

Acorns Securities, LLC
(SEC ID 008-69294)
Statement of Financial Condition
As of June 30, 2024
(Unaudited)

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ASSETS

Cash and cash equivalents	\$ 14,405,382
Cash and securities required to be segregated under federal or other regulations	3,413,482
Receivable from clearing firm	37,134,000
Investments in fractional shares held by customers	1,142,281,214
Securities owned – at fair value	13,127
Receivable from affiliates	163,561
Receivable from customers	317,786
Prepaid expenses and other assets	968,122
Cash deposited with clearing firm	120,000
Equipment, net	<u>17,031</u>

TOTAL ASSETS \$1,198,833,705

LIABILITIES AND MEMBER'S EQUITY

LIABILITIES

Payable to customers	\$ 37,091,694
Repurchase obligation for investments held by customers	1,142,281,214
Accounts payable and accrued expenses	3,143,097
Payable to affiliates	<u>1,270,908</u>

Total liabilities 1,183,786,913

COMMITMENTS AND CONTINGENCIES (Note 11)

MEMBER'S EQUITY 15,046,792

TOTAL LIABILITIES AND MEMBER'S EQUITY \$1,198,833,705

Acorns Securities, LLC
Notes to Statement of Financial Condition June 30, 2024
(Unaudited)

1. Organization and Nature of Business

Acorns Securities, LLC (the "Company") 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 two clearing firms. The Company provides custodial services to the retail advisory customers of 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 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 profit, however, it is dependent on the Parent and affiliates to continue to fund its operations and meet 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. Without the support of the Parent, it would be unlikely for the Company to continue as a going concern.

2. Significant Accounting Policies

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

Use of Estimates in the Preparation of Financial Statements - The preparation of the accompanying financial statements 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates utilized in the preparation of the financial

Acorns Securities, LLC
Notes to Statement of Financial Condition June 30, 2024
(Unaudited)

statements are prudent and reasonable based 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 financial institutions in the form of checking deposits and money market funds.

Receivable from Clearing Firms - Receivable from clearing firms includes amounts receivables arising from unsettled trades and cash deposited at the clearing firms.

Securities Transactions - The Company does not actively trade in exchange traded funds (ETFs) or other securities for its own account. However, to the extent 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.

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.

3. Cash Segregated Under Securities Regulations

At June 30, 2024, cash of \$3,413,482 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.

Acorns Securities, LLC
Notes to Statement of Financial Condition June 30, 2024
(Unaudited)

4. Deposit at Clearing Firms

The Company has omnibus account trading agreements with clearing firms, RBC Capital Markets, LLC and DriveWealth, LLC in order to execute trades on behalf of the clients of its affiliated adviser, Acorns Advisers, LLC. The clearing firms have custody of the Company's cash balances which serve as collateral for any amounts due to the clearing firms. The combined cash balance at June 30, 2024 was \$120,000. RBC Capital Markets, LLC and DriveWealth, LLC pay interest monthly on the cash deposit at the average overnight repurchase rate.

5. Fair Value of Financial Instruments

We apply fair value accounting for all financial instruments that are recognized or disclosed at fair value in the financial statements 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 and cash equivalents are classified as Level 1 of the fair value hierarchy. Clearing firm receivables, accounts receivable, customer payable, and accounts payable are classified as Level 2 of the fair value hierarchy due to their short-term nature.

US GAAP requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair values. ASC 820 (Fair Value Measurements and Disclosures) defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. In accordance with ASC 820, the Company has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The inputs and assumptions used in valuation models are classified in the fair value hierarchy as follows:

Acorns Securities, LLC
Notes to Statement of Financial Condition June 30, 2024
(Unaudited)

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 June 30, 2024. Securities held by the Company were exchange-traded funds and stocks. The following table presents the Company's securities that are measured at fair value on a recurring basis by fair value hierarchy at June 30, 2024:

Assets	Level 1	Level 2	Level 3
Investments in fractional shares held by customers	\$ 1,142,281,214	\$ -	\$ -
Securities owned	13,127	-	-
Total assets	\$ 1,142,294,341	\$ -	\$ -

Liabilities	Level 1	Level 2	Level 3
Repurchase obligation for investments held by customers	\$ 1,142,281,214	\$ -	\$ -
Total liabilities	\$ 1,142,281,214	\$ -	\$ -

Acorns Securities, LLC
Notes to Statement of Financial Condition June 30, 2024
(Unaudited)

6. Receivable From Clearing Firms

Pursuant to the clearing agreements, the Company introduces all its securities transactions to its clearing firms on an omnibus basis. In accordance with the clearing agreements, the Company has agreed to indemnify the clearing firms for losses, if any, which the clearing firms may sustain from carrying securities transactions introduced by the Company. As of June 30, 2024, receivable from clearing firms were \$37,134,000 related to pending customer transactions, and the Company has not recognized any losses related to the clearing firms carrying of securities.

7. 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.

8. Receivable from Customer

Customer receivables represent amounts due to the Company in connection with the reversal of ACH transactions related to security transactions. Total customer receivables as of June 30, 2024 were \$317,786.

9. 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 June 30, 2024 were \$37,091,694.

Acorns Securities, LLC
Notes to Statement of Financial Condition June 30, 2024
(Unaudited)

10. Equipment, Net

	June 30, 2024
Equipment	\$ 50,731
Less: accumulated depreciation	<u>(33,700)</u>
Equipment, net	<u>\$ 17,031</u>

11. Related-Party Transactions

In October 2021, the Company and the Parent entered into an expense sharing agreement whereby the Parent will provide the Company technology services required to operate the Company's business, including access to the Parent's administration tool so it can monitor brokerage customer activity. As of June 30, 2024, \$209,676 was payable to the parent for such technology licensing fees. In addition, the Company agrees to reimburse the Parent for payroll, equipment, costs related to automated clearing house transactions and other incidental expenses paid on behalf of the Company. As of June 30, 2024, \$185,895 was payable to the parent for such reimbursements.

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 Advisers ("Clients"). Accordingly, the Company has established several omnibus accounts for the benefit of Clients which are maintained by two clearing firms. Furthermore, the Company is responsible for instructing the clearing firms 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 firms or any person claiming through the clearing firms. The agreement was superseded by the June 2022 agreement between the Company and Advisers, whereby the Company is reimbursed for all orders and instructions obtained by Advisers. As of June 30, 2024, there was no receivable related to orders and instructions reimbursements. Further, the Company allocates payroll costs to Advisers for services provided by the Company's employees on behalf of the affiliated investment adviser of which \$155,831 was receivable as of June 30, 2024. The Company had a net receivable from Advisers of \$232,954 as of June 30, 2024.

Acorns Securities, LLC
Notes to Statement of Financial Condition June 30, 2024
(Unaudited)

Stock-based awards are granted to employees pursuant to the Company's Parent Equity Incentive Plan. The awards are treated as additions to capital from the Parent.

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.

12. Commitments and Contingencies

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. The agreement was automatically renewed in April 2022 for an additional three years.

In December 2021, the Company entered into agreements with a vendor whereby the Company agreed to a purchase commitment of a total of \$3.0 million payable over the three years following the effective date of the agreements. Actual timing may vary depending on services used and total payments may be higher than the total minimum commitment depending on services used.

13. 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 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 June 30, 2024 or during the six months then ended.

14. 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

Acorns Securities, LLC
Notes to Statement of Financial Condition June 30, 2024
(Unaudited)

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.

15. 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. At June 30, 2024, the Company had net capital of \$13,544,416 which was \$12,813,487 in excess of its required net capital of \$730,929.

16. 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 financial statements. The Company has determined that there were no events which took place that would have a material impact on its financial statements.

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