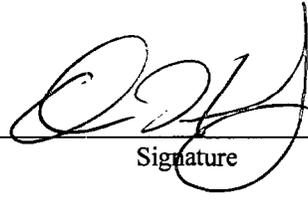
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OATH OR AFFIRMATION

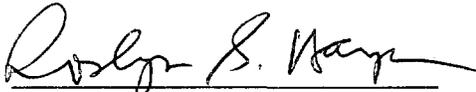
I, OWEN HERNANDEZ, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of INTEGRAL SECURITIES, INC., as of DECEMBER 31, 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer, or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

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

ROSLYN S. HARPER  
NOTARY PUBLIC, STATE OF NEW YORK  
No. 01HA6070734  
QUALIFIED IN KINGS COUNTY  
MY COMMISSION EXPIRES MARCH 11, 2006

  
Signature

REGISTERED PRINCIPAL  
Title

  
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 Cash Flows.
- (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 auditor's report on internal control.

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



**INTEGRAL SECURITIES, INC.**

**REPORT ON STATEMENT OF  
FINANCIAL CONDITION**

**AS OF DECEMBER 31, 2005**

**INTEGRAL SECURITIES, INC.**

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**KAUFMANN,  
GALLUCCI &  
GRUMER LLP**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Integral Securities, Inc.:

We have audited the accompanying statement of financial condition of Integral Securities, Inc. (the "Company") as of December 31, 2005 that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement as well as 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 statement referred to above presents fairly, in all material respects, the financial position of Integral Securities, Inc. as of December 31, 2005 in conformity with accounting principles generally accepted in the United States of America.

February 2, 2006

*Kaufmann Gallucci & Grumer LLP*

**INTEGRAL SECURITIES, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2005**

**ASSETS**

Cash and cash equivalents	\$ 151,525
Receivable from and deposit with clearing organization	192,063
Securities owned, at market value	248,998
Other receivable	66,227
Furniture and equipment, net of accumulated depreciation of \$12,317	1,491
Other assets	25,060
Total assets	<u>\$ 685,364</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Liabilities:

Accounts payable and accrued expenses	<u>\$ 35,091</u>
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Shareholders' equity:

Common stock, \$.001 par value; 2,500,000 shares authorized; 1,130,000 shares issued and outstanding	11,300
Capital in excess of par	718,714
Accumulated deficit	<u>(79,741)</u>
Total shareholder's equity:	<u>650,273</u>
Total liabilities and shareholders' equity	<u>\$ 685,364</u>

The accompanying notes are an integral part  
of this financial statement.

**INTEGRAL SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2005**

**NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS**

Integral Securities, Inc. (the "Company") is a securities broker-dealer, registered with the U.S. Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. and the Securities Investors Protection Corporation.

The Company clears all securities transactions through another broker-dealer on a fully disclosed basis. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to nonperformance by its customers. The Company seeks to control the risk associated with nonperformance by monitoring all customer activity and reviewing information it receives from its clearing broker on a daily basis.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

Securities transactions (and related commission revenue and expense) are recorded on a trade date basis. Marketable securities and money market funds are valued at fair value.

Depreciation is computed using the straight-line method over the estimated useful lives of assets.

Cash and cash equivalents represent cash and highly liquid investments with maturity dates of three months or less from the date of acquisition.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of December 31, 2005, and the reported amounts of revenue and expenses during the year then ended. Actual results could differ from those estimates.

**NOTE 3 - RECEIVABLE FROM CLEARING ORGANIZATION AND OTHER BROKER-DEALERS**

The receivable from clearing organization primarily represents the net of commissions receivable for commissions and residual cash balances in the Company's trading account held by the clearing organization.

**NOTE 4 - SIGNIFICANT SOURCE OF REVENUE**

During 2005, the Company earned approximately 27% of its revenues from consulting services rendered to one customer.

**INTEGRAL SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2005**

**NOTE 5 - CONCENTRATION OF CREDIT RISK**

The Company maintains its cash in a bank account which, at times, may exceed federally insured limits. The Company has not experienced any loss in this account.

**NOTE 6 - INCOME TAXES**

The Company has a net operating loss carryover for Federal income tax purposes of approximately \$82,000. Therefore, there is no provision for Federal income tax for 2005. The Company follows Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes", which recognizes both the current and deferred tax consequences of all transactions recognized in the financial statements, calculated based on the provisions of enacted tax laws, including the tax rates in effect for current and future years.

Valuation allowances are established for deferred tax assets when it is more likely than not, a probability level of more than 50%, that they will not be realized. At December 31, 2005, the net operating losses carry forward of 74,000 and 8,000 noted above will expire in 2023 and 2024 respectively. These losses may be used to offset future taxable income. The Company has a deferred tax asset of approximately \$32,000 related to the net operating loss carry forward. However, a valuation allowance in the amount of \$32,000 was recorded by the Company at December 31, 2005 for financial reporting purposes. The Company has included a provision for minimum state and local taxes in the statement of operations.

**NOTE 7 - COMMITMENTS**

The Company lease office space under a operating lease through November, 2009. The approximate future minimum annual payments over the term of the lease are as following:

<u>Year ended</u> <u>December 31</u>	<u>Minimum</u> <u>Lease Payment</u>
2006	\$ 42,960
2007	42,960
2008	42,960
2009, November	<u>39,380</u>
	<u>\$ 168,260</u>

In the normal course of business, the Company may be a party to various litigation and regulatory matters. At December 31, 2005, there were no legal proceedings pending against the Company.

**INTEGRAL SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2005**

**NOTE 8 - REGULATORY REQUIREMENT**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital both as defined, shall not exceed 15 to 1. Net capital and aggregate indebtedness changes from day-to-day. At December 31, 2005, the Company had net capital of \$553,710 which was \$453,710 in excess of the required minimum net capital at that date of \$100,000. The Company's aggregate indebtedness to net capital ratio was .06 to 1.