ALTRUIST FINANCIAL LLC

Statement of Financial Condition

As of June 30, 2024

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Under the Securities Exchange Act of 1934

As a Public Document

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As of June 30, 2024
(In thousands)

Assets		
Cash and cash equivalents	$	40,664
Cash segregated in compliance with federal regulations		17,697
Receivables from brokers, dealers, and clearing organizations		1,996
Deposits with clearing organizations		2,929
Securities borrowed		314,498
Receivables from customers, net of allowance for credit losses of $7		951
Equity securities - user-held fractional shares, at fair value		73,145
Other assets		3,860
Total assets	**$**	**455,740**
Liabilities and member's equity		
Liabilities:		
Payables to customers		17,913
Payables to brokers, dealers, and clearing organizations		3,858
Securities loaned		318,447
Equity securities – repurchase obligations, at fair value		73,145
Due to affiliates		171
Accrued expenses and other liabilities		1,778
Total liabilities		415,312
Member's equity:		
Member contributions		64,239
Accumulated deficit		(23,811)
Total member's equity		40,428
Total liabilities and member's equity	**$**	**455,740**

See accompanying notes to statement of financial condition.

(1) Description of Business

Altruist Financial LLC (the “Company") is a single member limited liability company (“LLC”) incorporated in the state of Delaware and is a wholly owned subsidiary of Altruist Corporation (the "Member"). The Company is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and with the Financial Industry Regulatory Authority (“FINRA”).

Acting as an agent for its customers, the Company provides services that include, but are not limited to, executing and clearing trades in stocks, bonds, mutual funds, and exchange traded funds. Accordingly, the Company carries accounts for its customers and is subject to the requirements of Rule §15c3-3 under the Exchange Act pertaining to the possession and control of customer-owned assets and reserve requirements. In addition, the Company offers its customers the options to participate in its FDIC sweep and Fully Paid Lending (“FPL”) programs. The Company’s customer base is located in the United States (“US”), as such, its operations and revenue generating activities are conducted solely within the US.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The statement of financial condition has been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which require management to make certain estimates and assumptions that affect the reported amounts in the accompanying statement of financial condition and the related disclosures. Actual results may differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments that mature in three months or less from the time of acquisition and that are not segregated for regulatory purposes to be cash and cash equivalents. As of June 30, 2024, cash and cash equivalents consist of cash on deposit with third-party financial institutions.

Cash Segregated in Compliance with Federal Regulations

Pursuant to the Customer Protection Rule §15c3-3 of the Securities Exchange Act of 1934, and other applicable regulations, the Company maintains cash in segregated reserve accounts for the exclusive benefit of the customers.

Concentration Risk

The Company’s cash, cash equivalents, cash segregated in compliance with federal regulations, and collateral set aside as part of the FPL program are concentrated at third-party financial institutions that are insured by the Federal Deposit Insurance Corporation. Amounts custodied by these financial institutions exceed the federally insured limits.

Due to the strong capitalization and reputation of the financial institutions, the Company does not consider itself to be at risk.

Limited Liability Company

Since the Company is an LLC, it falls within the scope of Accounting Standards Codification ("ASC") 272 – Limited Liability Entities. The Company does not have separate components for Member's equity as it is all considered available for withdrawal, limited by the Company's regulatory restrictions pursuant to broker-dealer rules promulgated by the SEC and FINRA. The Member has limited liability for the obligations or debts that are exclusively entered into by the Company.

Receivables from and Payables to Brokers, Dealers, and Clearing Organizations

Receivables from brokers, dealers, and clearing organizations include amounts on deposit with Apex Clearing Corporation, accruals for securities lending revenues, and fails to deliver.

Payables to brokers, dealers, and clearing organizations mainly consist of payables to clearing organizations for unsettled transactions, payables to broker dealers in relation to securities lending transactions, and fails to receive.

Receivables from Customers, net and Payables to Customers

Receivables from customers, net represent amounts advanced by the Company to its customers. Such receivables are generally fully collateralized by securities in the customer's account. Customer securities collateralizing such advances are not reflected in the Company's statement of financial condition. The Company applies the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses.

The Company analyzes unsecured balances case by case and subjects the balances to an aging methodology which results in the balances being fully written off after 12 months. If the Company deems a receivable uncollectible prior to the 12-month period, the receivable is fully written off.

Payables to customers consist primarily of client cash held in brokerage accounts and is carried at the amount of client cash on deposit.

Deposits with clearing organizations

The Company is required to maintain collateral deposits with clearing organizations including the Depository Trust & Clearing Corporation which allows the Company to use security transactions services provided by its clearing organizations for trade comparison, clearance and settlement.

The clearing organizations establish financial requirements, including deposit requirements, to reduce their risk. The deposits may fluctuate significantly from time to time based upon the nature and size of trading activities and market volatility. As the Company has not experienced historic defaults, there is no expectation of credit losses under these arrangements.

Securities Borrowed and Loaned

Securities borrowed is mainly comprised of securities borrowed from customers in connection to the FPL program, which allows customers to earn income on certain securities when they permit the Company to lend these securities.

The Company receives cash collateral for securities loaned, which is generally in excess of the fair value of the securities. Securities loaned transactions are recorded based on the amount of cash collateral received. Increases in securities prices may cause the market value of the securities loaned to exceed the amount of cash received as collateral. In the event the counterparty to these transactions does not return the loaned securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices to satisfy its client obligations. The Company seeks to mitigate this risk by requiring credit approvals, establishing limits and thresholds for credit exposure, and continually assessing the creditworthiness of the counterparties. Additionally, the Company monitors the value of securities loaned daily and requires additional cash collateral as needed to ensure full collateralization. The Company applies the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for securities borrowed related receivables.

The Company deposits cash and pledges US Treasuries as collateral securing the loans in the customers' accounts in bank accounts and safekeeping accounts that are managed by a third-party collateral agent for the benefit of the customer. The collateral set aside in relation to the FPL program as of June 30, 2024, totaled $314.5 million and was classified as securities borrowed in the statement of financial condition. The collateral is composed of $260.1 million in cash and $54.4 million in US Treasuries.

Fractional Share Program

The Company operates a fractional share program for the benefit of its customers and maintains an inventory of equities to support the program.

The Company has determined that fractional shares purchased by customers do not meet the criteria for derecognition under the accounting guidance prescribed within ASC 860 – Transfers and Servicing. Therefore, the Company accounts for fractional shares purchased by customers as secured borrowings with the underlying financial assets pledged to the customers as collateral. The Company recognizes an offsetting liability to reflect the obligation to repurchase the fractional shares from the customers when they decide to sell their positions.

The fractional shares owned by the customers and the Company's obligation to repurchase the shares are presented as equity securities – user-held fractional shares, at fair value and equity securities – repurchase obligations, at fair value, respectively, within the statement of financial condition.

The Company measures the fractional shares owned by customers and the corresponding repurchase obligation at fair value through the election of the fair value option. The Company believes that carrying these financial assets and liabilities at fair value best reflects the underlying economics. The fair value of these financial instruments is determined based on quoted prices in active markets.

Since equities cannot be traded through clearing exchanges and market makers in fractional quantities, the Company purchases whole shares from the market to support its fractional share program. The Company's proprietary inventory is presented within other assets on the statement of financial condition and is measured at fair value in line with guidance prescribed within ASC 940-320-35 – Investments – Debt and Equity Securities.

Other Assets

Other assets are mainly comprised of interest receivable from the sweep program, prepaid expenses, and firm inventory held primarily to support the fractional share program.

FDIC Sweep Program

The Company's FDIC Sweep Program ("sweep program") provides eligible customers with up to $1 million of Federal Deposit Insurance Corporation ("FDIC") insurance on their eligible cash. The sweep program consists of sweeping participating customers' uninvested cash off-balance sheet to various program banks. Cash balances not in the sweep program are subject to the Company's safeguarding prescribed under SEC's Customer Protection Rule §15c3-3.

The Company collects the revenues associated with the sweep program one month in arrears; the associated interest receivable is recorded within other assets in the accompanying statement of financial condition.

Fair Value of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement accounting guidance describes the fair value hierarchy for disclosing assets and liabilities measured at fair value, based on the inputs used to value them. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The fair value hierarchy includes three levels based on the objectivity of the inputs, as follows:

- *Level 1* – inputs are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

- *Level 2* – inputs are quoted prices for similar assets in an active market, quoted prices in markets that are not considered active or financial instruments for which inputs are observable, either directly or indirectly.

- *Level 3* – inputs are prices or valuations that are significant to the fair value measurement and are unobservable.

The Company applies valuation techniques consistent with the market approach for assets measured at fair value on a recurring basis.

Current Expected Credit Losses

The Company follows ASC Topic 326 – Financial Instruments – Credit Losses ("CECL"), which requires the Company to estimate expected credit losses over the life of its financial assets and certain off-balance sheet exposures as of the reporting date based on relevant information about past events, current conditions, and reasonable and supportable forecasts.

CECL applies to financial assets measured at amortized cost, held-to-maturity debt securities and off-balance sheet credit exposures. For on-balance sheet assets, an allowance must be recognized at the origination or purchase of in-scope assets and represents the expected credit losses over the contractual life of those assets.

Expected credit losses on off-balance sheet credit exposures must be estimated over the contractual period the Company is exposed to credit risk as a result of a present obligation to extend credit.

The Company records the estimate of expected credit losses as an allowance for credit losses. For financial assets measured at an amortized cost basis, the allowance for credit losses is reported as a valuation account on the balance sheet that is deducted from the asset's amortized cost basis.

Lease Accounting

The Company is party to an expense sharing arrangement ("ESA") with the Member, as discussed in footnote 6 – related party transactions; whereby the Member allocated a percentage of the overall rent expense to the Company. The Company is not a party to the Member's lease agreement, as such, the Company is not bound by the terms of the lease agreement. Therefore, a right of use asset and lease liability were not recorded.

Securities Transactions

Customer securities transactions are recorded on a settlement-date basis, with such transactions generally settling one business day after the trade. Securities owned by customers are not included in the Company's statement of financial condition.

Stock Based Compensation

Certain stock-based compensation costs, along with other compensation costs, are allocated to the Company for employees of the Member who provide services to the Company, in accordance with the terms outlined in the expense sharing agreement ("ESA"). These stock-based awards are measured by the Member based on the estimated fair value on the date of grant. The fair value of each stock option granted is estimated using the Black-Scholes option-pricing model. Stock-based compensation is recognized on a straight-line basis over the requisite service period, and forfeitures are accounted for as they occur. For further information regarding the ESA, refer to footnote 6 – related party transactions.

Income Taxes

The Company is considered a single-member LLC taxed as a disregarded entity for income tax purposes. The Company is accounted for as a division of the Member and does not file separate income tax returns. As of and for the six-month period ended June 30, 2024, no tax sharing agreement existed between the Company and the Member.

Capital and Liquidity

The Company's ability to meet its capital requirements is dependent on continued financial support from the Member.

The Member has represented its ability and commitment to provide capital contributions to the Company, as needed, for a minimum period of 12 months from the issuance of the statement of financial condition. As of June 30, 2024, the Company has received a total of $63.5 million in capital contributions from the Member.

In December 2023, the Company entered into a revolving loan agreement (the "Revolving Loan") with BMO Bank N.A ("BMO"). The Revolving Loan provides a revolving debt facility of up to $10 million (the "Facility Commitment") at an interest rate of 2.5% plus the greater of (i) the Term Secured Overnight Financing Rate (Term SOFR) plus 0.11448%, (ii) the Federal Funds Target Range - Upper Limit as provided by the Federal Open Market Committee of the Federal Reserve Board, and (iii) 0.25%, as determined on the date of borrowing.

The Revolving Loan also incurs unfunded commitment fees of 0.5% per annum, determined on a daily basis for the amount that the Facility Commitment exceeds the outstanding principal balance and is payable quarterly in arrears. Proceeds from borrowings under the Revolving Loan are required solely to be used to finance customer withdrawals from the Company's Customer Reserve Bank Account, as defined by SEC Rule §15c3-3. The Revolving Loan is an on-demand facility, which allows BMO to demand payment in full at any time in BMO's sole discretion even if Borrower is fully compliant with the Revolving Loan terms. During the six-month period ended June 30, 2024, the Revolving Loan was not utilized.

(3) Receivables from and Payables to Brokers, Dealers, and Clearing Organizations

Receivables from brokers, dealers, and clearing organizations consist of the following as of June 30, 2024 (in thousands):

Receivables from broker-dealers		956
Securities failed to deliver		914
Receivables from clearing organizations		100
Receivables from order flow		26
Total receivables from brokers, dealers, clearing organizations, and clearing agents	$	1,996

Payables to brokers, dealers, and clearing organizations consist of the following as of June 30, 2024 (in thousands):

Payables to clearing organizations	$	2,708
Payables to broker-dealers		750
Securities failed to receive		400
Total receivables from brokers, dealers, clearing organizations, and clearing agents	$	3,858

(4) Securities Borrowed and Loaned

The Company's securities borrowing, and securities lending transactions are transacted under master agreements that are widely used by counterparties and that may allow for net settlements of payments in the normal course, as well as offsetting of all contracts with a given counterparty in the event of a bankruptcy or default of one of the two parties to the transaction. The Company seeks to minimize this risk by continually reviewing the credit quality of its counterparties.

The Company does not offset securities borrowing and securities lending transactions within the statement of financial condition. The following table presents information about these transactions to evaluate the potential effects of rights of offset between these recognized assets and liabilities as of June 30, 2024 (in thousands):

	Gross amounts of assets and liabilities recognized	Gross amounts offset in the statement of financial condition	Net amounts presented in the statement of financial condition	Amounts not offset in the statement of financial condition — Market Value of assets received or pledged	Net amount
Assets:					
Securities borrowed	$ 314,498	$ -	$ 314,498	$ (313,098)	$ 1,400
Liabilities:					
Securities loaned	$ 318,447	$ -	$ 318,447	$ (307,027)	$ 11,420

(5) Financial Assets and Financial Liabilities

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

The table below presents, by level within the fair value hierarchy, financial assets and liabilities that are measured at fair value on a recurring basis in the Company's statement of financial condition as of June 30, 2024 (in thousands):

	Level 1	Level 2	Level 3	Total Fair Value
Assets:				
Equity securities - user-held fractional shares	$ 73,145	$ -	$ -	$ 73,145
Securities borrowed [(1)]	-	54,353	-	54,353
Other assets [(2)]	676	-	-	676
Total assets, measured at fair value	$ 73,821	$ 54,353	$ -	$ 128,174
Liabilities:				
Equity securities – repurchase obligations	$ 73,145	$ -	$ -	$ 73,145
Total liabilities, measured at fair value	$ 73,145	$ -	$ -	$ 73,145

(1) Securities borrowed measured at fair value on a recurring basis include US Treasuries pledged as collateral in relation to the FPL program.

(2) Other assets measured at fair value on a recurring basis include securities owned by the Company.

Financial Assets and Liabilities Not Measured at Fair Value

Certain financial assets and liabilities are not carried at fair value in the statement of financial condition. Due to the short-term nature of these financial assets and liabilities, the fair value approximates the carrying value. These financial assets and liabilities include receivables from and payables to brokers, dealers and clearing organizations, securities borrowed, securities loaned, due to affiliated companies, accrued expenses and other liabilities.

(6) Related Party Transactions

The Company has an Expense Sharing Agreement in place with the Member which requires the allocation of costs and expenses incurred by the Member that are attributable, fully or in part, to the Company. The agreement is termed for one year from its effective date with automatic one-year renewals, unless and until terminated by the Company or the Member. The allocation methodologies are based on time, headcount, nature, and other relevant factors, and because these transactions and the agreement are with an affiliate, they may not be equivalent to those recorded if the Company was not a wholly owned subsidiary of the Member. The Company settles its liability to the Member monthly, one month in arrears. The liability to the Member is presented as due to affiliates in the statement of financial condition.

On March 3, 2023, the Company and the Member entered into a committed line of credit agreement, whereby the Company may borrow up to $20 million for liquidity or working capital needs. The payment terms per the agreement state that repayment shall take place in a period that does not exceed three months from the funding date. The interest rate shall be determined through consultation between the Company and the Member and is to be calculated on a 360-day-year basis. During the six-month period ended June 30, 2024, the committed line of credit was not utilized.

(7) Net Capital Requirement

The Company is subject to the SEC Net Capital Rule (§15c3-1). Under this rule, the Company calculates its net capital requirements using the "alternative method," which requires the maintenance of minimum net capital, as defined by the rules, equal to the greater of $250,000, or 2% of aggregate debit items computed in accordance with the Formula for Determination of Reserve Requirements for Brokers and Dealers (§15c3-3). On June 30, 2024, the Company had net capital of $37.9 million (5,377% of aggregate debit items), which was $37.7 million in excess of its required net capital of $250 thousand.

(8) Commitments and Contingencies

Litigation and Claims

The Company accrues a liability when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In many lawsuits and regulatory proceedings, it is not possible to determine whether a liability has been incurred or to estimate the ultimate or minimum amount of that liability until the matter is close to resolution. In view of the inherent difficulty of predicting the outcome of such matters, the Company cannot determine the probability or estimate what the eventual loss or range of loss related to such matters will be. Subject to the foregoing, the Company continues to assess these matters and believes, in conjunction with consultation with outside counsel, that based on information available to it, that the resolution of these matters will not have a material adverse effect on its statement of financial condition as of June 30, 2024.

The Company is engaged in regulatory matters, including investigations and enforcements, as well as regulatory exams that could result in investigations and enforcement, and routine civil litigation, such as customer arbitrations and reparation proceedings and, from time to time, actions brought by former employees relating to termination of employment.

Pending regulatory investigations and enforcements could ultimately result in a censure and/or fine, and such other civil litigation could result in judgements or settlements for damages and other relief.

While no assurances can be given, the Company does not believe that the ultimate outcome of any such pending regulatory or civil matters will result in a material, adverse effect on the Company's business or financial condition. Hence, no loss amount has been recorded or disclosed in accordance with ASC 450-10 - Contingencies.

General Contingencies and Guarantees

In the ordinary course of business, there are various contingencies that are not reflected in the statement of financial condition. These include customer activities involving the execution, settlement and financing of various customer securities transactions. These activities may expose the Company to off-balance sheet credit risk in the event the customers are unable to fulfill their contractual obligations. In these situations, the Company may be required to purchase or sell financial instruments at unfavorable market prices to satisfy its obligations to customers or counterparties.

The Company provides guarantees to its clearing organizations under their standard membership agreements, which require members to guarantee the performance of other members. Under the agreements, if another member becomes unable to satisfy its obligations to a clearing organization, other members would be required to meet the shortfalls. The Company's liability under these arrangements is not quantifiable and may exceed the cash and securities it has posted as collateral. However, management believes that the possibility of the Company being required to make payments under these arrangements is remote. Accordingly, no liability has been recorded for these potential events.

(9) Subsequent Events

The Company has evaluated events and transactions occurring subsequent to June 30, 2024, as of the date the statement of financial condition is issued. Management believes that no material events have occurred since June 30, 2024, that require recognition or disclosure.