

**Acorns Securities, LLC**  
**(SEC ID 008-69294)**  
**Statement of Financial Condition**  
**And Report of Independent Registered**  
**Public Accounting Firm**  
**For the Year Ended September 30, 2021**

Filed pursuant to Rule 17a-5(e)(3) under the Securities Exchange Act of 1934 as a PUBLIC DOCUMENT.



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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Member of  
Acorns Securities, LLC

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Acorns Securities, LLC (the "Company") as of September 30, 2021, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of September 30, 2021, in conformity with accounting principles generally accepted in the United States of America.

### **Restatement of the 2020 Financial Statement**

As discussed in Note 14 to the statement of financial condition, the 2020 statement of financial condition has been restated to correct an error.

### **Related-Party Transactions**

As discussed in Note 9 to the statement of financial condition, a significant portion of the Company's revenues and expenses are with Acorns Grow Incorporated, the Company's parent, and other affiliated entities.

### **Basis for Opinion**

The financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit of the financial statement provides a reasonable basis for our opinion.

December 29, 2021

We have served as the Company's auditor since 2020.

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**ASSETS**

Cash and cash equivalents	\$ 1,614,453
Cash and securities required to be segregated under federal or other regulations	2,000,039
Receivable from clearing firm	46,974,662
Investments in fractional shares held by customers	1,121,016,723
Securities owned – at fair value	189,903
Cash deposited with clearing firm	50,000
Prepaid expenses and other assets	43,110
Equipment, net	17,663
Receivable from affiliates	<u>7,774</u>

TOTAL ASSETS \$1,171,914,327

**LIABILITIES AND MEMBER'S EQUITY**

LIABILITIES

Payable to customers	\$ 46,023,220
Repurchase obligation for investments held by customers	1,121,016,723
Payable to affiliates	795,183
Accounts payable and accrued expenses	<u>747,483</u>

Total liabilities 1,168,582,609

COMMITMENTS AND CONTINGENCIES (Note 10)

MEMBER'S EQUITY 3,331,718

TOTAL LIABILITIES AND MEMBER'S EQUITY \$1,171,914,327

The accompanying notes are an integral part of this statement of financial condition.

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Notes to Statement of Financial Condition  
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**NOTE 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

Acorns Securities, LLC (the "Company" and or "we") was organized in the State of Delaware on April 9, 2013. The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934. The Company is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

Under its membership agreement with FINRA, the Company maintains subaccounts pursuant to an omnibus arrangement with a clearing firm. The Company also transmits block trade and other orders placed by its affiliated investment adviser, Acorns Advisers, LLC ("Advisers"). The Company is subject to the requirements of Customer Protection Rule 15c3-3 ("Rule 15c3-3") and Net Capital Rule 15c3-1 ("Rule 15c3-1") under the Securities Exchange Act of 1934.

The Company is a wholly-owned subsidiary of Acorns Grow Incorporated (the "Parent"). On May 26, 2021, the Parent entered into a definitive agreement for a business combination with Pioneer Merger Corp. (NASDAQ:PACX), a special purpose acquisition company.

The Company operates in one segment, based on similarities in economic characteristic between its operations, the common nature of its services and the regulatory environment under which it operates.

The Company is currently operating at a loss and is dependent on the Parent to continue to fund its operations and meet its obligations as they fall due. The Parent has agreed to provide financial support for at least 12 months from the date of this report to enable the Company to continue its operations and meet its obligations as they become due. The Parent's ability to provide financial support to the Company for at least 12 months from the date of this report is dependent on the Parent raising additional capital. In the event the Parent is not able to raise sufficient capital, sales and marketing costs of the Parent can be significantly curtailed to enable continued financial support to the Company.

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*Summary of Significant Accounting Policies*

*Basis of Presentation* - The Company maintains its accounts and prepares its statement of financial condition in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

*Use of Estimates in the Preparation of the Statement of Financial Condition* - The preparation of the accompanying statement of financial condition requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial condition and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates utilized in the preparation of the statement of financial condition are prudent and reasonable bases on the best available information. Actual results could differ from those estimates.

*Cash and Cash Equivalents* - The Company has defined cash equivalents as highly liquid investments, with original maturities of three months or less that are not segregated and on deposit for federal or regulatory purposes. Cash and cash equivalents include deposits with banks.

*Receivable from clearing firm* - Receivable from clearing firm includes amounts receivables arising from unsettled trades and cash deposited at the clearing firm.

*Securities Transactions* - The Company does not actively trade in exchange traded funds (ETFs) or other securities for its own account. However, to the extent that customer deposits are returned by the automated clearing house, the Company may own securities which are generally sold in the market in the near term and treated as trading securities. Securities held by the Company are traded on major stock exchanges and stated at fair value.

*Equipment* - Equipment is stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis using estimated life of 3 years. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized.

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*Leases* - In connection with Financial Accounting Standards Board ("FASB") Accounting Standards Update Topic 842, *Leases* ("ASU No.2018-11"), the Company has a sublease arrangement with its Parent whereby the Company rents office space from the Parent for a monthly fee. The Company does not possess control over the lease terms. As such, the Company does not have an obligation to record a right to use asset or an offsetting lease obligation. There is no impact to the Company's net capital.

**NOTE 2: CASH SEGREGATED UNDER SECURITIES REGULATIONS**

At September 30, 2021, cash of \$2,000,039 has been segregated in a special reserve account for the exclusive benefit of customers pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.

**NOTE 3: DEPOSIT AT CLEARING FIRM**

The Company has an omnibus account trading agreement with a clearing firm, RBC Capital Markets, in order to execute trades on behalf of the clients of its affiliated adviser, Acorns Advisers, LLC. The clearing firm has custody of the Company's cash balances which serve as collateral for any amounts due to the clearing firm. Interest is paid monthly on these cash deposits at the average overnight repurchase rate. The balance at September 30, 2021 was \$50,000.

**NOTE 4: FINANCIAL INSTRUMENTS**

We apply fair value accounting for all financial instruments that are recognized or disclosed at fair value in the statement of financial condition on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities we consider the principal or most advantageous market in which we would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. For certain instruments, including cash and cash equivalents, clearing firm receivable, accounts receivable, customer payable, and accounts payable, it is estimated that the carrying amount approximated fair value because of the short maturities of these instruments. Cash

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and cash equivalents are classified as Level 1 of the fair value hierarchy. Clearing firm receivable, accounts receivable, customer payable, and accounts payable are classified as Level 2 of the fair value hierarchy due to their short-term nature.

Fair value is estimated using various valuation models, which utilize certain inputs and assumptions that market participants would use in pricing the asset or liability. The inputs and assumptions used in valuation models are classified in the fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Quoted market prices for similar instruments in an active market; quoted prices for identical or similar assets and liabilities in markets that are not active; and model-derived valuations inputs of which are observable and can be corroborated by market data.

Level 3: Unobservable inputs and assumptions that are supported by little or no market activity and that are significant to the fair value of the asset and liability. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining the appropriate hierarchy levels, the Company analyzes the assets and liabilities that are subject to fair value disclosure. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. There were no assets and liabilities measured at fair value on a non-recurring basis at September 30, 2021. All securities held by the Company were exchange-traded funds. The following table presents the Company's securities that are measured at fair value on a recurring basis by fair value hierarchy at September 30, 2021:

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments in fractional shares held by customers	\$1,121,016,723	\$ -	\$ -
Securities owned	189,903	-	-
<b>Total assets</b>	<b>\$ 1,121,206,626</b>	<b>\$ -</b>	<b>\$ -</b>

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<b>Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Repurchase obligation for investments held by customers	\$ 1,121,016,723	\$ -	\$ -
Total liabilities	\$ 1,121,016,723	\$ -	\$ -

**NOTE 5: RECEIVABLE FROM CLEARING FIRM**

Pursuant to the clearing agreement, the Company introduces all its securities transactions to its clearing firm on an omnibus basis. In accordance with the clearing agreement, the Company has agreed to indemnify the clearing firm for losses, if any, which the clearing firm may sustain from carrying securities transactions introduced by the Company. As of September 30, 2021, the receivable from clearing firm was \$46,974,662 related to customer pending transactions.

**NOTE 6: INVESTMENT IN FRACTIONAL SHARES AND REPURCHASE OBLIGATION FOR INVESTMENTS HELD BY CUSTOMERS**

The Company executes and allocates purchases and sales of investment securities based on Advisers' customer portfolio investment engine algorithm. These transactions result in fractional shares of ETFs held by customers and Advisers. Fractional shares held by customers do not meet the criteria for derecognition under ASC 860, *Transfers and Servicing*, and are accounted for as a secured borrowing (repurchase obligation). These financial assets are presented as investments in fractional shares held by customers and a corresponding repurchase obligation for investments held by customers. We have elected the fair value option to measure these financial assets and the corresponding repurchase obligation for investments. The fair value of these investments is determined by quoted prices in active markets.

**NOTE 7: PAYABLE TO CUSTOMERS**

Customer payables represent free credit balances from customer funds on deposit, funds related to settled security transactions and dividend payments. Total customer payables as of September 30, 2021 were \$46,023,220.



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**NOTE 8: EQUIPMENT, NET**

	<b>September 30, 2021</b>
Equipment	\$ 36,764
Less: accumulated depreciation	<u>(19,101)</u>
Equipment, net	<u>\$ 17,663</u>

Depreciation expense for the year ended September 30, 2021 was \$12,311.

**NOTE 9: RELATED-PARTY TRANSACTIONS**

In September 2013 the Company and the Parent entered into a technology license and services agreement whereby the Parent grants to the Company the right and license to utilize technology developed by the Parent for maintaining books and records for Clients and receiving orders from Advisers. The 2013 technology license and services agreement was superseded by the February 2021 expense sharing agreement which included the terms allowing the Company the right and license to utilize technology developed by the Parent described above. As of September 30, 2021, \$0 was payable to the Parent.

In April 2015, the Company and the Parent entered into an expense sharing agreement. The agreement was superseded by the February 2021 agreement between the Company and the Parent, whereby the Company agrees to reimburse the Parent payroll, equipment, costs related to automated clearing house transactions and other incidental expenses paid on behalf of the Company. As of September 30, 2021, \$275,833 was payable to the Parent and is included in Payable to affiliates in the accompanying statement of financial condition.

In February 2019, the Company and the Parent entered into a sublease agreement whereby the Company agrees to sublease office space from the Parent. As of September 30, 2021, \$0 was payable at year-end.

The Company is affiliated through common ownership with Advisers. During April of 2014, the Company and Advisers entered into a brokerage and custodial services agreement whereby the Company agrees to establish and maintain an account on its books and records for each client of the Advisers ("Clients"). Accordingly, the

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Company has established several omnibus accounts for the benefit of Clients which are maintained by another clearing firm. Furthermore, the Company is responsible for instructing the clearing firm to maintain possession or control of investments in these omnibus accounts free of any charge, lien, or claim of any kind in favor of the clearing firm or any person claiming through the clearing firm. The Company is reimbursed for all orders and instructions obtained by Advisers. For the year ended September 30, 2021, \$0 was receivable from Advisers at year-end. Further, the Company allocates payroll costs to Advisers for services provided by the Company's employees on behalf of the affiliated investment adviser. As of year-end, the Company had a \$84,850 receivable from Advisers which is netted with the amounts payable to Advisers. The Company had a net payable to Advisers of \$83,821 which includes reimbursements for orders and instructions and reimbursable payroll costs as of September 30, 2021 and is included in Payable to affiliates in the accompanying statement of financial condition.

It is possible that the terms of certain of the related-party transactions are not the same as those that would result for transactions among wholly unrelated parties.

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

In April 2018, Acorns Securities entered into a four-year agreement with a company that is co-owned by certain of our shareholders to provide investor communications services on behalf of the investment funds in its portfolio. This company was no longer a related party as of September 30, 2021.

In April 2018, the Company entered into a four-year agreement with a third-party to provide omnibus clearing firm services on behalf of the Company. It is the Company's intention to renew this four-year agreement.

**NOTE 11: GUARANTEES**

FASB ASC Topic 460, *Guarantees* ("ASC 460") requires the Company to disclose information about its obligations under certain guarantee arrangements. ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying factor (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance

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also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of indebtedness of others.

The Company has issued no guarantees at September 30, 2021 or during the year then ended.

**NOTE 12: CONCENTRATION OF CREDIT RISK**

The Company maintains bank accounts at financial institutions. These accounts are insured either by the Federal Deposit Insurance Commission ("FDIC"), up to \$250,000, or the Securities Investor Protection Corporation ("SIPC"), up to \$500,000. At times during the year, cash balances held in financial institutions were in excess of the FDIC and SIPC's insured limits. The Company has not experienced any losses in such accounts and management believes that it has placed its cash on deposit with financial institutions which are financially stable.

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

**NOTE 13: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1). The Company computes its net capital requirement under the alternative method provided for in Rule 15c3-1, which requires the Company to maintain minimum net capital of not less than 2% of aggregate debit items arising from customer transactions or \$250,000, whichever is greater. Rule 15c3-1 also requires that equity capital may not be withdrawn or cash dividends paid if the resulting net capital is less than 5% of such items. Net capital and aggregate indebtedness change day to day, but on September 30, 2021, the Company had net capital of \$3,229,704 which was \$2,303,421 in excess of its required net capital of \$926,283.

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**NOTE 14: RESTATEMENT OF PREVIOUSLY ISSUED STATEMENT OF FINANCIAL CONDITION**

Subsequent to the issuance of the statement of financial condition for the year ended September 30, 2020, the Company determined that fractional shares of exchange traded funds (“ETFs”) held by customers do not meet the criteria for derecognition under ASC 860 and should be accounted for as a secured borrowing (repurchase obligation) with the underlying financial assets pledged as collateral. The financial assets and corresponding repurchase obligations were previously not recorded. These financial assets are now presented as investments in fractional shares held by customers with a corresponding repurchase obligation for investments held by customers on the Statement of Financial Condition. Management determined that the effect of this error on our previously reported statement of financial condition is material. The effect of the restatement, which impacts the previously reported Statement of Financial Condition as of September 30, 2020 is presented below.

<b>Statement of Financial Condition</b>	<b>As of September 30, 2020</b>		
	<b>As Previously Reported</b>	<b>Restatement Adjustment</b>	<b>As Restated</b>
<b>Assets</b>			
Investments in fractional shares held by customers	\$ -	\$718,375,504	\$718,375,504
Total assets	\$50,924,380	\$718,375,504	\$769,299,884
<b>Liabilities</b>			
Repurchase obligation for investments held by customers	\$ -	\$718,375,504	\$718,375,504
Total liabilities	\$46,916,174	\$718,375,504	\$765,291,678
Total liabilities and member’s equity	\$50,924,380	\$718,375,504	\$769,299,884

**NOTE 15: SUBSEQUENT EVENTS**

The Company has evaluated events subsequent to the date of the Statement of Financial Condition for items requiring recording or disclosure in the statement of financial condition. The evaluation was performed through the date the statement of

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financial condition was filed with the Securities and Exchange Commission. On October 4, 2021, the Company received a \$1,000,000 capital contribution from the Parent. The Company received two additional \$500,000 capital contributions from the Parent on December 17 and December 21, 2021. The Company has determined that there were no other events which took place that would have a material impact on its statement of financial condition.

\* \* \* \* \*

## **ADDITIONAL INFORMATION**

The Statement of Financial Condition dated September 30, 2021, filed pursuant to Rule 17a-5(e)(3) under the Securities Exchange Act of 1934, is available for inspection at the Los Angeles regional office of the Securities and Exchange Commission and at our principal office: 5300 California Avenue, Irvine, CA.

Please see the Compliance Report of Acorns Securities, LLC and the Report of Independent Registered Public Accounting Firm for the fiscal year ended September 30, 2021 for material weaknesses in Internal Control Over Compliance that were identified. A copy of each report is available for inspection at the principal office of the Securities and Exchange Commission in Washington, D.C. and the Los Angeles regional office.