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

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

SEC Mail Processing
Section
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Washington DC
404

SEC FILE NUMBER
8- 69086

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 10/1/2014 AND ENDING 12/31/2014
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Kovack International Securities, Inc.

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

6451 N Federal Highway, Suite 1201

(No. and Street)

Fort Lauderdale

FL

33308

(City)

(State)

(Zip Code)

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

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Margolies, Fink and Wichrowski

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

2201 W Sample Road, Bldg 9, Suite 1B

Pompano Beach

FL

33073

(Address)

(City)

(State)

(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)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Handwritten initials and date: 3/3

OATH OR AFFIRMATION

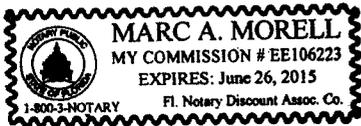
I, Brian J. Kovack, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kovack International Securities, Inc., as of December 31, 20 14, are true and correct. I further swear (or affirm) that neither the 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:

Brian Kovack
Signature

President

Title

[Signature]
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).

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

FORM
X-17A-5

FOCUS REPORT
(FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT)
PART IIA 12

(Please read instructions before preparing Form)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) 16 2) Rule 17a-5(b) 17 3) Rule 17a-11 18
4) Special request by designated examining authority 19 5) Other 26

NAME OF BROKER-DEALER

KOVACK INTERNATIONAL SECURITIES INC 13

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

6451 N. FEDERAL HWY 20

(No. and Street)

FT. LAUDERDALE 21 FL 22 33308 23

(City)

(State)

(Zip Code)

SEC. FILE NO.

8-69086 14

FIRM ID NO.

164117 15

FOR PERIOD BEGINNING (MM/DD/YY)

10/01/14 24

AND ENDING (MM/DD/YY)

12/31/14 25

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT (Area code) - Telephone No.

Melinda Wolfe 30

(954) 782-4771 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT

OFFICIAL USE

32

33

34

35

36

37

38

39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS ?

YES 40 NO 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT

42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 19th day of February 20 15

Manual Signatures of:

1) [Signature]
Principal Executive Officer or Managing Partner

2) [Signature]
Principal Financial Officer or Partner

3) _____
Principal Operations Officer or Partner

ATTENTION - Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:f (a))

FINRA

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER KOVACK INTERNATIONAL SECURITIES INC	N	3																	
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100

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND
CERTAIN OTHER BROKERS OR DEALERS**

as of (MM/DD/YY) 12/31/14 99
 SEC FILE NO. 8-69086 98
 Consolidated 198
 Unconsolidated X 199

ASSETS

	<u>Allowable</u>	<u>Non-Allowable</u>	<u>Total</u>
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1. Cash	\$ 285,466		\$ 285,466
2. Receivables from brokers or dealers:			
A. Clearance account	295		
B. Other	300		810
3. Receivables from non-customers	355	550	830
4. Securities and spot commodities owned, at market value:			
A. Exempted securities	418		
B. Debt securities	419		
C. Options	420		
D. Other securities	424		
E. Spot commodities	430		850
5. Securities and/or other investments not readily marketable:			
A. At cost \$	130		
B. At estimated fair value	440	610	860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:			
A. Exempted securities	460	630	880
B. Other securities \$	150		
C. Other securities \$	160		
7. Secured demand notes:	470	640	890
Market value of collateral:			
A. Exempted securities \$	170		
B. Other securities \$	180		
8. Memberships in exchanges:			
A. Owned, at market \$	190		
B. Owned, at cost		650	
C. Contributed for use of the company, at market value		660	900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships	480	670	910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization.	490	680	920
11. Other assets	535	1,539	930
12. Total Assets	285,466	1,539	287,005
	540	740	940

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER

KOVACK INTERNATIONAL SECURITIES INC

as of 12/31/14

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING,
NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS
LIABILITIES AND OWNERSHIP EQUITY**

<u>Liabilities</u>	<u>A.I.</u> <u>Liabilities</u>	<u>Non-A.I.</u> <u>Liabilities</u>	<u>Total</u>
13. Bank loans payable	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account	1114	1315	1560
B. Other	1115	1305	1540
15. Payable to non-customers	1155	1355	1610
16. Securities sold not yet purchased, at market value		1360	1620
17. Accounts payable, accrued liabilities, expenses and other	1205	1385	1685
18. Notes and mortgages payable:			
A. Unsecured	1210		1690
B. Secured	1211	1390	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:			
1. from outsiders \$ 970		1400	1710
2. Includes equity subordination (15c3-1(d)) of	\$ 980		
B. Securities borrowings, at market value from outsiders \$ 990		1410	1720
C. Pursuant to secured demand note collateral agreements		1420	1730
1. from outsiders \$ 1000			
2. includes equity subordination (15c3-1(d)) of	\$ 1010		
D. Exchange memberships contributed for use of company, at market value		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	1750
20. TOTAL LIABILITIES	\$ 1230	\$ 1450	\$ 1760

Ownership Equity

21. Sole proprietorship			\$ 1770
22. Partnership (limited partners)	\$ 1020		1780
23. Corporation:			
A. Preferred stock			1791
B. Common stock			1792
C. Additional paid-in capital		310,000	1793
D. Retained earnings		(22,995)	1794
E. Total		287,005	1795
F. Less capital stock in treasury		()	1796
24. TOTAL OWNERSHIP EQUITY			\$ 287,005
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY			\$ 287,005

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER	as of	12/31/14
KOVACK INTERNATIONAL SECURITIES INC		

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition	\$	287,005	3480
2. Deduct ownership equity not allowable for Net Capital			() 3490
3. Total ownership equity qualified for Net Capital		287,005	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			3520
B. Other (deductions) or allowable credits (List)			3525
5. Total capital and allowable subordinated liabilities	\$	287,005	3530
6. Deductions and/or charges:			
A. Total non-allowable assets from			
Statement of Financial Condition (Notes B and C)	\$	1,539	3540
B. Secured demand note deficiency			3590
C. Commodity futures contracts and spot commodities-proprietary capital charges			3600
D. Other deductions and/or charges			3610
7. Other additions and/or allowable credits (List)			() 1,539 3620
8. Net Capital before haircuts on securities positions	\$	285,466	3630
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			
A. Contractual securities commitments	\$	3660	
B. Subordinated securities borrowings		3670	
C. Trading and investment securities:			
1. Exempted securities		3735	
2. Debt securities		3733	
3. Options		3730	
4. Other securities		3734	
D. Undue concentration		3650	
E. Other (List)		3736	
10. Net Capital	\$	285,466	() 3740 3750

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER KOVACK INTERNATIONAL SECURITIES INC	as of <u>12/31/14</u>
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COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$	<u>3756</u>
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	<u>50,000</u> <u>3758</u>
13. Net capital requirement (greater of line 11 or 12)	\$	<u>50,000</u> <u>3760</u>
14. Excess net capital (line 10 less 13)	\$	<u>235,466</u> <u>3770</u>
15. Net capital less greater of 10% of line 19 or 120% of line 12	\$	<u>225,466</u> <u>3780</u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$	<u>3790</u>
17. Add:		
A. Drafts for immediate credit	\$	<u>3800</u>
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	<u>3810</u>
C. Other unrecorded amounts (List)	\$	<u>3820</u>
19. Total aggregate indebtedness	\$	<u>3830</u> <u>3840</u>
20. Percentage of aggregate indebtedness to net capital (line 19 divided by line 10)	%	<u>0.00</u> <u>3850</u>
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c-3-1(d)	%	<u>0.00</u> <u>3860</u>

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	<u>3870</u>
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	<u>3880</u>
24. Net capital requirement (greater of line 22 or 23)	\$	<u>3760</u>
25. Excess net capital (line 10 less 24)	\$	<u>3910</u>
26. Net capital in excess of the greater of: 5% of combined aggregate debit items or 120% of minimum net capital requirement	\$	<u>3920</u>

NOTES:

(A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:

1. Minimum dollar net capital requirement, or
2. 6-2/3% of aggregate indebtedness or 4% of aggregate debits if alternative method is used.

(B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of the memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.

(C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER
KOVACK INTERNATIONAL SECURITIES INC

For the period (MMDDYY) from 10/01/14 3932 to 12/31/14 3933
 Number of months included in this statement 3 3931

REVENUE

STATEMENT OF INCOME (LOSS)

1. Commissions:		
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$	0 3935
b. Commissions on listed option transactions		3938
c. All other securities commissions		3939
d. Total securities commissions		0 3940
2. Gains or losses on firm securities trading accounts		
a. From market making in options on a national securities exchange		3945
b. From all other trading		3949
c. Total gain (loss)		3950
3. Gains or losses on firm securities investment accounts		3952
4. Profits (losses) from underwriting and selling groups		3955
5. Revenue from sale of investment company shares		3970
6. Commodities revenue		3990
7. Fees for account supervision, investment advisory and administrative services		3975
8. Other revenue		3995
9. Total revenue		\$ 0 4030

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers		4120
11. Other employee compensation and benefits		4115
12. Commissions paid to other brokers-dealers		4140
13. Interest expense		4075
a. Includes interest on accounts subject to subordination agreements	4070	
14. Regulatory fees and expenses		4195
15. Other expenses		1,523 4100
16. Total expenses		\$ 1,523 4200

NET INCOME

17. Net Income (loss) before Federal income taxes and items below (Item 9 less Item 16)		\$ (1,523) 4210
18. Provision for Federal income taxes (for parent only)		4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above		4222
a. After Federal income taxes of	4238	
20. Extraordinary gains (losses)		4224
a. After Federal income taxes of	4239	
21. Cumulative effect of changes in accounting principles		4225
22. Net income (loss) after Federal income taxes and extraordinary items		\$ (1,523) 4230

MONTHLY INCOME

23. Income (current month only) before provision for Federal Income taxes and extraordinary items		(321) 4211
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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER
KOVACK INTERNATIONAL SECURITIES INC

For the period (MMDDYY) from 10/01/14 to 12/31/14

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1. Balance, beginning of period	\$	288,528	4240
A. Net income (loss)		(1,523)	4250
B. Additions (includes non-conforming capital of	\$	4262	4260
C. Deductions (includes non-conforming capital of	\$	4272	4270
2. Balance, end of period (from item 1800)	\$	287,005	4290

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS**

3. Balance, beginning of period	\$		4300
A. Increases			4310
B. Decreases			4320
4. Balance, end of period (from item 3520)	\$		4330

OMIT PENNIES

SIPC-7

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300

General Assessment Reconciliation

SIPC-7

(33-REV 7/10)

For the fiscal year ended 2014

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

Kovack International Securities, Inc.

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Isabelle Shick 954-782-4771

WORKING COPY

- 2. A. General Assessment (item 2e from page 2) \$ 0
- B. Less payment made with SIPC-6 filed (exclude interest) (_____)
- Date Paid _____
- C. Less prior overpayment applied (_____)
- D. Assessment balance due or (overpayment) _____
- E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum _____
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 0
- G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above) \$ 0
- H. Overpayment carried forward \$(_____)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Kovack International Securities Inc.

(Name of Corporation, Partnership or other organization)

Isabelle Shick

(Authorized Signature)

Dated the 29 day of January, 2015.

Chairman

(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER Dates: Postmarked Received Reviewed

Calculations Documentation Forward Copy

Exceptions:

Disposition of exceptions:

DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

Amounts for the fiscal period
beginning 1/1/2014
and ending 12/31/2014

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

Eliminate cents

\$ 0

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):

(Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ _____

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ _____

Enter the greater of line (i) or (ii)

Total deductions

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0025

 0

 0

 0

 0

(to page 1, line 2.A.)

KOVACK INTERNATIONAL SECURITIES, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

and

**REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

KOVACK INTERNATIONAL SECURITIES, INC.

TABLE OF CONTENTS

1. Report of Independent Registered Public Accounting Firm and Financial Statements
2. Report of Independent Registered Public Accounting Firm and Exemption Report under SEC Rule 17a-5(d)(4)
3. Oath of Officer and Form X-17A-5 (Focus Report)



MARGOLIES, FINK AND WICHROWSKI

CERTIFIED PUBLIC ACCOUNTANTS

BUILDING 9, SUITE 1B

2201 W. SAMPLE RD.

POMPANO BEACH, FLORIDA 33073

OFFICE: (954) 979-5440

FAX: (954) 979-1939

www.mfwcpa.net

A Partnership of Professional Associations

Barry A. Fink, C.P.A., P.A.
Mark V. Wichrowski, C.P.A., P.A.

Bernard W. Margolies, C.P.A.

Members of
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
New York State Society of Certified Public Accountants

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Stockholders and Board of Directors
Kovack International Securities, Inc.

We have audited the accompanying financial statements of Kovack International Securities, Inc. (a Florida corporation), which comprise the statement of financial condition as of December 31, 2014, and the related statements of income, changes in stockholder'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, and the related notes to the financial statements and supplemental information. Kovack International Securities, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements 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 financial statements are 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 financial statements, 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 statements referred to above present fairly, in all material respects, the financial condition of Kovack International Securities, Inc. as of December 31, 2014, 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.

The Computation and Reconciliation of Net Capital under Rule 15c 3-1 of the Securities and Exchange Commission has been subjected to audit procedures performed in conjunction with the audit of Kovack International Securities, Inc.'s financial statements. The supplemental information is the responsibility of Kovack International Securities, Inc.'s management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Rule 17a-5 of the Securities Exchange Act of 1934. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Margolies, Fink and Wichrowski

Pompano Beach, Florida
February 13, 2015

KOVACK INTERNATIONAL SECURITIES, INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2014

ASSETS

Cash and cash equivalents	\$ 285,466
Prepaid expenses	1,538
Deposits	<u>10,781</u>
	<u>\$ 297,785</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Stockholders' equity:	
Common stock voting, no par value per share, 1,000 shares authorized, issued, and outstanding	\$ 310,000
Retained (deficit)	<u>(12,215)</u>
Total stockholders' equity	<u>297,785</u>
	<u>\$ 297,785</u>

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

KOVACK INTERNATIONAL SECURITIES, INC.

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2014

Expenses:

General and administrative expenses \$ 7,748

Net (loss) \$ (7,748)

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

KOVACK INTERNATIONAL SECURITIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

YEAR ENDED DECEMBER 31, 2014

	<u>Number of Common Shares</u>	<u>Amount</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
Balance December 31, 2013	1,000	\$ 310,000	\$ (4,467)	\$ 305,533
Net loss	<u>-</u>	<u>-</u>	<u>(7,748)</u>	<u>(7,748)</u>
Balance December 31, 2014	<u>1,000</u>	<u>\$ 310,000</u>	<u>\$ (12,215)</u>	<u>\$ 297,785</u>

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

KOVACK INTERNATIONAL SECURITIES, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>
Cash flows (used for) operating activities:	
Net (loss)	\$ <u>(7,748)</u>
Adjustments to reconcile net loss to net cash from operating activities:	
Prepaid expenses	1,627
Deposits	<u>(4,351)</u>
Total adjustments	<u>(2,724)</u>
Total cash flows from operating activities	<u>(10,472)</u>
Decrease in cash and cash equivalents	(10,472)
Cash and cash equivalents, beginning of period	<u>295,938</u>
Cash and cash equivalents, end of period	<u>\$ 285,466</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	<u>\$ -</u>

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

KOVACK INTERNATIONAL SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

1. BUSINESS

The Company was incorporated in the State of Florida on January 12, 2012, and is a registered securities broker-dealer with the SEC, FINRA and SIPC. The Company's headquarters are located in Fort Lauderdale, Florida.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents - The Company considers all unrestricted deposits and highly liquid investments, readily convertible to known amounts, with an original maturity of three months or less to be cash equivalents.

Revenue recognition - Purchases and sales of securities are recorded on the settlement date. Investment banking income is recorded at the time the services are completed and the income is reasonably determinable.

Accounting estimates - Management of the Company occasionally uses accounting estimates in determining certain revenues and expenses. Estimates are based on subjective as well as objective factors and, as a result, judgment is required to estimate certain amounts at the date of the financial statements. Actual results could differ from these estimates.

Fair value of financial instruments - The fair value of the Company's financial instruments such as cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate their carrying value.

Income taxes - The Company has elected, by unanimous consent of its stockholders, to be taxed as an S Corporation under the provisions of Section 1361 of the Internal Revenue Code. Under these provisions, the Company does not pay federal corporate income tax on its taxable income. Instead, the stockholders are liable for individual federal income taxes on their respective share of the Company's taxable income. Generally accepted accounting principles "GAAP" prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. This pronouncement is applicable to pass-through entities, such as S Corporations, which are potentially subject to income taxes.

KOVACK INTERNATIONAL SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued) - The Company assesses its income tax positions, including its continuing tax status as an S Corporation, based on management's evaluation of the facts, circumstances and information available at the reporting date. The Company uses the prescribed more likely than not threshold when making its assessment. The Company did not accrue any interest expense or penalties related to tax positions. There are no open Federal or State tax years under audit.

3. CONCENTRATIONS

During the year, the Company maintained cash balances in excess of the Federally insured limits. The funds are with major money center banks, and financial institutions. Consequently, the Company does not believe that there is a significant risk in having these balances in one financial institution.

4. REQUIREMENTS OF RULE 15c3-3

The Company is a non-clearing broker, exempt from making computations of amounts on deposit in the Special Reserve Bank Account for the Exclusive Benefits of Customers, under the provisions of paragraph (k) of Rule 15c3-3 under the Securities and Exchange Act of 1934.

5. NET CAPITAL PROVISION OF RULE 15c3-1

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 aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1.

At December 31, 2014, the Company had net capital of \$285,466, which was \$235,466 in excess of its required net capital of \$50,000.

6. SUBSEQUENT EVENTS

The Company has performed an evaluation of subsequent events through February 13, 2015, which is the date the financial statements were available for issue.

KOVACK INTERNATIONAL SECURITIES, INC.
SCHEDULE I

**COMPUTATION AND RECONCILIATION OF NET CAPITAL
UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2014**

NET CAPITAL COMPUTATION:

Total stockholders' equity qualified for net capital	\$ 297,786
Add:	
Allowable subordinated liabilities	_____ -
Total capital and allowable subordinated liabilities	297,786
Deducts and or charges:	
Total non-allowable assets	_____(12,320)
Net capital before haircuts	_____ <u>285,466</u>
Haircuts on securities:	
Other securities	_____ -
	_____ -
Net capital	\$ <u>285,466</u>

RECONCILIATION:

Net capital, per page 3 of the December 31, 2014 un-audited Focus Report, as originally filed	\$ 285,466
Net audit adjustments	_____ -
Net capital, per December 31, 2014 audited report, as filed	\$ <u>285,466</u>



MARGOLIES, FINK AND WICHROWSKI

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Bernard W. Margolies, C.P.A.

Members of
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants
New York State Society of Certified Public Accountants

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
of Kovack International Securities, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report Under SEC Rule 17a-5(d)(4) in which (1) Kovack International Securities, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Kovack International Securities, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (2) (ii) (the "exemption provisions") and (2) Kovack International Securities, Inc. stated that Kovack International Securities, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Kovack International Securities, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Kovack International Securities, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2) (ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Margolies, Fink and Wichrowski

Pompano Beach, Florida
February 13, 2015

Kovack International Securities, Inc.
Exemption Report Under SEC Rule 17a-5(d)(4)
For the Period Ended December 31, 2014

Rule 17a-5(d)(4)(i) - Statement identifying the provisions in SEC Rule 15c3-3(k) under which Kovack International Securities, Inc. claimed exemption from SEC Rule 15c3-3.

Kovack International Securities, Inc. ("KIS") is approved by FINRA to operate pursuant to paragraph (a)(2)(iv) of SEC Rule 15c3-1 (the Net Capital Rule) and pursuant to paragraph (k)(2)(ii) of SEC Rule 15c3-3 (the Customer Protection Rule) clearing all transactions on a fully disclosed basis. KIS does not hold customer funds or securities, nor does it receive funds from customers.

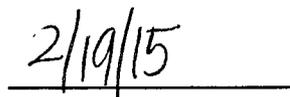
Rule 17a-5(d)(4)(ii) - Statement regarding the broker-dealer's compliance with exemptions.

During the most recent fiscal year (January 1, 2014 through December 31, 2014) KIS met the exemptive provisions of SEC Rule 15c3-3(k)(2)(ii) with exception.

These statements are made to the best knowledge and belief of the undersigned principal of KIS.



Dr. Ronald Kovack, Chairman



Date