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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

SEC FILE NUMBER
8-32508

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 01/01/09 AND ENDING 12/31/09
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Johnson Securities, Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
Greentree Office Plaza 40 Lloyd Avenue Suite 102
(No. and Street)
Malvern PA 19355
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
John C. Johnson, Jr. (610) 644-6616
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Rimmer & Jennings, LLC

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

117 Gayley Street Media PA 19063
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

SEC
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Section

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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)

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JOHNSON SECURITIES, INC.

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OATH OR AFFIRMATION

I, John C. Johnson, Jr., affirm that, to the best of my knowledge and belief the accompanying financial statements and supplementary information pertaining to the firm of Johnson Securities, Inc. as of December 31, 2009, are true and correct. I further 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.

Sworn to before me on the 3RD day of FEBRUARY
February, 2010

John C. Johnson, Jr.
Signature
PRESIDENT
Title

Notary Public, State of Pennsylvania

Commission expires September 18, 2011

Kim M. Knaff
Notary Public
Notary Seal
Kim M. Knaff, Notary Public
Chester County
Commission Expires Sept. 18, 2011
Pennsylvania Association of Notaries

RIMMER & JENNINGS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

—
(610) 565-3070

117 GAYLEY STREET
MEDIA, PENNSYLVANIA 19063
FAX (610) 565-7580

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Johnson Securities, Inc.

We have audited the accompanying statement of financial condition of Johnson Securities, Inc. as of December 31, 2009, and the related statements of operations, changes in shareholder's 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 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 Johnson Securities, 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 included herein as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required

To the Board of Directors
Johnson Securities, Inc.
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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.

Rimmer + Jennings, LLC

February 3, 2010
Media, Pennsylvania

JOHNSON SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2009

ASSETS

CURRENT ASSETS:

Cash	\$ 6,412
Commissions and fees receivable	1,700
Investment securities	<u>89,190</u>
Total Current Assets	<u>97,302</u>

TOTAL ASSETS \$ 97,302

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES:

Commissions payable	\$ 1,343
Accrued expenses and other payables	1,600
Deferred income taxes	<u>2,300</u>
Total Current Liabilities	5,243

SHAREHOLDER'S EQUITY:

Common stock, authorized 5,000 shares \$1 par value, 1,000 shares issued and outstanding	1,000
Capital in excess of par value	7,900
Retained earnings	66,769
Accumulated other comprehensive income:	
Unrealized gain on securities, net of deferred income taxes of \$5,000	<u>16,390</u>
Total Shareholder's Equity	<u>92,059</u>

TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY \$ 97,302

See Accompanying Notes

JOHNSON SECURITIES, INC.
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2009

REVENUE:	
Commissions and fees	\$ 67,704
Realized loss on investments	(3,383)
Interest income	<u>61</u>
	64,382
EXPENSES:	
Commissions	50,778
Operating expenses	<u>24,152</u>
	74,930
NET LOSS BEFORE INCOME TAXES	(10,548)
INCOME TAX PROVISION (BENEFIT):	
State	(800)
Federal	<u>(1,772)</u>
	(2,572)
NET LOSS	<u>\$ (7,976)</u>

See Accompanying Notes

JOHNSON SECURITIES, INC.
 STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
 YEAR ENDED DECEMBER 31, 2009

	<u>Common stock, \$1 par value, 5,000 authorized, 1,000 shares issued</u>	<u>Capital in excess of par value</u>	<u>Retained earnings</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Total Shareholder's Equity</u>
BALANCE, JANUARY 1, 2009	\$1,000	\$7,900	\$90,199	\$34,276	\$133,375
COMPREHENSIVE INCOME (LOSS)					
Net loss			(7,976)		(7,976)
Other comprehensive income (loss):					
Unrealized holding loss on investment securities, net of deferred income tax benefit of \$5,500				(16,505)	(16,505)
Reclassification of prior unrealized holding gain realized in net income, net of deferred income taxes of \$500				(1,381)	(1,381)
TOTAL COMPREHENSIVE INCOME (LOSS)				(25,862)	(25,862)
DIVIDENDS PAID			(15,454)		(15,454)
BALANCE, DECEMBER 31, 2009	<u>\$1,000</u>	<u>\$7,900</u>	<u>\$66,769</u>	<u>\$16,390</u>	<u>\$ 92,059</u>

See Accompanying Notes

JOHNSON SECURITIES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:	
Commissions and fees received	\$ 85,950
Commissions returned	(3,174)
Interest received	61
Commissions paid	(63,850)
Operating expenses paid	(26,552)
Income taxes refunded	<u>1,372</u>
Net Cash Used by Operating Activities	<u>(6,193)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Loans from shareholder	<u>6,100</u>
NET DECREASE IN CASH	(93)
CASH AT BEGINNING OF YEAR	<u>6,505</u>
CASH AT END OF YEAR	<u>\$ 6,412</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net Loss	\$ (7,976)
Adjustment to reconcile net loss to net cash used by operating activities:	
Deferred income tax benefit	(1,200)
Realized loss on investments	3,383
Change in current assets and liabilities:	
Decrease in commissions receivable	18,246
Decrease in commissions payable	(13,072)
Increase in due to related parties	(2,700)
Decrease in accrued expenses and other payables	<u>(2,874)</u>
Net Cash Used by Operating Activities	<u>\$ (6,193)</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:	
Transfer of investments to shareholder for:	
Repayment of shareholder loans	\$ 6,464
Dividend payment to shareholder	<u>15,454</u>
	<u>\$ 21,918</u>

See Accompanying Notes

JOHNSON SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Entity and Nature of Operations

Johnson Securities, Inc. (the Company), located in Malvern, Pennsylvania, was incorporated May 14, 1984 and commenced operations on December 18, 1984 when it became a registered broker/dealer. The Company acts as agent for customers who purchase mutual funds and variable life insurance and annuities.

Investment Securities

The company classifies marketable securities as available for sale. Available for sale securities are valued at fair value. Net unrealized holding gains and losses are reported as a separate component of shareholder's equity, accumulated other comprehensive income (loss). Realized gains and losses are reported in statement of operations and are determined using the specific identification method.

Commissions and Fees Receivable

The Company considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus or minus the change during the period in deferred income tax assets and liabilities. Deferred income tax assets and liabilities are computed annually for the temporary differences between the financial statement basis and income tax basis of assets and liabilities that will result in taxable or deductible amounts in future years.

The Company recognizes and measures its unrecognized tax benefits in accordance with the Income Taxes Topic of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC). Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on facts, circumstances and other available information. There were no unrecognized tax benefits at December 31, 2009.

JOHNSON SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Generally, the Company's tax returns for the previous three years are subject to examination by taxing authorities. Interest and penalties, if any, on the underpayment of income taxes are classified as income tax expense.

Statement of Cash Flows

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

Use of Estimates

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

Subsequent Events

The Company has evaluated all events subsequent to the balance sheet date of December 31, 2009 through February 3, 2010, which is the date the financial statements were available to be issued, and has determined there are no subsequent events that require disclosure under the Subsequent Events Topic of the FASB ASC.

NOTE 2 INVESTMENT SECURITIES

Investment Securities consist of The NASDAQ OMX Group, Inc common stock. The stock is valued at the quoted price in an active market for identical assets (Level 1). At December 31, 2009 the fair value of the stock was \$89,190, the cost basis was \$67,800, and the total unrealized gain included in accumulated other comprehensive income was \$21,390. The Company recognized a realized loss of \$3,383 on the transfer of investment securities valued at \$21,918 to its shareholder. The Company's concentration of investment securities makes it vulnerable to the risk of severe loss.

JOHNSON SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 3 RELATED PARTY TRANSACTIONS

The Company has a sales agreement with its sole stockholder (Johnson) whereby the Company pays Johnson a percentage of all commissions generated by Johnson. As part of the agreement, Johnson has agreed that his commission is payable solely from the proceeds of the receivables and waives his right to payment until the Company is in receipt of the commission. In 2009, the Company recognized commission expense to Johnson in the amount of \$41,466. Included in commissions payable at December 31, 2009 were \$817 of commissions due to Johnson.

The Company has an agreement with John C. Johnson, Jr., Inc. to share the office space and clerical staff of John C. Johnson, Inc at a cost of \$900 per month. Total costs incurred under the agreement were \$10,800 and are included operating expenses.

NOTE 4 INCOME TAXES

Deferred tax assets arise from payables which will be deductible in future years because the cash method of accounting is used for income tax purposes and from net operating loss and capital loss carryovers. The Company's federal net operating loss carryforward of \$4,391 expires in 2029 and capital loss carryover of \$3,383 expires in 2014. The Company has a state net operating loss of \$12,707 that expires in 2012.

Deferred tax liabilities arise from investment securities that have a greater financial statement basis due to the recognition of unrealized gains for financial statement purposes and from receivables which will be taxable in future years. Total deferred tax assets and liabilities are as follows:

	<u>Total</u>	<u>State</u>	<u>Federal</u>
Assets	\$ 3,100	\$ 1,500	\$ 1,600
Liabilities	<u>(5,400)</u>	<u>(2,200)</u>	<u>(3,200)</u>
Net liability	<u><u>\$(2,300)</u></u>	<u><u>\$(700)</u></u>	<u><u>\$(1,600)</u></u>

JOHNSON SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 4 INCOME TAXES (CONTINUED)

The components of the income tax provision (benefit) recognized in the statement of operations are as follows:

	<u>Total</u>	<u>Current</u>	<u>Deferred Benefit</u>
State	\$ (800)	\$ -	\$ (800)
Federal	(1,772)	(1,372)	(400)
	<u>\$ (2,572)</u>	<u>\$ (1,372)</u>	<u>\$ (1,200)</u>

NOTE 5 NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's 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, as defined, shall not exceed 15 to 1. Essentially, net capital is defined as shareholder's equity plus subordinated liabilities less certain deductions for assets that are not readily convertible into cash.

The Company's ratio of aggregate indebtedness to net capital, as defined, at December 31, 2009 was .08 to 1.

At December 31, 2009, the Company had net capital, as defined, of \$65,301 and excess net capital of \$60,301.

NOTE 6 EXEMPTION FROM SECURITIES AND EXCHANGE COMMISSION RULE 15c3-3

The company operates pursuant to SEC Rule 15c3-3(K) (1) limiting business to the distribution of mutual funds and variable life insurance or annuities and therefore, is exempt from the computation for determination of reserve requirements pursuant to SEC Rule 15c3-3.

SUPPLEMENTARY INFORMATION

JOHNSON SECURITIES, INC.
SECURITIES AND EXCHANGE COMMISSION SUPPLEMENTARY INFORMATION
AS OF DECEMBER 31, 2009

<u>Line*</u>	<u>Computation of Net Capital</u>	
1	Total ownership equity from Statement of Financial Condition	\$ 92,059
5	Total capital and allowable subordinated Liabilities	92,059
8	Net capital before haircuts on securities positions	92,059
9	Haircuts on securities	
	C. Trading and investment securities:	
	4. Other securities	13,379
	D. Undue concentration	<u>13,379</u>
		<u>26,758</u>
10	Net capital	<u>\$ 65,301</u>
	<u>Computation of Net Capital Requirement</u>	
11	Minimum net capital required (6 2/3% of aggregate indebtedness)	<u>\$ 350</u>
12	Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000</u>
13	Net capital requirement	<u>\$ 5,000</u>
14	Excess net capital	<u>\$ 60,301</u>
15	Excess net capital at 1,000%	<u>\$ 64,777</u>
	<u>Computation of Aggregate Indebtedness</u>	
16	Total A.I. liabilities from Statement of Financial Condition	<u>\$ 5,243</u>
19	Total aggregate indebtedness	<u>\$ 5,243</u>
20	Percentage of aggregate indebtedness to net capital	<u>8 %</u>

*Line references are to FOCUS report, Part IIA

JOHNSON SECURITIES, INC.
SECURITIES AND EXCHANGE COMMISSION SUPPLEMENTARY INFORMATION
AS OF DECEMBER 31, 2009

Statement Pursuant to Paragraph (d) (2) of Rule 17a-5

There are no liabilities subordinated to claim of general creditors.

Statement Pursuant to Paragraph (d) (4) of Rule 17a-5

There are no material differences between the preceding computation of net capital and the Company's corresponding computation included in the unaudited FOCUS report, Part IIA filed as of December 31, 2009.

Statement Pursuant to Exemption from the Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3

The company operates pursuant to SEC Rule 15c3-3(K) (1) limiting business to the distribution of mutual funds and variable life insurance or annuities and therefore, is exempt from the computation for determination of reserve requirements pursuant to SEC Rule 15c3-3.

RIMMER & JENNINGS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

(610) 565-3070

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MEDIA, PENNSYLVANIA 19063
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the Board of Directors
Johnson Securities, Inc.

In planning and performing our audit of the financial statements of Johnson Securities, 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, we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a) (11) and for determining compliance with exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

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

To the Board of Directors of
Johnson Securities, Inc.
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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 Securities and Exchange Commission'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 preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

To the Board of Directors of
Johnson Securities, Inc.
Page Three

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 Securities and Exchange Commission 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 December 31, 2009, to meet the Securities and Exchange Commission's objectives.

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

Rimmer + Jennings, LLC

February 3, 2010
Media, Pennsylvania