STATEMENT OF FINANCIAL CONDITION

December 31, 2007
(Audited)

INDEPENDENT AUDITOR'S REPORT

The Partners
Vining-Sparks IBG, Limited Partnership:
We have audited the accompanying statement of financial condition of Vining-Sparks IBG, Limited Partnership (the Partnership) as of December 31, 2007. This financial statement is the responsibility of the Partnership's management. Our responsibility is to express an opinion on this financial statement 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 statement of financial condition is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit of a statement of financial condition also includes examining, on a test basis, evidence supporting the amounts and disclosures in that statement of financial condition, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Vining-Sparks IBG, Limited Partnership as of December 31, 2007, in conformity with U.S. generally accepted accounting principles.

KPMG LLP
February 27, 2008

FROM THE PRESIDENT/CEO

Last year, we noted that 2006 turned out to be less volatile and more predictable than expected. Obviously, 2007 was the opposite as the housing and lending excesses of prior years exploded, sending shockwaves through the markets and balance sheets.

I do not recall a time when so many established markets had no liquidity. Risk management and liquidity have been elevated from best practices to essential survival tools. Like the majority of our customers, we have weathered the storms well, being more spectator than participant in the growing list of casualties of the 2007 meltdowns. We are pleased to have not only survived the minefield which was 2007 but to have continued to strengthen our firm, our relationships, and our balance sheet, closing 2007 with capital of $50 million.

The current cycle of Fed easing, curve steepening, and economic contraction is poised to be unlike prior cycles for many reasons; and, it is one we expect will persist for a considerable period of time. For most of our customers, the wider spreads and steeper curve are beneficial, creating many opportunities in contrast to a year ago when spreads were tight and the curve flat.

As always, we thank you for your ongoing support and relationship and look forward to serving you in the coming years.

James L. Vining
President/CEO

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Assets	
Cash, including $2,862,229 segregated under federal regulations (note 2)	$ 3,767,454
Securities purchased under agreements to resell	252,678,323
Customers receivables	6,414,084
Brokers and dealers receivables (note 3)	12,320,619
Securities owned, at fair value (notes 4, 5, and 6)	690,023,837
Furniture, fixtures, and equipment, at cost, net of accumulated depreciation and amortization of $7,061,471	1,322,051
Accrued interest receivable on securities	7,401,674
Other receivables	2,976,839
Other assets	4,343,331
Total assets	$981,248,212
Liabilities and Partners' Capital	
Liabilities:	
Payable to clearing agents and brokers and dealers (note 5)	$439,681,258
Securities sold under agreements to repurchase (note 6)	302,693,400
Payable to customers	380,413
Securities sold, not yet purchased, at fair value (note 4)	161,249,387
Accrued interest payable on securities	2,074,708
Accounts payable and accrued expenses	13,273,295
Working capital line of credit (note 7)	10,000,000
Accrued distributions to partners (note 8)	1,803,301
Total liabilities	931,155,762
Partners' capital (notes 8 and 10):	
Vining-Sparks Securities, Inc.	655,921
Vining-Sparks Fund, L.P.	28,250,207
Vining-Sparks & Associates, L.P.	21,186,322
Total partners' capital	50,092,450
Commitments and contingencies (notes 11 and 12)	
Total liabilities and partners' capital	$981,248,212

See accompanying notes to statement of financial condition.

Notes to Statement of Financial Condition December 31, 2007

(1) Summary of Significant Accounting Policies

(a) Organization

Vining-Sparks IBG, Limited Partnership (the 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 Financial Industry Regulatory Authority (FINRA), 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.

At December 31, 2007, the partners are Vining-Sparks Securities, Inc. (VSSI), as a 1.3774% general partner, Vining-Sparks Fund, L.P., as a 58.9036% limited partner, and Vining-Sparks & Associates, L.P., as a 39.7190% limited partner.

(b) Securities Transactions

Securities transactions in regular-way trades are recorded on the trade date. Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded on a net basis and are included in other receivables on the statement of financial condition.

(c) Securities

Securities owned by the Partnership are stated at fair value. Marketable securities owned and securities sold, not yet purchased, are generally valued at fair value using quoted market prices as determined through third-party pricing services. There were no securities which were not readily marketable at December 31, 2007.

(d) 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. 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.

(e) 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.

(f) Income Taxes

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

(g) 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. In order to mitigate the interest rate exposure associated with these agreements, the Partnership has also entered into interest rate derivative agreements with other counterparties, whose terms are identical to the customer interest rate swap agreements. These agreements are recorded in other assets and accounts payable and accrued expenses on the statement of financial condition.

(h) Fair Value of Financial Instruments

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

(i) 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 and the reported amounts of revenues and expenses during the reporting period. 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 December 31, 2007, restricted cash of $2,862,229 has been segregated into this account.

(3) Brokers and Dealers Receivables

The receivable from brokers and dealers is comprised of the following at December 31, 2007:

Securities failed to deliver	$ 10,042,966
Other	2,277,653
	$ 12,320,619

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

Marketable securities owned and sold, not yet purchased, consist of trading securities at market values, as follows:

	Owned	Sold, not yet purchased
U.S. government and agencies	$223,490,555	161,249,387
Collateralized mortgage obligations	131,197,130	–
Small Business Administration (SBA) securities	304,593,591	–
United States Department of Agriculture (USDA) loans	129,929	–
SBA interest-only strips	10,979,754	–
State and municipal	17,020,231	–
Corporates	2,193,750	–
Stocks and warrants	418,897	–
	$690,023,837	161,249,387

(5) Payable to Clearing Agents and Brokers and Dealers

The payable to clearing agents and brokers and dealers is comprised of the following at December 31, 2007:

Securities failed to receive	$ 16,977,587
Open transactions due to clearing organization	422,535,012
Other	168,659
	$439,681,258

The payable to clearing agents, for which the Partnership incurs interest, is collateralized by securities owned either by the Partnership or held for the account of customers and other brokers and dealers for which the Partnership has yet to be paid. The weighted average interest rate on these collateralized borrowings at December 31, 2007 is 4.97%.

(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 statement of financial condition. Securities owned by the Partnership with a fair value totaling $215,423,903 were sold under agreements to repurchase at prices totaling $211,235,608. In addition, the Partnership has accepted collateral from other parties with a fair value of $122,116,561 that the Partnership is permitted by contract to sell or repledge, and has sold or repledged $91,457,792 of that collateral at December 31, 2007.

(7) Working Capital Line of Credit

The Partnership has a $10,000,000 working capital line of credit to a bank, which bears interest at the prime rate minus one percent. The note is collateralized by the SBA interest-only strips owned by the Partnership. The balance outstanding under this line of credit as of December 31, 2007 was repaid in full subsequent to year end. The line of credit matures on January 29, 2008 but was extended subsequent to year end to June 1, 2009.

(8) 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. During 2007, the amount of distributions paid to the Partners was $13,853,588, which includes $1,352,476 in distributions accrued at December 31, 2006. On December 31, 2007, the Partnership declared additional distributions of $1,803,301 to be paid subsequent to year end. These amounts were paid on January 16, 2008.

(9) Agreements with Other Broker Dealers

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. During 2007, the Partnership paid such expenses and received commissions from business generated from this relationship.

(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 December 31, 2007, the Partnership had net capital of $24,322,883, which was $24,072,883 in excess of required net capital.

(11) Commitments and Contingencies

Leases

At December 31, 2007, the Partnership was obligated under noncancelable operating leases for office space with remaining terms in excess of one year. Estimated future annual commitments are as listed below:

Year ending December 31:	
2008	$1,795,362
2009	1,734,795
2010	1,305,270
2011	115,382
2012	62,733
	$5,013,542

Future rental commitments for leases have not been reduced by minimum noncancelable sublease rentals aggregating $343,908.

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. The extent of the Partnership's involvement in TBAs and when-issued financial instruments with off-statement of financial condition risk as of December 31, 2007 was a commitment to purchase securities totaling $82,369,505 and a commitment to sell $286,822,539.

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 interest rate swap and cap agreements. At December 31, 2007, the gross contractual or notional amount of interest rate swaps and caps (with both the customer and counterparty) was $20,000,000 with a weighted average maturity of approximately 1.1 years.

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 contractual obligations and the Partnership has to purchase or sell the financial instrument underlying the contract at a loss.

VINING SPARKS

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