

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

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

CP
3/14/15



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

SEC FILE NUMBER
8-024511

FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

SEC
Mail Processing
Section
MAR 02 2015
Washington DC
404

REPORT FOR THE PERIOD BEGINNING 01/01/14 AND ENDING 12/31/14
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: KOONCE SECURITIES, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

6550 ROCK SPRING DRIVE, SUITE 600
(No. and Street)
BETHESDA, MD 20817
(City) (State) (Zip Code)

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

JEFFREY H. LEISENRING (301) 897-9700
(Area Code-Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

WILLIAM BATDORF & COMPANY, P.C.
(Name- if individual, state last, first, middle name)
1776 K STREET, NW, SUITE 840, WASHINGTON, DC 20006
(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.

CP
3/14/15

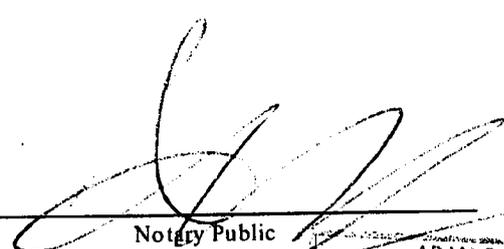
OATH OR AFFIRMATION

I, FRANKLIN S. KOONCE, swear (or affirm) that, to the best of my knowledge and belief that the accompanying financial statements and supporting schedules pertaining to the firm of KOONCE SECURITIES, LLC, as of December 31, 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 customer, except as follows:



FRANKLIN S. KOONCE Signature

President Title



Notary Public

ADAM E. MARGOLIS
Notary Public-Maryland
Montgomery County
Commission Expires
January 30, 2018

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 Proprietor's 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) Compliance Report.

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

KOONCE SECURITIES, INC.

**STATEMENT OF FINANCIAL CONDITION
AND INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2014

**KOONCE SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2014**

CONTENTS

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

Statement of Financial Condition

Notes to Financial Statements

WILLIAM BATDORF & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

1776 K STREET, N.W., SUITE 840

WASHINGTON, DC 20006

TELEPHONE: (202) 331-1040

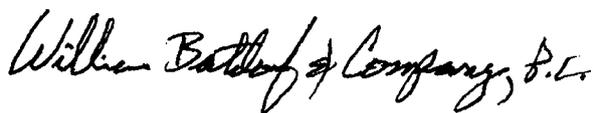
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of
Koonce Securities, LLC

We have audited the accompanying statement of financial condition of Koonce Securities, LLC (a Delaware corporation) as of December 31, 2014, that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934 and the related notes to the statement of financial condition. Koonce Securities, LLC's management is responsible for this financial statement. Our responsibility is to express an opinion on this statement of financial condition 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 condition. 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 Koonce Securities, LLC as of December 31, 2014, in accordance with accounting principles generally accepted in the United States of America.



Washington, DC
March 2, 2015

KOONCE SECURITIES, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2014

ASSETS

| | |
|---|---------------------|
| Cash | \$ 683,729 |
| Cash Deposits with Clearing Organizations | 1,206,715 |
| Receivable from Customers | 55,480 |
| Securities Owned, at Market Value | 21,225 |
| Prepaid Expenses | 18,246 |
| Furniture and Equipment - Net | - |
| Other Assets | \$ 52,732 |
| Total Assets | <u>\$ 2,038,127</u> |

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

| | |
|------------------------------------|----------------|
| Payable to Customers | \$ 16,207 |
| Payable to Non-Customers | - |
| Accounts Payable, Accrued Expenses | 100,129 |
| Deferred Rent Payable | 40,320 |
| Total Liabilities | <u>156,656</u> |

COMMITMENTS, CONTINGENCIES AND GUARANTEES:

| | |
|-------------------------|------------------|
| Subordinated Borrowings | <u>2,250,000</u> |
|-------------------------|------------------|

STOCKHOLDERS' EQUITY

| | |
|--|---------------------|
| Members' Equity | 820,000 |
| Retained earnings | <u>(1,188,529)</u> |
| Total Stockholders' Equity | <u>(368,529)</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 2,038,127</u> |

See accompanying Notes to Financial Statements

KOONCE SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Koonce Securities, LLC, formerly Koonce Securities, Inc. (the "Company"), is a broker and dealer in securities located in Bethesda, Maryland. The Corporation is registered with the Securities and Exchange Commission (SEC) and is a member of Financial Industry Regulatory Authority (FINRA).

During the year the Company reorganized as a Limited Liability Company.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

The following is a summary of significant accounting policies followed in the preparation of the accompanying financial statements.

Securities Owned, Securities Sold Not Yet Purchased – Securities owned by the Corporation are valued at their fair value, determined from quoted market prices. Any unrealized gain or loss is reflected in income.

Realized gains and losses on sales of securities in inventory are calculated by using the average cost method.

Securities transactions (and any related gains or losses on sales) are recorded on a settlement date basis, which is generally the third business day following the date of trade. The effect on net income of using a settlement date basis versus a trade date basis for recording securities transactions is not material.

Property and Equipment – Furniture and equipment are stated at cost, net of \$235,464 accumulated depreciation. Depreciation is calculated using accelerated methods for both financial and tax reporting purposes. All property and equipment were fully depreciated at December 31, 2014.

Leasehold improvements are stated at cost, net of \$57,912 accumulated amortization, and are amortized using the straight-line method over the remaining life of the lease for financial reporting purposes and over 39 years for tax reporting purposes. All leasehold improvements were fully amortized at December 31, 2014.

KOONCE SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes – As an LLC the Company is no longer subject to income taxes. However, up to the date of the reorganization the Company was subject to income taxes.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due (receivable) plus deferred taxes related primarily to differences between financial and income tax reporting for securities owned, vacation accruals and other items which create recognition timing differences. Deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years.

The Company complies with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as tax benefit or expense in the current year. In general, the prior three years tax returns filed with the various taxing agencies are open to examination.

NOTE 2 - RECEIVABLE FROM/PAYABLE TO CUSTOMERS

Accounts receivable from and payable to customers include amounts due or payable on cash and margin transactions. Securities owned by customers are held as collateral for those receivables.

NOTE 3 - SECURITIES OWNED

Securities owned by the Corporation consisted primarily of corporate stocks at December 31, 2014.

KOONCE SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 4 - FAIR VALUE MEASUREMENT

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market.

Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels Level 1, Level 2 and Level 3.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2013.

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------|------------------|----------------|----------------|------------------|
| Equity Securities | <u>21,225</u> | <u>-</u> | <u>\$ -</u> | <u>21,225</u> |
| Total | <u>\$ 21,225</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 21,225</u> |

NOTE 5 - SHORT-TERM BANK LOANS

The Corporation has an agreement to borrow funds from Lakeside Bank to meet certain security transaction requirements. There were no outstanding balances under this agreement as of December 31, 2014.

KOONCE SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 6 – CURRENT AND DEFERRED INCOME TAXES

Current year income tax expense is due to an adjustment of prior a year accrual.

At December 31, 2014, the Company has approximately \$1,617,200 in net operating loss carryforwards for income tax purposes which expire in 2033. A valuation allowance equal to 100% of the net deferred tax assets has been recognized due to uncertainty regarding future realization.

NOTE 7 - LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

The borrowings are with related parties and are available in computing net capital under the SEC's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

| | |
|---|---------------------|
| Subordinated note 1.0% due September 17, 2015 | \$ 1,250,000 |
| Subordinated note 2.0% due September 17, 2015 | <u>1,000,000</u> |
| Total | <u>\$ 2,250,000</u> |

NOTE 8 - LEASES

The Corporation has leased office space through October 2015. In connection with the lease agreement, the Corporation was granted a period of free rent which it has recorded as deferred rent. The unamortized balance of the deferred rent at December 31, 2014, is \$40,320 and is reflected as a liability in the accompanying statement of financial position. Minimum lease payments required under this lease are as follows:

| | |
|-------|-------------------|
| 2015 | \$ <u>205,769</u> |
| Total | <u>\$ 205,769</u> |

Rent expense for 2014 was \$208,193 and rent payments were \$256,573.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Company is related to Montgomery Investment Management, Inc. (MIM) through common ownership and control. MIM periodically reimburses the Company for certain costs shared by the two companies, such as payroll, rent and various other expenses. For the year ended December 31, 2014, MIM reimbursed the Company a total of \$775,666 for such expenses.

KOONCE SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 10 - NET CAPITAL REQUIREMENTS

The Corporation is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (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 Corporation had net capital and net capital requirements computed under these provisions as follows:

| | |
|--|--------------|
| Net Capital | \$ 1,793,779 |
| Net Capital Requirement | \$ 250,000 |
| Ratio of Aggregate Indebtedness to Net Capital | 9% |

NOTE 11 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

In the normal course of business, the Corporation's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Corporation to off-balance-sheet risk in the event the customer is unable to fulfill its contracted obligations and the Corporation has to purchase or sell the financial instrument underlying the contract at a loss.

NOTE 12 - CONCENTRATIONS OF CREDIT RISK

The Corporation seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Corporation monitors required margin levels daily and, pursuant to such guidelines, requires the customer to deposit additional collateral, or to reduce positions, when necessary.

The Corporation's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Corporation extends credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customers' accounts. In connection with these activities, the Corporation executes and clears customer transactions involving the sale of securities not yet purchased, all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose the Corporation to off-balance-sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event the customer fails to satisfy its obligations, the Corporation may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customers' obligations.

KOONCE SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 12 - CONCENTRATIONS OF CREDIT RISK (Continued)

The Corporation is engaged in various trading and brokerage activities whose counterparties primarily include other broker-dealers. In the event counterparties do not fulfill their obligations, the Corporation may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Corporation's policy to review, as necessary, the credit standing of each counter party with which it conducts business.

Cash and cash equivalents consisted of investments in money market mutual funds and cash on deposit with established federally insured financial institutions. Total cash on deposit at various times during the year exceeded the federal deposit insurance limits. The company has never experienced any losses in these accounts and does not believe that it is exposed to any significant concentration of credit risk.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 2, 2015, the date on which the financial statements were available to be issued. No events have occurred since the balance sheet date that would have material impact on the financial statements.

KOONCE SECURITIES, LLC
AS OF DECEMBER 31, 2014

SCHEDULE I

COMPUTATION OF NET CAPITAL

| | |
|--|----------------------------|
| Total Stockholders' Equity | \$ (368,529) |
| Subordinated Borrowings Allowable in Computation of Net Capital | <u>2,250,000</u> |
| Total Capital and Allowable Subordinated Borrowings | 1,881,471 |
| Deductions and/or Charges | |
| Non-Allowable Assets | |
| Unsecured Customer Debits | 866 |
| Prepaid Expenses | 18,246 |
| Other Assets | <u>52,732</u> |
| Total Non-Allowable Assets | 71,844 |
| Market Place Blockage | <u>14,902</u> |
| Total Deductions and/or Charges | 86,746 |
| Net capital before haircut on securities positions | <u>1,794,725</u> |
| Haircuts on securities | |
| Stocks and Warrants | <u>947</u> |
| Total deductions and haircuts on securities | <u>947</u> |
| Net Capital | <u><u>\$ 1,793,778</u></u> |

See accompanying Notes to Financial Statements

WILLIAM BATDORF & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
1776 K STREET, N.W., SUITE 840
WASHINGTON, DC 20006
TELEPHONE: (202) 331-1040

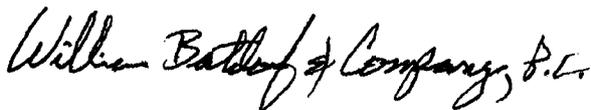
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Koonce Securities, LLC
Bethesda, MD

We have examined Koonce Securities, LLC's (the "Company") statements, included in the accompanying Compliance Report, that (1) the Company's internal control over compliance was effective during the period June 1, 2014 through December 31, 2014; (2) the Company's internal control over compliance was effective as of December 31, 2014; (3) the Company was in compliance with 17 C.F.R. §§240.15c3-1 and 240.15c3-3(e) as of December 31, 2014; and (4) the information used to state that Koonce Securities, LLC was in compliance with 17 C.F.R. §§240.15c3-1 and 240.15c3-3(e) was derived from the Company's books and records. Koonce Securities, LLC's management is responsible for establishing and maintaining a system of internal control over compliance that has the objective of providing the Company with reasonable assurance that non-compliance with 17 C.F.R. §240.15c3-1, 17 C.F.R. §240.15c3-3, 17 C.F.R. §240.17a-13, or NASD Rule 2340 pursuant to the FINRA Conduct Rules that requires account statements to be sent to the customers of Koonce Securities, LLC will be prevented or detected on a timely basis. Our responsibility is to express an opinion on Koonce Securities, LLC's statements based on our examination.

We conducted our examination in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Koonce Securities, LLC's internal control over compliance was effective as of December 31, 2014 and during the period June 1, 2014 through December 31, 2014; the Company complied with 17 C.F.R. §§240.15c3-1 and 240.15c3-3(e) as of December 31, 2014; and the information used to assert compliance with 17 C.F.R. §§240.15c3-1 and 240.15c3-3(e) as of December 31, 2014 was derived from the Company's books and records. Our examination included testing and evaluating the design and operating effectiveness of internal control over compliance, testing and evaluating the Company's compliance with 17 C.F.R. §§240.15c3-1 and 240.15c3-3(e), determining whether the information used to assert compliance with 240.15c3-1 and 240.15c3-3(e) was derived from the Company's books and records, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, Koonce Securities, LLC's statements referred to above are fairly stated, in all material respects.



Washington, DC
March 2, 2015

KOONCE SECURITIES, LLC.

ROCK SPRING PLAZA · 6550 ROCK SPRING DRIVE, SUITE 600 · BETHESDA, MARYLAND
PHONE 301-897-9700 · 800-368-2806 · FAX 301-897-9794

COMPLIANCE REPORT

December 31, 2014:

We as members of management of Koonce Securities, LLC (the "Company") are responsible for complying with 17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers". We are also responsible for establishing and maintaining effective internal control over compliance with 17 C.F.R § 240.17a-5. We have performed an evaluation of the Company's compliance with the requirements of 17 C.F.R §240.17a-5. Based on this evaluation, we assert the following:

We have established and maintained Internal Control Over Compliance (as defined below) with the Financial Responsibility Rules (as defined below) during the most recent fiscal year ended December 31, 2014;

The Internal Control Over Compliance of the Company with the Financial Responsibility Rules was effective during the period January 1, 2014 through December 31, 2014;

The Internal Control Over Compliance of the Company with the Financial Responsibility Rules was effective as of the end of the most recent fiscal year ended December 31, 2014;

The Company was in compliance with 17 C.F.R. §240.15c3-1 and 17 C.F.R §240.15c3-3(e) as of the end of the most recent fiscal year ended December 31, 2014; and

The information the Company used to assert that the Company was in compliance with 17 C.F.R. §240.15c3-1 and 17C.F.R §240.15c3-3(e) was derived from the books and records of the Company.

For purposes of this assertion, Internal Control Over Compliance is defined as internal controls that have the objective of providing the broker-dealer with reasonable assurance that non-compliance with the financial responsibility rules will be prevented or detected on a timely basis. The Financial Responsibility Rules are defined as 17 C.F.R.§240.15c3-1, 17 C.F.R.§240.15c3-3, 17 C.F.R.§240.17a-13;and NASD Rule 2340 Pursuant to the FINRA Conduct Rules that require account statements to be sent to the customers of the Company will be prevented or detected on a timely basis.



Calvin S. Koonce
Member

WILLIAM BATDORF & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
1776 K STREET, N.W., SUITE 840
WASHINGTON, DC 20006
TELEPHONE: (202) 331-1040

INDEPENDENT ACCOUNTANT'S AGREED-UPON PROCEDURES REPORT
ON SCHEDULE OF ASSESSMENT AND PAYMENTS (FORM SIPC-7)

To the Members of
Koonce Securities, LLC

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 (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2014, which were agreed to by Koonce Securities, LLC, and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Koonce Securities, LLC's compliance with the applicable instructions of Form SIPC-7. Koonce Securities, LLC's management is responsible for Koonce Securities, LLC'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, noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2014, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2014, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
- 5) Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences (if applicable).

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.

William Batdorf & Company, P.C.

Washington, DC
March 2, 2015

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

For the fiscal year ended 12/31/2014
(Read carefully the instructions in your Working Copy before completing this Form)

SIPC-7

(33-REV 7/10)

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:

16*16*****2012*****MIXED AADC 220
024511 FINRA DEC
KOONCE SECURITIES LLC
6550 ROCK SPRING DR
BETHESDA MD 20817-1132

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.

JEFF LEISERLING

301 8979700

- 2. A. General Assessment (item 2e from page 2) \$ 350
- B. Less payment made with SIPC-6 filed (exclude interest) (2029)
7/24/14
Date Paid
- C. Less prior overpayment applied (_____)
- D. Assessment balance due or (overpayment) 1481
- 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) \$ 1481
- G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above) \$ 1481
- 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.

Koonce Securities Inc
(Name of Corporation, Partnership or other organization)
Jeff Leiseling
(Authorized Signature)
CFD
(Title)

Dated the 29th day of Jan, 2015

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.

Eliminate cents

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

\$ 1,611,661

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.

19983

Total additions

19983

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.

85256

(2) Revenues from commodity transactions.

 -

(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.

9158

(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).

75012

(8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C):

15000

(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.

\$ 43132

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

\$ 7228

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

43132

Total deductions

227,558

2d. SIPC Net Operating Revenues

\$ 1,404,096

2e. General Assessment @ .0025

\$ 3510

(to page 1, line 2.A.)