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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: March 31, 2016  
Estimated average burden  
hours per response... 12.00

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

SEC FILE NUMBER  
8-53366

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 07/01/2012 AND ENDING 06/30/2013  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: SKA Securities Inc.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

22725 Fairview Center Dr. #100

(No. and Street)

Fairview Park

Ohio

44126

(City)

(State)

(Zip Code)

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

Gary D. Klubnik

440 734 3200

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Ogg, Jeffrey P. CPA

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

4110 Secor Road

Toledo

OH

43623

(Address)

(City)

(State)

CHECK ONE:

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

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED  
AUG 29 2013  
REGISTRATIONS BRANCH  
16

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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 (06-02)

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10/27

11/27/13

OATH OR AFFIRMATION

I, Gary D. Klubnik, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SKA Securities Inc. of June 30, 2013, 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:

\_\_\_\_\_

\_\_\_\_\_

Sworn to and subscribed in my Gary D. Klubnik Signature  
presence this 15 day of  
August 2013  
Vice President  
Title

Sandra L. Daniels  
Notary Public



SANDRA L. DANIELS, NOTARY  
STATE OF OHIO  
MY COMMISSION EXPIRES: 11-5-16

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).

**SKA Securities, Inc.**  
Financial Statements  
For the Year ended June 30, 2013

**SKA Securities, Inc.**

**June 30, 2013**

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Tax and Accounting Services

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### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
SKA Securities, Inc.

We have audited the accompanying financial statements of SKA Securities, Inc. which comprise the balance sheet as of June 30, 2013, and the related statements of income, changes in stockholders' equity and cash flows for the year then ended, and the related notes to the financial statements that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion in the effectiveness of the entity's internal control. Accordingly, we express on such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SKA Securities, Inc. as of June 30, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in Schedules I, II, and III are presented for additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Jeffrey P. Ogg, CPA LHI*

Toledo, OH  
July 18, 2013

**SKA Securities, Inc.**  
Statement of Financial Condition  
June 30, 2013

ASSETS

Current assets	
Cash in checking and savings accounts	\$ 26,588
FINRA daily account	597
Commissions receivable	4,542
Prepaid expenses	500
Income taxes receivable	1,079
Total Current Assets	33,306
Other assets	
Workers compensation deposit	47
Total Other Assets	47
TOTAL ASSETS	\$ 33,353

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	
Accrued expenses	\$ 1,877
Deferred tax liability	541
Total Current Liabilities	2,418
Stockholders' Equity	
Common stock, no par value. 750 shares authorized and 500 shares issued and outstanding	500
Additional paid-in capital	16,500
Retained earnings	10,377
Current year earnings	3,558
Total Stockholders' Equity	30,935
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 33,353

**SKA Securities, Inc.**  
**Statement of Income**  
For the twelve months ended June 30, 2013

Revenues		
Commission income, mutual funds	\$ 43,961	
Pension plan administration	8,850	
College savings plans	<u>2,535</u>	
	TOTAL REVENUES	\$ 55,346
Cost of sales-commissions		<u>2,306</u>
	GROSS PROFIT	53,040
Expenses		
Salaries and wages	11,640	
Rent	9,600	
Retirement plan contributions	720	
Payroll taxes	984	
Licenses and permits	500	
Audit fees	2,819	
Dues and subscriptions	1,325	
Office Expense	76	
Telephone	613	
FINRA membership fees	3,277	
Insurance and workers compensation	2,167	
Outside Services	<u>15,050</u>	
		<u>48,771</u>
	NET INCOME BEFORE INTEREST AND TAXES	4,269
Interest Income		16
Provision for income taxes, current		(441)
Provision for income taxes, deferred		<u>(286)</u>
	NET INCOME	<u><u>\$ 3,558</u></u>

**SKA Securities, Inc.**  
**Statement of Changes in Stockholders' Equity**  
**For the twelve months ended June 30, 2013**

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholders Equity</u>
Balances at June 30, 2012	\$ 500	\$ 16,500	\$ 10,377	\$ 27,377
Net income			<u>3,558</u>	<u>3,558</u>
Balances at June 30, 2013	<u>\$ 500</u>	<u>\$ 16,500</u>	<u>\$ 13,935</u>	<u>\$ 30,935</u>

**SKA Securities, Inc.**  
Statement of Cash Flows  
For the Twelve Months Ended June 30, 2013

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income	\$ 3,558
Changes in operating assets and liabilities	
Commissions receivable	(819)
FINRA daily account	(80)
Income tax receivable	(759)
Deferred tax asset	125
Accrued expenses	180
Income tax payable	(844)
Deferred tax liability	162
Total adjustments	<u>(2,035)</u>
NET CASH USED BY OPERATING ACTIVITIES	1,523
NET DECREASE IN CASH	1,523
CASH AT BEGINNING OF YEAR	<u>25,065</u>
CASH AT END OF YEAR	<u><u>\$ 26,588</u></u>

**SKA Securities, Inc.**  
Notes to the Financial Statements  
June 30, 2013

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

The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is an Ohio corporation.

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

**Basis of Presentation** – The Company is engaged as a securities broker-dealer including the facilitation of customers purchase and sales of mutual funds and advisory services for pension plan administration. The financial statements are presented on the accrual basis of accounting. Commissions and fees are recorded when earned.

**Statement of cash flows** – For the purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than 30 days that are not held for sale in the ordinary course of business.

**Equipment** – All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. As of June 30, 2013, there have been no purchases of equipment.

**Deferred Income Taxes** – For income tax reporting, the Company uses the cash basis of accounting. As a result, net income recognized for financial statement purposes exceeds taxable income. Deferred income taxes have been recorded for the difference, which will be taxable in future periods when income is received.

**Use of Management Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles 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 statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3 – COMMISSIONS RECEIVABLE**

Commissions receivable represent the brokers/dealer's commissions due on mutual funds purchased by customers but not yet paid. There has been no allowance for doubtful accounts as all receivables have been deemed collectible.

**SKA Securities, Inc.**  
Notes to the Financial Statements  
June 30, 2013

NOTE 4 – PENSION PLAN

The Company maintains a discretionary SIMPLE plan covering all its employees. Retirement plan contributions are funded through a combination of monthly salary deferrals by employees and quarterly contributions by the employer. All employee deferrals are paid at the end of the month for the current month.

NOTE 5 – LEASE OBLIGATIONS

The Company has a month-to-month lease for office space for a monthly rental of \$800 per month.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company rents office space and shares administrative costs from a corporation that is owned by the stockholders on terms equivalent to those that prevail in arm's length transaction.

NOTE 7 – NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1(a)(2)) which requires that the Company maintain net capital of \$5000 or greater. At June 30, 2013, the Company had a net capital of \$27,853, which was \$22,853 in excess of the required net capital.

NOTE 8 – INCOME TAX PROVISION

The provision for income taxes was comprised of the following:

	<u>Current</u>	<u>Deferred</u>
Federal	\$ (759)	\$ 581
State	0	
Local	<u>(320)</u>	<u>(40)</u>
	<u>\$ (1,079)</u>	<u>\$ 541</u>

**SKA Securities, Inc.**  
Notes to the Financial Statements  
June 30, 2013

NOTE 8 – INCOME TAX PROVISION (cont.)

Management has evaluated income tax position taken or expected to be taken, if any, on income tax returns filed and the likelihood that, upon examination by relevant jurisdictions, those income tax provisions would be sustained. Based on the results of this evaluation management determined there are no positions that necessitated disclosures and/or adjustments.

The income tax return filed is not subject to examination by U.S. federal tax authorities for tax years before 2008.

NOTE 9 – FAIR VALUE MEASUREMENTS

The Company's financial instruments consist primarily of cash, commissions receivable, and accounts payable. The carrying value of financial instruments are representative due to their short-term maturities. Fair value is 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.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 18, 2013, which is the date the financial statements are to be issued.

**Supplementary Information  
Pursuant to Rule 17a-5 of the  
Securities Exchange Act of 1934**

**As of June 30, 2013**

**The accompanying schedules are prepared in accordance with the  
requirements and general format of FOCUS Form X-17A-5.**

- |                      |  |
|----------------------|--|
| <b>Schedule I.</b>   | <b>Computation of Net Capital Under Rule 153-c1</b>  |
| <b>Schedule II.</b>  | <b>Reconciliation of Audited Net Capital Computation and Broker/Dealer's Corresponding<br/>Unaudited Report Under Rule 17a-5(d)(4) of the Securities and Exchange Commission</b> |
| <b>Schedule III.</b> | <b>Report in Material Inadequacies Under Rule 17a-5(j) of the Securities and Exchange<br/>Commission</b>   |

SKA Securities, Inc.  
Schedule I  
Computation of Net Capital Under Rule 15c3-1 of the  
Securities and Exchange Commission  
As of June 30, 2013

Net Capital	
Total Stockholders' Equity	\$ 30,935
Deductions	
Nonallowable Assets	
Accounts receivable in excess of 30 days	859
Prepaid expenses	500
Income tax receivable	1,079
Workers compensation deposit	47
FINRA deposits	597
	<u>3,082</u>
Net capital	27,853
Required net capital	<u>5,000</u>
Excess net capital	<u><u>\$ 22,853</u></u>

SKA Securities, Inc.  
Schedule II  
Reconciliation of Audited Net Capital Computation and  
Broker/Dealer's Corresponding Unaudited Report  
Under Rule 17a-5(d)(4) of the Securities and Exchange Commission  
As of June 30, 2013

Net Capital per FOCUS Report	<u>\$ 27,853</u>
Net Capital per audited financial statements	<u>\$ 27,853</u>

**SKA Securities, Inc.**  
Schedule III  
Report on Material Inadequacies Under Rule 17a-5(j)  
Of the Securities and Exchange Commission  
June 30, 2013

For the year ended June 30, 2013, there were no material inadequacies found to exist.



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Tax and Accounting Services

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Report on Internal Control Required by SEC Rule 17a-5  
For a Broker/Dealer Claiming an Exemption From SEC Rule 15c3-3

To the Board of Directors  
SKA Securities Inc.

In planning and performing our audit of the financial statements of SKA Securities, Inc. (the Company), as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing 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, we 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), we 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 we 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, we did not review the practices and procedures followed by the Company in any of the following:

1. Making 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 previously 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 generally accepted accounting principles. 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 *control deficiency* 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet 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.

Our 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. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We 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 our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at June 30, 2013 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, FINRA, 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.

  
Toledo, OH  
July 18, 2013



**Jeffrey P. Ogg, CPA Ltd.**

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Independent Accountant's Report on Applying Agreed-Upon Procedures  
Related to an Entity's SIPC Reconciliation

To the Board of Directors of SKA Securities Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended June 30, 2013, which were agreed to by SKA Securities Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC and, solely to assist you and the other specified parties in evaluating SKA Securities, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). SKA Securities, Inc.'s management is responsible for the SKA Securities, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries in SKA Securities Inc. cash disbursement accounting journal noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended June 30, 2013, as applicable, with the amounts reported in Form SIPC-7 for the year ended June 30, 2013, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers maintained by SKA Securities noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers maintained by SKA Securities Inc. supporting the adjustments noting no differences;

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express

such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

*Jeffrey R. Ogg, CPA LH*

Toledo, OH  
July 18, 2013