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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- 50099

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 01/01/2009 AND ENDING 12/31/2009  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: VARIABLE INVESTMENT ADVISORS, INC.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

4305 SOUTH LOUISE AVENUE, SUITE 101A

(No. and Street)

SIoux FALLS

SOUTH DAKOTA

57016

(City)

(State)

(Zip Code)

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

GREGORY WILSON

605-361-8230

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

SEC Mail Processing  
Section

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

FEB 22 2010

HENJES, CONNER & WILLIAMS, P.C.

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

Washington, DC

P.O. BOX 1528

SIoux CITY

IOWA

51102

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

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

**FOR OFFICIAL USE ONLY**

\*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)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, GREGORY S. WILSON, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of VARIABLE INVESTMENT ADVISORS, INC., as of DECEMBER 31, 2009, 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:

N/A

Gregory S. Wilson  
Signature  
GREGORY S. WILSON, CEO  
Title



Jean M. Heinemann  
Notary Public

This report \*\* contains (check all applicable boxes):

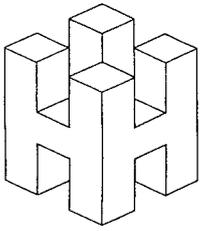
- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims 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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\* \* \* \* \*



HENJES, CONNER &  
WILLIAMS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

800 FRANCES BUILDING  
505 FIFTH STREET  
P.O. BOX 1528  
SIOUX CITY, IOWA 51102  
PH. (712) 277-3931  
(800) 274-3931  
FAX (712) 233-3431

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Directors  
Variable Investment Advisors, Inc.  
Sioux Falls, South Dakota

We have audited the accompanying statement of financial condition of VARIABLE INVESTMENT ADVISORS, INC. (a South Dakota corporation) as of December 31, 2009, and the related statement of income, changes in stockholders' 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 Variable Investment Advisors, Inc., at 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 contained in Schedule I on page 8 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required 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.

*Henjes, Conner & Williams, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
February 8, 2010

VARIABLE INVESTMENT ADVISORS, INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2009

ASSETS

Cash .....	\$ 82,908
Commissions Receivable .....	19,515
Other Receivables .....	676
Prepaid Expenses .....	20,388
Office Furniture and Equipment at Cost, Less Accumulated Depreciation of \$39,798 .....	<u>3,965</u>
Total Assets .....	\$ <u>127,452</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Accounts Payable .....	\$ 24,441
Unearned Income .....	21,245
Commissions Payable .....	15,021
Payroll Taxes Payable .....	<u>3,298</u>
Total Liabilities .....	\$ 64,005

STOCKHOLDERS' EQUITY

Common Stock (\$.01 Par Value, 400,000 Shares Authorized, 400,000 Shares Issued and Outstanding) .....	\$ 4,000
Additional Paid-In Capital .....	110,094
Retained Earnings (Deficit) .....	( <u>50,647</u> )
Total Stockholders' Equity .....	\$ <u>63,447</u>
Total Liabilities and Stockholders' Equity .....	\$ <u>127,452</u>

The Accompanying Notes Are an Integral Part  
of This Financial Statement

VARIABLE INVESTMENT ADVISORS, INC.  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>REVENUE</u>	<u>Amount</u>
Commissions .....	\$ 384,955
Interest .....	622
Other .....	<u>23,037</u>
Total Revenue .....	\$ 408,614
<u>EXPENSES</u>	
Advertising .....	\$ 3,959
Annual Report .....	347
ATS Expense .....	32,363
Bank Charge .....	192
Commissions .....	199,956
Continuing Education .....	2,400
Depreciation .....	2,191
Dues & Subscriptions .....	454
General Insurance .....	4,935
Health Insurance .....	9,724
Licenses .....	19,162
Life Insurance .....	2,787
Meals & Entertainment .....	687
Meeting & Seminars .....	895
Miscellaneous .....	549
Office Supplies and Postage .....	5,701
Payroll Taxes .....	8,519
Professional Fees .....	21,072
Rent .....	12,114
Salaries - Officer .....	19,388
Salaries .....	89,970
Telephone .....	<u>3,513</u>
Total Expenses .....	\$ 440,878
Net (Loss) .....	\$( <u>32,264</u> )

The Accompanying Notes are an Integral Part  
of This Financial Statement

VARIABLE INVESTMENT ADVISORS, INC.  
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Total Stockholders' Equity</u>
Balance at December 31, 2008 .....	\$ 4,000	\$ 110,094	\$( 18,383)	\$ 95,711
Net (Loss) for 2009 .....	_____	_____	( 32,264)	( 32,264)
Balance at December 31, 2009 .....	\$ <u>4,000</u>	\$ <u>110,094</u>	\$( <u>50,647</u> )	\$ <u>63,447</u>

The Accompanying Notes are an Integral Part  
of This Financial Statement

VARIABLE INVESTMENT ADVISORS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2009

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received for Commissions .....	\$ 417,166
Cash Received for Interest Income .....	622
Cash Received for Other Income .....	24,167
Cash (Paid) to Suppliers, Employees and Independent Contractors .....	( 415,717)
Net Cash Provided by Operating Activities .....	\$ 26,238
Net Increase in Cash and Cash Equivalents .....	\$ 26,238
Cash and Cash Equivalents at Beginning of Year .....	56,670
Cash and Cash Equivalents at End of Year .....	\$ 82,908

RECONCILIATION OF NET (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net (Loss) .....	\$( 32,264)
Adjustments to Reconcile Net (Loss) to Net Cash Provided by Operating Activities:	
Depreciation .....	\$ 2,191
Decrease in Commissions Receivable .....	10,966
Decrease in Stockholder Advances .....	7,194
Decrease in Employee Advances .....	78
Decrease in Other Receivables .....	1,130
Decrease in Prepaid Expenses .....	4,130
Increase in Accounts Payable .....	22,168
Increase in Unearned Income .....	21,245
(Decrease) in Commissions Payable .....	( 11,328)
Increase in Payroll Taxes Payable .....	728
Total Adjustments .....	\$ 58,502
Net Cash Provided by Operating Activities .....	\$ 26,238

The Accompanying Notes are an Integral Part  
of This Financial Statement

VARIABLE INVESTMENT ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - The Company, located in Sioux Falls, South Dakota, sells mutual funds and variable and fixed insurance products to customers in the United States. The Company accomplishes this goal through a small group of brokers located throughout the United States. In 2002, the Company developed an alternative trading system. This web-based system offers a matching service to companies and individuals for the purpose of buying and selling capital units.

Basis of Presentation - The Company follows accounting standards set by the Financial Accounting Standards Board, commonly referred to as the FASB. The FASB sets generally accepted accounting principles (GAAP) that the Company follows to ensure we consistently report our financial condition, results of operations, and cash flows. References to GAAP issued by the FASB in these footnotes are to the FASB *Accounting Standards Codification*, sometimes referred to as the Codification or ASC.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Commissions Receivable - The Company considers commissions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is provided. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment - Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets ranging from one to ten years.

Income Taxes - The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes the stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income.

The Company adopted the guidance of FASB ASC Topic 740 related to the *Accounting for Uncertainty in Income Taxes* on the first day of its 2009 fiscal year. The implementation had no effect on the Company's reported financial position or results of operations in the year ended December 31, 2009.

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.

VARIABLE INVESTMENT ADVISORS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

Note 2 - RELATED PARTY TRANSACTIONS

The Company leases its office space from the Company's president on a month-to-month basis. A total of \$12,114 was paid under the terms of this lease during the year ended December 31, 2009.

Note 3 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission (SEC) Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital of \$5,000 and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2009, the Company had net capital of \$38,963. The Company's net capital ratio was 1.64 to 1.

Note 4 - EXEMPTION

This Company is exempt from filing supporting schedules on the Computation for Determination of the Reserve Requirements and Information Relating to Possession or Control Requirements. This exemption is claimed under the provisions of SEC Rule 15c-3-3, Section (K)(1) limited business (mutual funds and/or variable annuities only).

Note 5 - SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through February 8, 2010, the date the financial statements were available to be issued.

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SUPPLEMENTAL INFORMATION

COMPUTATION OF NET CAPITALAS OF DECEMBER 31, 2009NET CAPITAL

Total Stockholders' Equity .....		\$ 63,447
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## Deductions:

## Non-Allowable Assets:

Other Receivables .....	\$ 131	
Prepaid Expenses .....	20,388	
Office Furniture & Equipment .....	<u>3,965</u>	<u>24,484</u>

Net Capital .....		\$ <u>38,963</u>
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AGGREGATE INDEBTEDNESS

Accounts Payable .....	\$ 24,441
Commission Payable .....	15,021
Payroll Taxes Payable .....	3,298
Unearned Income .....	<u>21,245</u>

Total Aggregate Indebtedness .....	\$ <u>64,005</u>
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COMPUTATION OF NET CAPITAL

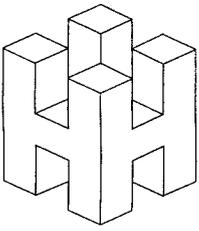
Minimum Net Capital Required .....	\$ <u>5,000</u>
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Excess Net Capital at 1,500 Percent .....	\$ <u>33,963</u>
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Excess Net Capital at 1,000 Percent .....	\$ <u>32,563</u>
(Net Capital - 10% of Aggregate Indebtedness)	

Ratio: Aggregate Indebtedness to Net Capital .....	<u>1.64 to 1</u>
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The above calculations are based on Rule 15c3-1 of the Securities Exchange Act of 1934. There is no material difference from this schedule and the Company's computation, included in Part II of Form X-17A-5, as of December 31, 2009.



**HENJES, CONNER &  
WILLIAMS, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

800 FRANCES BUILDING  
505 FIFTH STREET  
P.O. BOX 1528  
SIOUX CITY, IOWA 51102

PH. (712) 277-3931  
(800) 274-3931  
FAX (712) 233-3431

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE  
17a-5(g)(1) FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3**

To the Stockholders and Directors  
Variable Investment Advisors, Inc.  
Sioux Falls, South Dakota

In planning and performing our audit of the financial statements and supplemental schedule of VARIABLE INVESTMENT ADVISORS, 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 (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study includes 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 the 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.

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 SEC'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 the 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 a 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.

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 SEC 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 SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, FINRA, 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 those specified parties.

*Henjes, Conner & Williams, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
February 8, 2010

VARIABLE INVESTMENT ADVISORS, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2009