



## STATEMENT OF FINANCIAL CONDITION

June 30, 2009

(unaudited)

### Assets

Cash, including \$3,344,590 segregated under federal regulations	\$ 7,026,727
Securities purchased under agreements to resell	124,174,895
Receivables from customers	1,550,206
Receivables from broker-dealers and clearing organizations	20,819,924
Securities owned, at fair value	478,604,523
Furniture, fixtures, and equipment, at cost, net of accumulated depreciation and amortization of \$7,254,277	1,733,708
Accrued interest receivable on securities	533,885
Other receivables	414,180
Other assets	<u>4,082,972</u>
Total assets	<u>\$638,941,020</u>

### Liabilities and Partners' Capital

#### Liabilities:

Payable to clearing agents, banks and brokers and dealers	\$192,265,346
Securities sold under agreements to repurchase	220,510,371
Payable to customers	2,322,985
Securities sold, not yet purchased, at fair value	132,567,001
Accounts payable and accrued expenses	<u>31,270,825</u>
Total liabilities	<u>578,936,528</u>

#### Partners' capital:

Vining-Sparks Securities, Inc.	792,451
Vining-Sparks Fund, L.P.	34,088,755
Vining-Sparks & Associates, L.P.	<u>25,123,286</u>
Total partners' capital	60,004,492

#### Commitments and contingencies

Total liabilities and partners' capital	<u>\$638,941,020</u>
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See accompanying notes to statement of financial condition.

## Notes to Statement of Financial Condition June 30, 2009 (Unaudited)

### (I) 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 June 30, 2009, the partners are Vining Sparks Securities, Inc. (VSSI), as general partner; Vining Sparks Fund, L.P., as a limited partner; and Vining Sparks & Associates, L.P., as a limited partner.

#### (b) Securities Transactions

Securities transactions in regular-way trades and related commission revenue and expenses 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.

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. There were no securities which were not readily marketable at June 30, 2009.

#### (c) Fair Value

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS No. 157). SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Partnership. Unobservable inputs are those that reflect the Partnership's assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The hierarchy is broken down into the following three levels, based on the reliability of inputs:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs for the asset or liability that reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The Partnership adopted the provisions of SFAS No. 157 on January 1, 2008. The adoption of this pronouncement did not have a material effect on the Partnership's financial condition or results of operations. In February 2007, the FASB issued Statement of Financial Accounting Standards, No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS No. 159). SFAS No. 159 permits entities to choose to measure many financial instruments and certain other investments at fair value. The Partnership adopted SFAS No. 159 on January 1, 2008; however, they did not elect the fair value option for any investments not previously recorded at fair value under previously recorded accounting guidance.

#### (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) Fair Value of Financial Instruments

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

#### (h) 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 SEC. As of June 30, 2009, restricted cash of \$3,344,590 has been segregated into this account.

### (3) Receivable from Broker-Dealers and Clearing Organizations

The receivable from broker-dealers and clearing organizations is comprised of the following at June 30, 2009:

Securities failed to deliver	\$ 20,421,346
Receivable from clearing organizations	397,702
Other	876
	<u>\$ 20,819,924</u>

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

Marketable securities owned and sold, not yet purchased, consist of trading securities at fair value.

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are determined by matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities. All the Partnership's securities are valued using matrix pricing and are classified as Level 2.

### (5) Payable to Clearing Agents and Brokers and Dealers

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.

**(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.

**(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.

**(8) 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 the terms of the agreement, all expenses related to such activities, including management of the related accounts, are borne by the Partnership. During 2009, the Partnership paid such expenses and received commissions from business generated from this relationship.

**(9) Net Capital Requirements**

The Partnership is subject to the SEC 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, 2009, the Partnership had net capital of \$37,166,050, which was \$36,916,050 in excess of required net capital.

**(10) Commitments and Contingencies****Leases**

At June 30, 2009, 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:	
2009 (remaining)	875,000
2010	1,705,000
2011	1,900,000
2012	1,860,000
2013 - forward	<u>12,875,000</u>
	<u>\$19,215,000</u>

**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.

**(11) 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.

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.