

SECURITIES AND EXCHANGE COMMISSION

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DIVISION OF TRADING & MARKETS



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

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 01/01/2015 AND ENDING 12/31/2015
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: ICBA Securities Corporation

| OFFICIAL USE ONLY |
|-------------------|
| FIRM I.D. NO. |

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

775 Ridge Lake Boulevard

(No. and Street)

Memphis

TN

38120

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Patricia Hopkins

202-659-8111

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PBMares, LLP

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

3957 Westerre Parkway, Suite 220

Richmond

VA

23233

(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)

DIVISION OF TRADING & MARKETS

SEC 1410 (06-02)

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Handwritten initials

OATH OR AFFIRMATION

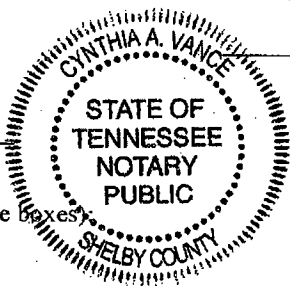
I, Jim Reber, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ICBA Securities Corporation, as of December 31, 20 15, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None

Jim Reber
Signature

President / CEO
Title

Cynthia A. Vance
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).

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**REPORT OF INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM**

To the Board of Directors
ICBA Securities Corporation
Memphis, Tennessee

We have audited the accompanying statements of financial condition of ICBA Securities Corporation (the Company) as of December 31, 2015 and 2014, and the related notes to the financial statement. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statement is free of material misstatement. Our audits included 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 Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, in conformity with accounting principles generally accepted in the United States.

PBMares, LLP

Norfolk, Virginia
February 22, 2016

FINANCIAL STATEMENT

ICBA SECURITIES CORPORATION

Statements of Financial Condition

December 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|--|-----------------------|-------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 738,800 | \$ 720,664 |
| Receivables from VSIBG: | | |
| Program payments | 49,939 | 85,370 |
| Program reimbursements | 84,260 | 170,348 |
| Income tax receivable from parent | 21,495 | 28,091 |
| Prepaid expenses and other assets | <u>1,411</u> | <u>1,965</u> |
| Total assets | <u>\$ 895,905</u> | <u>\$ 1,006,438</u> |
| LIABILITIES AND STOCKHOLDER'S EQUITY | | |
| Liabilities | | |
| Trade payable | \$ - | \$ 26,030 |
| Compensation payable | 34,700 | 64,576 |
| Due to related parties | 121,831 | 116,340 |
| Accrued expenses | 35,226 | 13,378 |
| Royalties payable: | | |
| State independent banker associations | 329,171 | 338,716 |
| ICBA | <u>11,252</u> | <u>20,309</u> |
| Total liabilities | <u>532,180</u> | <u>579,349</u> |
| Stockholder's equity | | |
| Common stock, no par value; 100 shares authorized and issued | 70,000 | 70,000 |
| Additional paid-in capital | 65,000 | 65,000 |
| Retained earnings | <u>228,725</u> | <u>292,089</u> |
| Total stockholder's equity | <u>363,725</u> | <u>427,089</u> |
| Total liabilities and stockholder's equity | <u>\$ 895,905</u> | <u>\$ 1,006,438</u> |

See accompanying notes.

ICBA SECURITIES CORPORATION

Notes to Financial Statements

December 31, 2015 and 2014

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

ICBA Securities Corporation (the Company) is a wholly owned subsidiary of ICBA Services Network, Inc. (ISN), which is a wholly owned subsidiary of ICBA Consolidated Holdings, LLC, which is a wholly owned subsidiary of Independent Community Bankers of America (ICBA), a not-for-profit trade association serving member financial institutions throughout the United States.

In July 2014, the Company transitioned from primarily operating as a nonclearing broker-dealer to primarily providing customers and potential customers with access to industry educational opportunities, marketing and promoting other services provided by the ISN, and marketing and promoting the brand of the Company's exclusively endorsed broker-dealer, Vining Sparks IBG, L.P. (VSIBG). The Company is registered with the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and the Municipal Securities Rulemaking Board (MSRB).

The Company operates under the provisions of paragraph (k)(2)(ii) of rule 15c3-3 of the SEC and, accordingly is exempt from the remaining provisions of that rule. Essentially, the requirements of paragraph (k)(2)(ii) provide that the Company will clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker-dealer and promptly transmit all customer funds and securities to the clearing broker-dealer. The Company ceased entering into any customer transactions, including fully disclosed transactions effective September 2, 2014, and does not receive or hold any customer funds or customer securities.

Use of 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 certain 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.

Cash and Cash Equivalents

For purposes of reporting the statements of cash flows, cash and cash equivalents include cash on hand and due from banks. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. To date, the Company has not experienced any losses in such accounts.

(Continued)

ICBA SECURITIES CORPORATION

Notes to Financial Statements

December 31, 2015 and 2014

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Receivables

Pursuant to the amended Program Agreement with VSIBG, the Company earns a percentage of program related service fees received in a calendar month. Prior to the amended agreement, the Company received a percentage of commissions earned on customers' securities transactions. Securities transactions were recorded on a trade-date basis. Receivables represent the amounts due from VSIBG. The Company has evaluated its receivables as of December 31, 2015 and 2014 and determined no allowance for uncollectible receivables was necessary.

Income Taxes

The Company is a member of a group that files a consolidated federal tax return. Accordingly, income taxes payable to the tax authority are recognized on the financial statements of the parent company, who is the taxpayer for income tax purposes. The Company makes payments to the parent company for its allocated share of the consolidated income tax liability. This allocation approximates the amount that would be reported if the Company was separately filing its tax return. The result of this allocation is reported on the accompanying statements of income as "federal and state income taxes." In addition, the Company files its state income tax return on a separate basis.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company's management has evaluated the impact of this guidance to its financial statements. The Company is not aware of any material uncertain tax positions, and has not accrued the effect of any uncertain tax positions as of December 31, 2015 or 2014. There are no timing differences creating any deferred tax assets or liabilities. The effective tax rates for years ending December 31, 2015 and 2014 were 34.8% and 34.4% for federal tax purposes and 9.6% and 7.2% for state, respectively. The Company's income tax returns are subject to examination by taxing authorities, generally for a period of three years from the date they were filed. The Company's policy is to classify income tax related interest and penalties, if any, in interest expense and penalties expense, respectively.

Fair Value of Financial Instruments and Fair Value Measurements

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments. The carrying amounts reported in the statements of financial position for cash and cash equivalents, receivables, payables, and accrued expenses approximate their fair values due to the short maturities of these instruments. The Company does not have any instruments measured at fair value on a recurring or non-recurring basis.

(Continued)

ICBA SECURITIES CORPORATION

Notes to Financial Statements

December 31, 2015 and 2014

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications have no effect on the previously reported net income.

NOTE 2. RELATED-PARTY TRANSACTIONS

In connection with an administrative services agreement, ISN charges the Company for certain administrative expenses paid for by ISN, which totaled \$462,300 and \$457,700 for the years ended December 31, 2015 and 2014, respectively. In addition, ISN and ICBA periodically pay other direct expenses which are charged back to the Company.

The Company also pays royalties to ICBA for use of its logo and name in marketing. The royalty is based on a percentage of operating income, subject to certain adjustments. The amount charged to expense totaled \$142,716 and \$157,708 for the years ended December 31, 2015 and 2014, respectively.

The Company periodically settles with affiliates. The unpaid amount due to affiliates under these agreements represents "due to related parties" in the statements of financial condition.

In accordance with the Program Agreement, VSIBG provides day-to-day management and oversight activities and is responsible for regulatory compliance for the Company. In addition, several members of VSIBG's management are also listed as management of the Company and VSIBG is disclosed as an entity in which the Company is indirectly under common control in its BrokerCheck report with FINRA. As a result VSIBG is considered a related party for financial reporting purposes. Essentially all of the Company's revenue is derived as a result of its program agreement with VSIBG. During 2015 and 2014, the Company earned \$1,687,339 and \$1,794,085, respectively, in revenue from activities as a result of its agreement with VSIBG. In addition, under the terms of the Program Agreement with VSIBG, VSIBG has agreed to reimburse the Company for certain expenses, including, but not limited to, compensation of employees and general and administrative expenses. Reimbursements are reflected in the financial statements as a reduction of expenses. The total reimbursable expenses of \$971,066 and \$1,263,192 for the years ended December 31, 2015 and 2014, respectively, consists of salaries, occupancy, meeting, travel and other expenses.

ICBA SECURITIES CORPORATION

Notes to Financial Statements

December 31, 2015 and 2014

NOTE 3. ROYALTIES – STATE INDEPENDENT BANKER ASSOCIATIONS

The Company pays the various supporting state independent banker associations a royalty for their endorsement of the Company's services. This royalty is based on a percentage of operating income, subject to certain adjustments, and is paid semiannually. The amount charged to expense totaled \$652,872 and \$698,661 for the years ended December 31, 2015 and 2014, respectively.

NOTE 4. COMMITMENTS AND CONTINGENCIES

Net Capital Requirements

The Company is subject to the SEC's Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. The Company's net capital ratio, net capital and excess net capital were as follows:

| | Years ended December 31, | |
|--------------------|--------------------------|-------------|
| | <u>2015</u> | <u>2014</u> |
| Net capital ratio | 2.576 to 1 | 4.100 to 1 |
| Net capital | \$ 206,620 | \$ 141,315 |
| Excess net capital | \$ 171,141 | \$ 102,692 |