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

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

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Washington, DC

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 10/01/08 AND ENDING 09/30/09
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: H.C. DENISON CO.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

618 N 7TH STREET

(No. and Street)

SHEBOYGAN

(City)

WI

(State)

53081

(Zip Code)

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

JAMES A. TESTWUIDE

(920) 457-9451

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

SCHENCK SC

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

712 RIVERFRONT DR SUITE 301

(Address)

SHEBOYGAN

(City)

WI

(State)

53081

(Zip Code)

CHECK ONE:

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

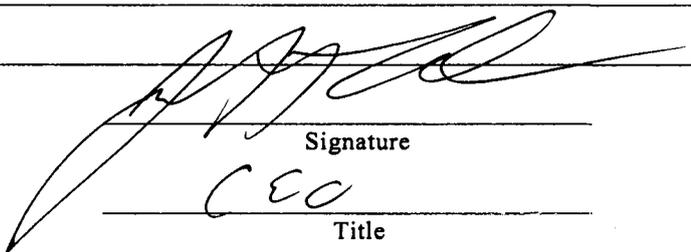
FOR OFFICIAL USE ONLY

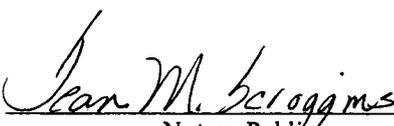
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

n.a.
12/11

OATH OR AFFIRMATION

I, JAMES A. TESTWUIDE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of H.C. DENISON CO., as of SEPTEMBER 30, 2009, 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:


Signature
CEO
Title


Notary Public
My Comm Exp: 8-12-12

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).

- x (o) Statement of Cash Flows
- x (p) Independent Auditors' Report on Internal Control Structure Required by SEC Rule 17A-5

H. C. DENISON CO.

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Independent Auditors' Report

To the Board of Directors
H. C. Denison Co.
Sheboygan, Wisconsin

We have audited the accompanying statement of financial condition of H. C. Denison Co. as of September 30, 2009, and the related statements of operations, changes in stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 position of H. C. Denison Co. as of September 30, 2009 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Schenck SC

Certified Public Accountants

Sheboygan, Wisconsin
November 20, 2009



H. C. DENISON CO.

Statement of Financial Condition
September 30, 2009

ASSETS

Cash and cash equivalents	\$ 476,809
Cash - Segregated for reserve requirement	235,057
Cash - Segregated at clearing house	120,858
Receivables:	
Customers	67,876
Brokers and dealers	50,531
Commissions	60,322
Interest and dividends	9,677
Other	1,808
Securities owned, at fair value	691,812
Federal tax deposit	2,258
Property and equipment, net of accumulated depreciation of \$88,499	<u>48,554</u>
	<u>\$ 1,765,562</u>

See notes to financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities

Payables:

Customers	\$ 628,701
Brokers and dealers	235,503
Other	15,252

Accrued liabilities:

Salaries, commissions and related withholdings	24,637
Property taxes	<u>7,165</u>

Total liabilities \$ 911,258

Stockholders' equity

Common stock, no par value:

Authorized, 1,524 shares	
Issued and outstanding, 1,322 shares	1,227,000
Accumulated deficit	<u>(372,696)</u>

Total stockholders' equity 854,304

\$ 1,765,562

H. C. DENISON CO.

Statement of Operations
Year ended September 30, 2009

Revenues

Commissions	\$ 1,267,619
Net dealer inventory and security gains	292,700
Interest and dividends	36,481
Other	<u>82,641</u>

Total revenues \$ 1,679,441

Expenses

Employee compensation and benefits	1,225,500
Communications	147,890
Promotional costs	22,659
Occupancy and equipment	322,250
Interest	7,125
Professional fees	31,793
Bank and clearing charges	106,025
Other	<u>54,254</u>

Total expenses 1,917,496

Net loss \$ (238,055)

See notes to financial statements.

H. C. DENISON CO.

Statement of Changes in Stockholders' Equity
Year ended September 30, 2009

	<u>Shares</u>	<u>Common Stock</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, October 1, 2008	1,075	\$ 1,052,000	\$ (134,641)	\$ 917,359
Issuance of common stock	247	175,000	-	175,000
Net loss	<u>-</u>	<u>-</u>	<u>(238,055)</u>	<u>(238,055)</u>
Balance, September 30, 2009	<u>1,322</u>	<u>\$ 1,227,000</u>	<u>\$ (372,696)</u>	<u>\$ 854,304</u>

See notes to financial statements.

H. C. DENISON CO.

Statement of Cash Flows
Year ended September 30, 2009

Operating activities

Net loss	\$ (238,055)	
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	14,688	
Decrease (increase) in:		
Cash - Segregated	86,606	
Receivables	(57,615)	
Securities owned	7,041	
Federal tax deposit	3,258	
Increase (decrease) in:		
Payables	429,710	
Securities sold, not yet purchased	(65,972)	
Accrued liabilities	<u>(502)</u>	
Net cash provided by operating activities		\$ 179,159

Investing activity

Purchase of property and equipment	(15,082)
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Financing activities

Proceeds from issuance of common stock	175,000
Net decrease in notes payable	<u>(100,000)</u>
Net cash provided by financing activities	<u>75,000</u>

Cash and cash equivalents

Net increase	239,077
Beginning of year	<u>237,732</u>
End of year	<u>\$ 476,809</u>

Supplemental disclosure of cash flow information

Cash paid for interest	\$ 7,125
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See notes to financial statements.

H. C. DENISON CO.

Notes to Financial Statements
September 30, 2009

Note 1 - Nature of business and significant accounting policies

A. Nature of business

H. C. Denison Co. (Company) is a broker and dealer in securities located in Sheboygan, Wisconsin. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA).

B. Subsequent events

The financial statements were approved and available for issue by management on November 19, 2009, and subsequent events were evaluated through this date.

C. Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

E. Reserve for bad debts

No reserve for bad debts is deemed necessary because the Company holds purchased securities until the customer remits payment and does not pay customers for sales until the certificates are presented.

F. Securities owned and revenue recognition of securities transactions

Customers' and brokers' and dealers' securities and commodities transactions are recorded on a settlement date basis. Securities and commodities transactions of the Company and any related profit or loss are recorded on a trade date basis.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition.

Securities are recorded at fair value. See Notes 1K and 7 for a discussion of fair value measurements.

G. Commissions

Commissions and related clearing expenses are recorded on the trade date basis as securities transactions occur.

H. C. DENISON CO.

Notes to Financial Statements, Continued
September 30, 2009

Note 1 - Nature of business and significant accounting policies, continued

H. Property, equipment and depreciation

Property and equipment are stated at cost. Expenditures for additions and improvements are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently as incurred. Properties sold or otherwise disposed of are removed from the property accounts, with gains or losses on disposal credited or charged to operations.

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

I. Advertising

The Company expenses advertising costs as they are incurred. Advertising costs were \$20,264 for the year ended September 30, 2009. These costs are included in promotional costs on the statement of operations.

J. Income taxes

The Company has elected, by consent of its stockholders, to be taxed as an S corporation under the provisions of the Internal Revenue Code and Wisconsin Statutes. Under those provisions, the Company does not pay federal and Wisconsin corporate income taxes on its taxable income. Instead, the stockholders are liable for their respective shares of the Company's taxable income on their individual tax returns. The Company periodically makes distributions to the stockholders for income taxes.

K. New accounting standards

Fair value measurements. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* clarifies the definition of fair value, establishes a framework for measuring fair value and expands the disclosures on fair value measurements in financial statements. Effective October 1, 2008, the Company adopted provisions of ASC 820 with respect to financial assets and liabilities that are measured at fair value within the financial statements on a recurring basis. The partial adoption of ASC 820 did not have a material impact on the Company's financial statements. The Company does not expect the application of the provisions of ASC 820 to its nonfinancial assets and liabilities to have a material effect on its financial statements when it becomes effective beginning October 1, 2009.

H. C. DENISON CO.

Notes to Financial Statements, Continued
September 30, 2009

Note 1 - Nature of business and significant accounting policies, continued

K. New accounting standards, continued

ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. The fair value hierarchy specified by ASC 820 is as follows:

- Level 1 - Quoted prices in active markets for identical assets and liabilities
- Level 2 - Quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

See Note 7 for fair value measurements.

Accounting for uncertainty in income taxes. FASB has issued guidance for accounting for uncertainties in income taxes as part of Accounting Standards Codification (ASC) 740-10. This guidance increases the relevancy and comparability of financial reporting by clarifying the way companies account for uncertainties in income taxes for tax positions taken or expected to be taken. It makes recognition and measurement more consistent as well as offering clear criteria for subsequently recognizing, derecognizing and measuring such tax positions for financial statement purposes. The Company will be required to adopt this new guidance as of October 1, 2009, with any cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The Company has not yet determined the impact of adoption of this guidance on the Company's financial condition, results of operations and cash flows.

As permitted by this guidance, the Company has elected to defer the application until issuance of its September 30, 2010 financial statements. For financial statements covering periods prior to the fiscal year September 30, 2010, the Company has evaluated uncertain tax positions in accordance with existing generally accepted accounting principles and makes such accruals and disclosures as might be required thereunder.

Note 2 - Concentration and risks

The Company maintains cash deposits at several banks. Deposits at each bank are insured by the Federal Deposit Insurance Corporation up to \$250,000 per entity. The Company's cash deposits, at times, exceed these limits.

The Company's securities are subject to various risks, including market, credit and interest rate risks.

H. C. DENISON CO.

Notes to Financial Statements, Continued
September 30, 2009

Note 3 - Cash - Segregated for reserve requirement

The Company is required to maintain sufficient bank accounts and qualified securities as a reserve to protect customer interests pursuant to Securities and Exchange Commission Rule 15c3-3. At September 30, 2009, cash segregated for reserve requirement consists of:

Cash on deposit	\$ 187,389
Certificates of deposit	<u>47,668</u>
	<u>\$ 235,057</u>

Note 4 - Cash - Segregated at clearing house

The Company is required to maintain cash balances at Depository Trust and Clearing Corporation. These segregated cash balances fluctuate periodically based on activity. Depository Trust and Clearing Corporation holds securities owned by the Company and is the Company's primary clearing agent.

Note 5 - Receivable from and payable to customers

Accounts receivable from and payable to customers include amounts due on cash transactions. Securities owned and not yet paid for by customers are held as collateral for receivables. Such collateral is not reflected in the financial statements.

Note 6 - Receivable from and payable to brokers and dealers

Accounts receivable from and payable to brokers and dealers consist of cash due or payable on security transactions. The security transactions are settled when the underlying securities are delivered. Securities sold but not yet delivered are held as collateral for monies due upon delivery. Securities held as collateral pending payment are not reflected in the financial statements. Monies owed against securities not yet received are held pending receipt of securities.

Amounts receivable from and payable to brokers and dealers at September 30, 2009 consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Securities failed-to-deliver	\$ 50,531	\$ -
Unsettled regular-way transactions	-	235,503

H. C. DENISON CO.

Notes to Financial Statements, Continued
September 30, 2009

Note 7 - Securities owned and fair value measurements

The following table presents, for each of the fair value hierarchy levels, the Company's financial assets and liabilities at September 30, 2009 that are measured at fair value on a recurring basis:

<u>Assets</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Securities owned:				
Stocks and warrants	\$ 32,628	\$ 24,751	\$ -	\$ 7,877
Corporate bonds	122,979	-	122,979	-
U.S. Government obligations	10,468	10,468	-	-
Municipal bonds	<u>525,737</u>	<u>-</u>	<u>525,737</u>	<u>-</u>
Total assets measured at fair value on a recurring basis	<u>\$ 691,812</u>	<u>\$ 35,219</u>	<u>\$ 648,716</u>	<u>\$ 7,877</u>

The following table sets forth a summary of changes in the fair value of the Company's Level 3 assets for the year ended September 30, 2009:

	<u>Stocks and Warrants</u>
Balance, beginning of year	\$ 10,533
Sales (no realized gains or losses)	<u>(2,656)</u>
Balance, end of year	<u>\$ 7,877</u>

Note 8 - Notes payable

Community Bank

At September 30, 2009, the Company had available a line of credit of \$500,000 which matures January 27, 2010 and is secured by substantially all assets of the Company. There was \$0 outstanding at September 30, 2009. The Company also had available a \$1,000,000 line of credit, which matures March 9, 2010, had \$0 outstanding at September 30, 2009 and is unsecured. The interest rate charged is the bank's prime rate subject to a minimum of 4.5% (4.5% at September 30, 2009). These lines of credit are guaranteed by the majority stockholder of the Company.

J P Morgan Chase Bank, N.A.

At September 30, 2009, the Company had available lines of credit totaling \$600,000 which mature December 31, 2009. There was \$0 outstanding at September 30, 2009. The interest rate charged is the 30-day LIBOR rate plus 250 basis points (2.75% at September 30, 2009). These lines of credit are secured by specific securities in inventory and guaranteed by the majority stockholder of the Company.

H. C. DENISON CO.

Notes to Financial Statements, Continued
September 30, 2009

Note 9 - Net capital requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At September 30, 2009, the Company had net capital of \$759,373, which was \$509,373 in excess of its required net capital of \$250,000. The Company's net capital ratio was .5803 to 1.

Note 10 - Profit-sharing plan

The Company has a profit-sharing plan covering substantially all of its employees. The Board of Directors determined that for the year ended September 30, 2009, no contribution would be made to the plan. The plan also contains a 401(k) voluntary salary reduction feature.

Note 11 - Related party transactions and lease commitment

The Company leases its Sheboygan office facility from a former stockholder for \$12,244 per month, increasing annually based on the increase in the consumer price index, under a noncancelable operating lease which expires December 1, 2012. The Company is required to pay real estate taxes, insurance and the cost of the normal repairs and maintenance to the building.

Following is a schedule by years of future minimum rental payments required under operating leases that have initial noncancelable lease terms in excess of one year as of September 30, 2009:

<u>Year ending</u> <u>September 30,</u>	
2010	\$ 146,928
2011	146,928
2012	146,928
2013	<u>24,488</u>
	<u>\$ 465,272</u>

Rent expense under all operating leases amounted to \$146,111 for the year ended September 30, 2009.

S U P P L E M E N T A L I N F O R M A T I O N



Independent Auditors' Report on Supplemental Information

To the Board of Directors
H. C. Denison Co.
Sheboygan, Wisconsin

We have audited the accompanying financial statements of H. C. Denison Co. as of and for the year ended September 30, 2009, and have issued our report thereon dated November 20, 2009.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II, as of and for the year ended September 30, 2009, is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplemental information required by Rule 17a-5 under the Securities Exchange Act of 1934. 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 basic financial statements taken as a whole.

Schenck SC

Certified Public Accountants

Sheboygan, Wisconsin
November 20, 2009



H. C. DENISON CO.
Computation of Net Capital
September 30, 2009

Net capital

Total ownership equity, as reported on statement of financial condition		\$ 854,304
Less nonallowable assets:		
Property and equipment, net of accumulated depreciation	\$ 48,554	
Other assets	<u>9,835</u>	
Total nonallowable assets		<u>58,389</u>
Net capital before haircuts on securities positions		795,915
Less haircuts on securities positions:		
Bankers' acceptances, certificates of deposit, and commercial paper	1,127	
U.S. and Canadian government obligations	628	
State and municipal government obligations	13,789	
Corporate obligations	17,252	
Stocks and warrants	<u>3,746</u>	
Total haircuts on securities positions		<u>36,542</u>
Net capital		<u>\$ 759,373</u>
<u>Basic net capital requirement</u>		
Net capital required (greater of \$250,000 or 6.67% of aggregate indebtedness)		<u>\$ 250,000</u>
Excess net capital		<u>\$ 509,373</u>
<u>Aggregate indebtedness</u>		
Total aggregate indebtedness liabilities from statement of financial condition		\$ 675,757
Less deposits in special reserve bank accounts		<u>235,057</u>
Total aggregate indebtedness		<u>\$ 440,700</u>
Percentage of aggregate indebtedness to net capital		58.03%

Note: There are no material differences between the preceding computation and the Company's corresponding unaudited Part II of Form X-17A-5 as of September 30, 2009

H. C. DENISON CO.
 Computation for Determination of Reserve Requirements
 Pursuant to Rule 15c3-3
 September 30, 2009

Credit balances

Free credit balances and other credit balances in customers' security accounts	<u>\$ 617,552</u>	
Total credits		\$ 617,552

Debit balances

Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection	66,627	
Failed to deliver of customers' securities not older than 30 calendar days	<u>50,366</u>	
Total debits		<u>116,993</u>

Reserve computation

Excess of total credits over total debits		<u>500,559</u>
105% of excess of total credits over total debits		<u>525,587</u>
Amounts held on deposit in reserve bank account, including value of qualified securities		235,057
Amount of deposit		<u>350,000</u>
New amount in reserve bank accounts after adding additional deposit		<u>\$ 585,057</u>
Date of deposit		October 1, 2009

Note: There are no material differences between the preceding computation and the Company's corresponding unaudited Part II of Form X-17A-5 as of September 30, 2009



Independent Auditors' Report on Internal Control
Required by SEC Rule 17a-5

To the Board of Directors
H. C. Denison Co.
Sheboygan, Wisconsin

In planning and performing our audit of the financial statements of H. C. Denison Co. (Company) as of and for the year ended September 30, 2009, 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 compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e).
2. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by rule 17a-13.
3. 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.
4. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.



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 above-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 control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 above.

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 September 30, 2009 to meet the SEC's objectives.

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

Schanck SC

Certified Public Accountants

Sheboygan, Wisconsin

November 20, 2009



Schenck

Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Directors
H. C. Denison Co.
Sheboygan, Wisconsin

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 [Transitional Assessment Reconciliation (Form SIPC-7T)] to the Securities Investor Protection Corporation (SIPC) for the period April 1, 2009 through September 30, 2009, which were agreed to by H. C. Denison Co. (Company) and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T). The Company's management is responsible for the Company'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-7T with respective cash disbursement records entries including general ledger entry and canceled check noting no differences;
2. Compared the amounts reported on the Form X-17A-5 for the quarters ended June 30, 2009 and September 30, 2009, as applicable, with the amounts reported in Form SIPC-7T for the period April 1, 2009 through September 30, 2009 noting no differences;
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers including general ledger detail for postings of mutual fund commissions for the period April 1, 2009 through September 30, 2009 noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers including general ledger detail for postings of mutual fund commissions for the period April 1, 2009 through September 30, 2009 supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied (of which there was none) to the current assessment with the Form SIPC-7T on which it was originally computed 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.

Schenck SC

Certified Public Accountants

Sheboygan, Wisconsin
November 20, 2009



Transitional Assessment Reconciliation

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

"AMENDED"

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:

8-000044 FINRA SEP
H C DENISON CO
PO BOX 28
SHEBOYGAN WI 53082-0028

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.

JAMES A TESTWUIDE 920-457-9451

- 2. A. General assessment [item 2e from page 2 (not less than \$150 minimum)] \$ ~~1,245.91~~ *1,268.17*
- B. Less payment made with SIPC-4 made in January, February or March 2009 (150.00)
(For all fiscal year ends except January, February, or March)
12/30/08
Date Paid 1,095.91 *1,118.17*
- C. Assessment balance due _____
- D. Interest computed on late payment (see instruction E) for _____ days at 20% per annum _____
- E. Total assessment balance and interest due (or overpayment carried forward) \$ _____
- F. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as E above) \$ ~~1,095.91~~ *22.26 DUE PAID 1,095.91 CHECK # 35574*

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.

HC DENISON CO
(Name of Corporation, Partnership or other organization)
[Signature]
(Authorized Signature)
PRESIDENT
(Title)

Dated the 16 day of NOVEMBER, 2009.

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 April 1, 2009
and ending SEPT, 2009
Eliminate cents

Item No.

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

\$ 827,814

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):

320,545

~~5,824~~ 0.00

(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.

\$ 3,083 0.00

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

\$ _____

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

Total deductions

3,083 0.00

329,452 320,545

2d. SIPC Net Operating Revenues

\$ 498,362 507,269

2e. General Assessment @ .0025

\$ 1,245.91 1,268.17

(to page 1 but not less than \$150 minimum)

H. C. DENISON CO.

Financial Statements

September 30, 2009

Together With Independent Auditors' Report