

MR

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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: February 28, 2010  
Estimated average burden  
hours per response... 12.00



10035858

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

SEC FILE NUMBER  
8- 21920

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 1/1/09 AND ENDING 12/31/09  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Hilby Wilson, Inc.

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

2198 East Camelback Road, Suite 355

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)  
Phoenix Arizona 85016  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Bruce Hilby (602) 508-8500  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

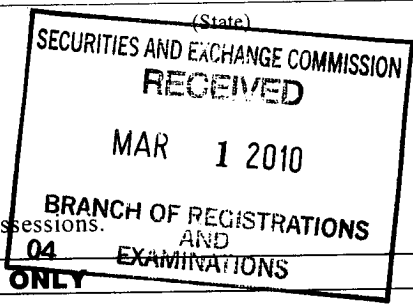
Stark Winter Schenkein & Co., LLP

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

3600 S Yosemite Street, Suite 600 Denver CO 80237  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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



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

AB  
3/12

OATH OR AFFIRMATION

I, Bruce Hilby, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Hilby Wilson, Inc., as of December 31, 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:



JOSEPH J. MORITZ JR.
Notary Public - Arizona
Maricopa County
Expires 04/25/10

Handwritten signature of CEO/Chief Compliance Officer

Signature

CEO/Chief Compliance Officer

Title

Handwritten signature of Notary Public

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).

**Hilby Wilson, Inc.**  
**(An Arizona Close Corporation)**  
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders  
Hilby Wilson, Inc.

We have audited the accompanying statement of financial condition of Hilby Wilson, Inc. (the "Company") at December 31, 2009, and the related statements of operations and stockholders' equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. 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 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 Hilby Wilson, Inc. as of December 31, 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.

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 III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information 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.

*Stark Winter Schenkein & Co., LLP*

Denver, Colorado  
February 11, 2010

STARK • WINTER • SCHENKEIN & CO., LLP • Certified Public Accountants • Financial Consultants

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**Hilby Wilson, Inc.**  
**(An Arizona Close Corporation)**  
**Statement of Financial Condition**  
**December 31, 2009**

ASSETS

Current assets	
Cash	\$ 26,488
Income tax refundable	669
Deferred tax asset	<u>776</u>
	<u>\$ 27,933</u>
Liabilities and Stockholders' Equity	
Current liabilities	
Accrued liabilities	\$ 4,000
Stockholders' Equity	<u>23,933</u>
	<u>\$ 27,933</u>

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

**Hilby Wilson, Inc.**  
**(An Arizona Close Corporation)**  
**Statement of Operations**  
**For The Year Ended December 31, 2009**

**REVENUES**

Interest income	\$ 320
Other income	2,978
	<u>3,298</u>

**EXPENSES**

Professional fees	6,965
License and registration fees	1,628
Other operating expenses	160
Total expenses	<u>8,753</u>

**Loss before income taxes** (5,455)

Provision for income tax benefit 981

**Net loss** \$ (4,474)

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

**Hilby Wilson, Inc.**  
**(An Arizona Close Corporation)**  
**Statement of Stockholders' Equity**  
**For The Year Ended December 31, 2009**

	<u>Capital</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
At January 1, 2009	\$500	\$6,114	\$21,793	\$28,407
Net (loss)			(4,474)	(4,474)
At December 31, 2009	<u>\$500</u>	<u>\$6,114</u>	<u>\$17,319</u>	<u>\$23,933</u>

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

**Hilby Wilson, Inc.**  
**(An Arizona Close Corporation)**  
**Statement of Cash Flows**  
**Year Ended December 31, 2009**

<b>OPERATING ACTIVITIES</b>	
Net loss	\$ (4,474)
Adjustments to reconcile net income to net cash used in operating activities:	
Income tax refunded	996
Increase in:	
Deferred income taxes	(312)
Refundable income tax	(669)
Net cash used in operating activities	<u>(4,459)</u>
 <b>INVESTING ACTIVITIES</b>	
Net cash provided by investing activities	<u>-</u>
 <b>FINANCING ACTIVITIES</b>	
Net cash provided by financing activities	<u>-</u>
 <b>NET DECREASE IN CASH</b>	 (4,459)
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>30,947</u>
 <b>CASH AT END OF YEAR</b>	 <u>\$ 26,488</u>
 <b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>	
Cash paid for:	
Interest	<u>\$ -</u>
Income taxes	<u>\$ -</u>

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



**Hilby Wilson, Inc.**  
**(An Arizona Close Corporation)**  
**Notes to Financial Statements**  
**December 31, 2009**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Coldwater Securities, Inc. (An Arizona Close Corporation) was incorporated on March 25, 1977, under the laws of the State of Arizona (S10-200 Arizona Revised Statutes, et seq.). This law allows a corporation to exist by the issuance of capital units, which is a proportioned share of the proprietary interest in the corporation owned by the investors. An investor is the owner of capital units of a close corporation. The corporation does not require officers and directors, but has appointed managers who have the authority to act on behalf of the corporation and have the same rights as corporate officers and directors. Effective January 1, 1983, Coldwater Securities, Inc. changed its name to Hilby Wilson, Inc. (an Arizona Close Corporation, the "Company"). The Company is licensed to operate as a broker-dealer, under the Securities and Exchange Act of 1934, and has operated as a broker for real estate, limited partnerships being syndicated.

**Revenue Recognition**

The Company earns commissions for introducing investors to various investment projects or to other broker-dealers. Commissions receivable and commissions payable on stage payment investments are recorded upon the close of escrow of the related limited partnership. Commission revenue and commission expense are recognized on the date the investment is funded by the investor.

**Cash and Cash Equivalents**

For the purposes of reporting cash flows, cash and cash equivalents includes a certificate of deposit with a financial institution which matures annually in August. However, the deposit can be redeemed at any time, subject to penalties.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income taxes**

Income taxes provide for the tax effects of transactions reported in the financial statements and consist of taxes currently due and payable and deferred.

**Hilby Wilson, Inc.**  
**(An Arizona Close Corporation)**  
**Notes to Financial Statements**  
**December 31, 2009**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments**

The carrying value of cash, prepaid expenses and accounts payable approximates fair value because of the short maturity of these items.

**NOTE 2 NET CAPITAL REQUIREMENT**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital and a ratio of aggregate indebtedness to net capital, both as defined under such provisions, that does not exceed 15 to 1. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2009, the Company had net capital of \$22,488, which was greater than its required net capital requirement of \$5,000. The Company's net capital ratio (aggregate indebtedness/net capital) was 18% for 2009.

**NOTE 3 RELATED PARTIES**

The Company receives commissions from a related corporation for the Companies' efforts in introducing investors to various projects. For the year ended December 31, 2009 the Company received \$2,978 from this related corporation.

**NOTE 4 INCOME TAXES**

The details of the Company's income tax (benefit) are as follows:

	<b>2009</b>
Current	
Federal	\$ (669)
	<u>(669)</u>
Deferred	
State	(312)
	<u>(312)</u>
Total	<u>\$ (981)</u>

Refundable income tax arises from net operating loss carry-back totaling \$4,459 and deferred tax asset arises from net operating loss carry-forward totaling \$11,098 of which \$6,639 will expire in the year 2013 and \$4,459 in the year 2014.

No valuation allowance has been provided as management believes it will have sufficient earnings to absorb all net operating loss carry-forwards.

**NOTE 4 SUBSEQUENT EVENTS**

Management of the Company has reviewed all subsequent transactions through February 11, 2010, the date the financial statements were available to be issued. It has been determined that there are no subsequent events which require disclosure.

**Hilby Wilson, Inc.**  
**(An Arizona Close Corporation)**  
**Schedule I - Computation Of Net Capital Under Rule 15c3-1**  
**Of The Securities and Exchange Commission**  
**December 31, 2009**

<b>Owners' equity</b>	\$	23,933
Less: Total non-allowable assets		(1,445)
<b>Net Capital</b>	<b>\$</b>	<b>22,488</b>
Aggregate indebtedness - items included in financial statements	\$	4,000
Basic net capital requirement	\$	5,000
Excess net capital	\$	17,488
Ratio aggregate indebtedness to net capital		18%

**Reconciliation of the Computation of Net Capital with the Computations Included in Part IIA on Form X-17A-5**

As reported by registrant in Part IIA on Form X-17A-5 (unaudited)	\$	22,488
Adjustments:		
Provision for deferred tax assets		776
Income tax refundable		669
Total capital as reported on Schedule 1	\$	23,933

**Hilby Wilson, Inc.**  
**(A Close Arizona Corporation)**  
**Schedule III - Computation For Determination of Reserve Requirements**  
**and Information Relating to the Possession and Control**  
**Requirements Under Rule 15c3-3**  
**December 31, 2009**

Hilby Wilson, Inc. (An Arizona Close Corporation) relies on Section K (2)(ii) of the Securities and Exchange Commission Rule 15c3-3 to exempt them from the provisions of these rules.



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To the Shareholders of  
Hilby Wilson, Inc.

In planning and performing our audit of the financial statements of Hilby Wilson, Inc. (the "Company"), as of and for the year ended December 31, 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: 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. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining Internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's 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

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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 result 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 purpose 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 indicates a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of the members, 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 those specified parties.



Denver, Colorado  
February 11, 2010

**SEC**  
**Mail Processing**  
**Section**

MAR 01 2010

Washington, DC  
**Hilby Wilson, Inc.**  
**(An Arizona Close Corporation)**

**REPORT PURSUANT TO RULE 17a-5**

**FINANCIAL STATEMENTS**  
**AND**  
**REPORT OF INDEPENDENT AUDITORS**

**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2009**