



STATEMENT OF FINANCIAL CONDITION
June 30, 2007
(unaudited)

BALANCE SHEET
June 30, 2007 (unaudited)

Assets

| | |
|---|------------------------|
| Cash, including \$2,263,630 segregated under federal regulations (note 2) | \$ 4,092,864 |
| Securities purchased under agreements to resell | 268,657,039 |
| Customers receivables | 4,419,206 |
| Brokers and dealers receivables (note 3) | 12,445,126 |
| Securities owned, at fair value (notes 4, 5 and 6): | 732,295,228 |
| Furniture, fixtures, and equipment, at cost, net of accumulated depreciation and amortization of \$7,097,942 | 1,281,393 |
| Accrued interest receivable on securities | 696,024 |
| Other receivables | 495,349 |
| Other assets | <u>1,051,816</u> |
| | <u>\$1,025,434,045</u> |

Liabilities and Partners' Capital

Liabilities:

| | |
|--|--------------------|
| Payable to clearing agent and brokers and dealers (note 5) | \$393,952,533 |
| Securities sold under agreements to repurchase (note 6) | 369,626,690 |
| Payable to customers | 6,048,039 |
| Securities sold, not yet purchased, at fair value (note 4) | 184,208,458 |
| Note Payable (note 8) | 10,000,000 |
| Accounts payable and accrued expenses | <u>11,986,702</u> |
| Total liabilities | <u>975,822,422</u> |

Partners' capital (notes 7 and 9):

| | |
|---|------------------------|
| Vining-Sparks Securities, Inc. | 649,298 |
| Vining-Sparks Fund, L.P. | 27,966,983 |
| Vining-Sparks & Associates, L.P. | <u>20,995,342</u> |
| Total partners' capital | 49,611,623 |
| Commitments and contingencies (notes 10 and 11) | |
| Total liabilities and partners' capital | <u>\$1,025,434,045</u> |

See accompanying notes to balance sheet.

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Notes to Balance Sheet - June 30, 2007

(1) Summary of Significant Accounting Policies

(a) Organization

Vining-Sparks IBG, Limited Partnership primarily acts as a U.S. government and municipal securities broker-dealer. In the United States of America, the Partnership is registered with the Securities and Exchange Commission (SEC), the National Association of Securities Dealers, Inc. (NASD), the Municipal Securities Rulemaking Board (MSRB), the National Futures Association (NFA), and the Commodities Futures Trading Commission (CFTC). The Partnership is also registered in Europe with the Financial Services Authority (FSA) of the United Kingdom, and with regulatory agencies in Canada.

(b) Co-Venturers

The partners are Vining-Sparks Securities, Inc. (VSSI), as a general partner, Vining-Sparks Fund, L.P., as a limited partner, and Vining-Sparks & Associates, L.P., as a limited partner.

(c) Securities Transactions

Securities transactions are recorded on a settlement date basis, which does not differ materially from trade date basis.

(d) Securities

Securities owned by the Partnership are stated at fair value. Marketable securities owned and securities sold, not yet purchased are valued at fair value using quoted market prices as determined through third party pricing services. Securities not readily marketable are valued at fair values as determined by management.

(e) Resale and Repurchase Agreements and Securities Lending Agreements

Transactions involving purchases of securities under agreements to resell (reverse repurchase agreements, reverse repos, or resale agreements) or sales of securities under agreements to repurchase (repurchase agreements or repos) are accounted for as collateralized financings except where the Partnership does not have an agreement to sell (or purchase) the same or substantially the same securities before maturity at a fixed or determinable price. It is the policy of the Partnership to obtain possession of collateral with a market value equal to or in excess of the principal amount loaned under resale agreements. Collateral is valued daily, and the Partnership may require counterparties to deposit additional collateral or return collateral pledged when appropriate.

(f) Depreciation and Amortization

Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets (three to five years) or the life of the lease, whichever is less.

(g) Income Taxes

No provision for income taxes has been made because the Partnership is required to allocate income and expenses to the partners for inclusion in their respective Federal and State tax returns.

(h) Derivative Financial Instruments

The Partnership has entered into interest rate derivative (swaps and caps) agreements to assist customers in reducing exposure to market risks from changing interest rates. The Partnership has also entered into interest rate derivative agreements with other counterparties whose terms are identical to the customer interest rate swap agreements.

(i) Fair Value of Financial Instruments

Substantially all of the Partnership's financial instruments are carried at fair value.

(j) Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Actual results could differ from those estimates.

(2) Cash and Securities Segregated Under Federal Regulations

The Partnership maintains a special reserve bank account for the benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission. As of June 30, 2007, restricted cash of \$2,263,630 has been segregated into this account.

(3) Brokers and Dealers Receivables

The receivable from brokers and dealers is comprised of the following at June 30, 2007:

| | |
|------------------------------|---------------------|
| Securities failed to deliver | \$12,140,686 |
| Other | <u>304,440</u> |
| | <u>\$12,445,126</u> |

(4) Securities Owned and Securities Sold, Not Yet Purchased

Marketable securities owned and sold, not yet purchased, consist of trading securities at market values.

(5) Payable to Clearing Agent and Brokers and Dealers

The payable to clearing agent, for which the Partnership incurs interest, is collateralized by securities owned either by the Partnership or held for the account of customers and other broker/dealers for which the Partnership has yet to be paid.

(6) Securities Sold Under Agreements to Repurchase

The Partnership enters into sales of securities under agreements to repurchase, with the obligation to repurchase the securities sold reflected as a liability on the balance sheet.

(7) Partner Transactions

Under the terms of the partnership agreement, a minimum of 35% of the Partnership's taxable net income, as defined, is to be distributed to the Partners based on their respective percentage interests in the Partnership.

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(8) Note Payable

The Partnership has a \$10,000,000 working capital facility note payable to a bank which is due on January 29, 2008, and bears interest at the prime rate minus one percent.

(9) Agreements with Other Broker Dealers**ICBA Securities Corporation**

The Partnership has an agreement with ICBA Securities Corporation wherein the Partnership agrees to act as clearing broker and manage the sales and back office functions for ICBA Securities Corporation. Under terms of the agreement, all expenses related to such activities, including management of the related accounts, are borne by the Partnership.

Howe Barnes Hoefer & Arnett, Inc.

The Partnership has a minority ownership interest in Howe Barnes Hoefer & Arnett, Inc. ("HBHA") and has an agreement with HBHA wherein the Partnership agrees to refer customers desiring certain investment banking and related capital markets services to HBHA. Under the terms of the agreement, the Partnership is compensated if the referred customer engages HBHA to render said services.

(10) Net Capital Requirements

The Partnership is subject to the Securities and Exchange Commission Uniform Net Capital Rule which requires the maintenance of minimum net capital. The Partnership has elected to use the alternative method which requires the Partnership to maintain minimum net capital, as defined, equal to the greater of \$250,000 or 2% of aggregate debit balances, arising from customer transactions, as defined. At June 30, 2007, the Partnership had net capital of \$16,809,583 which was \$16,559,583 in excess of required net capital.

(11) Commitments and Contingencies**(a) Leases**

At June 30, 2007, the Partnership was obligated under noncancelable operating leases for office space with remaining terms in excess of one year. The estimated commitment for the remaining six months of the current year, and the estimated future annual commitments are as listed below:

| Year ending December 31: | |
|--------------------------|--------------------|
| 2007 | 825,000 |
| 2008 | 1,590,000 |
| 2009 | 1,520,000 |
| 2010 | 1,210,000 |
| 2011 | 115,000 |
| 2012 | <u>35,000</u> |
| | <u>\$5,295,000</u> |

(b) Litigation

In the normal course of business, the Partnership is subject to claims and litigation. Management of the Partnership believes that such matters will not have a material adverse effect on the Partnership's results of operations, liquidity, or financial condition.

(12) Financial Instruments with Off-Balance-Sheet Risk

The Partnership enters into various transactions involving derivatives and other instruments with off-balance-sheet risk. These financial instruments include mortgage-backed and SBA to-be-announced securities (TBAs), securities purchased and sold on a when-issued basis, including SBA guaranteed loans (when-issued securities) and interest rate swaps. These financial instruments are used to meet the needs of customers, conduct trading activities, and manage market risks and are, therefore, subject to varying degrees of market and credit risk.

TBAs and when-issued securities provide for the delayed delivery of the underlying instrument. Management does not anticipate that losses, if any, as a result of credit or market risk would materially affect the Partnership's financial position due in part to the short-term nature of the commitments.

Interest rate swaps, including interest rate caps, involve the exchange of payments based on fixed or floating rates applied to notional amounts. The contractual or notional amounts related to these financial instruments reflect the volume and activity and do not reflect the amounts at risk. The Partnership enters into interest rate swap and cap arrangements for customers. The Partnership enters into interest rate swap and cap agreements, with other counterparties, whose terms are identical to the customer interest rate swap and cap agreements.

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