WILSON-DAVIS & CO., INC.
STATEMENT OF FINANCIAL CONDITION
December 31, 2024
(Unaudited)

ASSETS	
Cash and cash equivalents	6,875,683
Cash segregated - customers	21,377,503
Cash segregated - PAB	200,618
Receivables - broker-dealers and clearing organizations	1,321,533
Receivables - customers, net of allowance for doubtful accounts of $15,000	354,196
Trading securities, market value, net	55
Deferred tax asset	4,400
Cash deposits - BDs and Clearing Organizations	3,515,000
Property and equipment, at cost, less accumulated depreciation and amortization of $360,017	6,942
Operating Lease Right to Use Lease Asset	249,515
Other assets	2,766,750
TOTAL ASSETS	36,672,195
LIABILITIES AND STOCKHOLDERS' EQUITY	
LIABILITIES	
Payables to customers	20,020,804
Accounts and payables to officers/directors	831,243
Accounts payable and accrued expenses	1,208,684
Payables - broker-dealers and clearing organizations	15,427
Commissions, payroll and payroll taxes	311,795
Accrued contingent liability	100,000
Subordinated borrowings	1,930,000
Trading account deposit	100,000
Operating lease liability	254,910
Other liabilities	481,393
TOTAL LIABILITIES	25,254,256
STOCKHOLDERS' EQUITY	
Common Stock, $.10 par value, 1,000,000 shares authorized, 410,000 shares issued and outstanding	41,000
Additional paid-in-capital	303,837
Retained earnings	11,073,102
TOTAL STOCKHOLDERS' EQUITY	11,417,939
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	36,672,195

The accompanying notes are an integral part of these financial statements.

WILSON-DAVIS & CO., INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Nature of Business

The Company is a securities broker and dealer, dealing in over-the-counter and listed securities. The Company is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA).

Revenue is derived principally from trading in securities for its own account and for the accounts of customers for which a commission is received.

The Company has operations in Utah, Texas, and Colorado. Transactions for customers are principally in the states where the Company operates, however, some customers are located in other states in which the Company is registered. Principal trading activities are conducted with other broker dealers throughout the United States.

b. Basis of Accounting

Revenues and expenses are recorded on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

c. Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the Company's bank accounts and any highly liquid investments with an initial maturity of three months or less.

d. Trading Securities

Securities held in the Company's trading account and trading securities sold not yet purchased, consist primarily of over-the-counter securities and are valued based upon quoted market prices. The value of securities that are not readily marketable are estimated by management based upon quoted prices, the number of market makers, trading volume and number of shares held. Unrealized gains and losses are reflected in income in the financial statements.

e. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation on property and equipment is provided using accelerated and straight-line methods over expected useful lives of three to seven years.

f. Leases

The Company leases office space under the terms of several operating leases. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

ROU assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses the implicit rate when it is readily determinable. Since the Company's leases do not provide implicit rates, to determine the present value of lease payments, management uses the Company's estimated incremental borrowing rate based on the information available at lease commencement.

g. Income Taxes

The Company utilizes the asset and liability method to account for income taxes. The objective of this method is to establish deferred tax assets and liabilities for the temporary differences between net income for financial reporting basis and the tax basis of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized.

Income tax expense or benefit is provided based upon the financial statement earnings of the Company. The allowance for doubtful accounts is deductible for financial statement purposes, but not for tax purposes.

Depreciation expense is recognized in different periods for tax and financial accounting purposes due to the use of accelerated depreciation methods for income tax purposes. The tax effects of such differences are reported as deferred income taxes in the financial statements.

h. Fair Value of Financial Instruments

FASB ASC 825-10 *Disclosures about Fair Value of Financial Instruments*, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet. FASB ASC 825-10 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements.

The fair value of financial instruments classified as current assets or liabilities, including cash and cash equivalents, receivables, accounts payable and accrued expenses approximate carrying value, principally because of the short maturity of those items.

i. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles and prevailing industry practices requires management to make estimates and assumptions regarding trading securities, depreciation and other matters that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

j. Acquisition

Pursuant to the Broker-Dealer Acquisition Agreement, AtlasClear Holdings purchased 100% of the Company on February 9, 2024.AtlasClear Holdings is a shell company with no operations. Through the acquisition of the Company, and other entities, AtlasClear Holdings will provide specialized clearing and banking services to financial service firms.

2. CASH AND RESTRICTED CASH

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial condition with the total of the same amounts presented in the statements of cash flows.

Cash and cash equivalents	$	6,875,683
Cash segregated in accordance with Federal regulations - Customers		21,377,503
Cash segregated in accordance with Federal regulations - PAB		200,618
Total cash and restricted cash show in the statement of cash flows	$	28,453,804

3. CASH SEGREGATED IN ACCORDANCE WITH FEDERAL REGULATIONS

Wilson-Davis is required by Rule 15c3-3 of the SEC to maintain a cash reserve with respect to customers' transactions and credit balances, on a settlement date basis. Such a reserve is computed weekly using a formula provided by the rule, and the reserve account must be separate from all other bank accounts of Wilson-Davis. The required reserve as of December 31, 2024, was calculated to be $19,801,604. Wilson-Davis had $20,488,117 cash on deposit in the reserve account, which was $686,513 over the amount required. On January 2, 2025, Wilson-Davis withdrew $185,000 from the reserve account in accordance with the rule, which resulted in an excess of $501,513.

Wilson-Davis is required by Rule 15c3-3 of the SEC to maintain a cash reserve with respect to broker-dealer transactions and credit balances. Such a reserve is computed weekly using a formula provided by the rule, and the reserve account must be separate from all other bank accounts of Wilson-Davis. The required reserve as of December 31, 2024, was calculated to be $100,000. Wilson-Davis had $200,618 cash on deposit in the reserve account, which was $100,618 more than the amount required. On January 2, 2025, Wilson-Davis withdrew $618 from the reserve account.

4. RECEIVABLES & PAYABLES WITH BROKER DEALERS AND CLEARING ORGANIZATION

At December 31, 2024, amounts receivable and payable with broker dealers and the clearing organization include:

	Receivables		Payables	
Due from/to clearing organizations, net	$	1,042,908	$	3,159
Fails to deliver and receive		278,625		12,268
Totals	$	1,321,533	$	15,427

No losses were recognized on the receivables from broker dealers or clearing organizations during the six-months ended December 31,2024.

5. CUSTOMER RECEIVABLES AND PAYABLES

Accounts receivable from and payable to customers at December 31, 2024, include cash and margin accounts. Securities owned by customers are held as collateral for any unpaid amounts. Such collateral is not reflected in the financial statements. The Company provides an allowance for doubtful accounts, as needed, for accounts in which collection is uncertain. Management periodically evaluates each account on a case-by-case basis to determine impairment. Accounts that are deemed uncollectible are written off to bed debt expense. Bad debt expense net of bad debt recoveries and trading error adjustments for the six-month period ended December 31, 2024 was $6,346.

6. PROPERTY AND EQUIPMENT

Depreciation expense for the six-month period ending December 31, 2024, was $9,138. The Company's Property and Equipment are summarized by major classifications as follows:

Equipment	$	150,202
Leasehold imrprovements		89,087
Software		85,042
Furniture and fixtures		51,717
		376,048
Les accumulated depreciation and amortization		(369,106)
	$	6,942

7. LINE OF CREDIT

The Company has a $10,000,000 revolving line of credit with a bank. The line of credit provides for interest at the bank's overnight rate plus 1.5% and is secured by the assets of the Company. In addition, the line of credit carries an interest rate of 0.5% on its unused portion. The interest cost was $25,694 for the six-months ended December 31, 2024. The Company did not have an outstanding balance on the line of credit as of December 31, 2024. The line of credit contains certain loan covenants and advances on the line of credit are payable on demand.

8. SUBORDINATED LOAN AGREEMENTS

As of December 31, 2024, the Company had borrowings of $1,930,000 under subordinated loan agreements with former officers and directors of the Company. The borrowing bears interest at a rate of 8.0 % and matures on October 2025. Interest payments on the subordinated borrowings are paid quarterly to the lenders..

The borrowing was approved by FINRA as subordinated debt available in computing net capital under Rule 15c3-1. The debt facility is subordinated to the claims of general creditors and to the extent that the debt facility is required for the Company's continued compliance with minimum net capital requirements, it may not be repaid. FINRA requires more than three months advance notification of intent not to extend the maturity of a subordinated loan agreement.

The subordinated loan agreements have been approved by the Financial Industry Regulatory Authority

(FINRA) and are available for computing net capital under the Securities and Exchange Commission's uniform net capital rule. To the extent that the borrowings are required for compliance with the minimum net capital requirements, they may not be repaid.

9. LEASE COMMITMENTS

The Company has operating lease obligations for office space at its headquarters location and two branch offices. The various leases have the following characteristics:

The Company renewed a three-year operating lease for office space in February 2024, which will expire January 31, 2027. The terms of the agreement call for an annual 3% escalation in rents and one three-year renewal option at market rates.

In December 2023, the Company renewed a 12-month operating lease for office space. The lease commenced January 1, 2024. The terms of the agreement call for a fixed rent payment of $1,100 per month. The lease was not renewed.

The Company entered into a 63-month operating lease for office space in April 2020, which will expire May 31, 2025. The terms of the agreement call for specific annual escalation in rents and two five-year renewal options at market rates. The lease will not be renewed.

Rent expense under the three operating agreements totaling $99,294 was charged to operations during the six-months ended December 31, 2024. The future minimum payments required by the office lease agreements in effect at December 31, 2024:

2025	134,985
2026	113,721
2027	9,477
Total minimum lease payments	258,183
Less interest factor	(1,272)
Total operating lease liability	256,910
Less operating lease liability - current portion	(128,746)
Operating lease liability - long term portion	$ 128,164

The Company adopted ASU No. 2016-02, *Leases* (Topic 842), which requires leases with durations greater than 12 months to be recognized on the statement of financial condition. The Company uses its estimated cost of capital at lease commencement as its interest rate, as the operating leases do not provide readily determinable implicit interest rates.

The following table presents the Company's lease-related assets and liabilities as of December 31, 2024:

Assets:		
Operating leases	Right-of-Use-Asset	249,515
Total		$ 249,515
Liabilities:		
Operating leases	Current portion	128,746
Operating leases	Long-term portion	128,164
Total		$ 256,910
Weighted-average remaining term (years)		1.98
Weighted-average discount rate		4.98%

10. RETIREMENT PLANS

The Company maintains a profit sharing and 401(k) retirement plan. All employees who meet certain age and length of service requirements are eligible to participate in the plan. Participants must work a minimum of 1,000 hours per year and become fully vested after six years of service. The plan allows employees to make elective deferrals and provides for discretionary contributions to be determined by the board of directors. No profit-sharing contributions were made during the six-months ended December 31, 2024.

11. RELATED PARTY TRANSACTIONS

a. Officer and director accounts

At December 31, 2024, the amounts due to former officers and directors consisted of cash balances in security accounts totaling $829,443. Amounts paid or received on these accounts occur in the normal course of business. At December 31, 2024, the amounts due from former officers and directors consisted of fees for trades totaling $5,292.

b. Subordinated borrowings

Nine subordinated loan agreements totaling $1,930,000 are with former officers/directors and investors of the Company.

c. Receivable - Other

At December 31, 2024, the amount due from our parent company, AtlasClear Holdings, was $2,304,244.

12. FAIR VALUE MEASUREMENT

FASB ASC 820 establishes a framework for measuring fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market.

The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2: Observable inputs other than quoted prices included in Level 1 which are observable for asset or liability either directly or indirectly. These inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable inputs for the asset or liability to the extent relevant observable inputs are not available, representing the Company’s own assumption about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Trading Securities — Valued at the bid price reported in the active market in which the individual securities are traded.

Securities sold not yet purchased — Valued at the ask price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Company's assets and liabilities (if any) at fair value as of December 31, 2024:

Assets	Level 1	Level 2	Level 3	Total
Trading securities	$ 55	$ -	$ -	$ 55
Totals	$ 55	$ -	$ -	$ 55

13. RISK MANAGEMENT

Transactions involving financial instruments involve varying degrees of market, credit and operating risk. The Company monitors its exposure to risk on a daily basis.

Market Risk

Market risk is the potential change in value of the financial instrument caused by unfavorable changes in interest rates and equity prices. Management is responsible for reviewing trading positions, exposure limits, profits and losses, and trading strategies. In the normal course of business, the Company purchases, and makes markets in non-investment grade securities. These activities expose the Company to a higher degree of market risk than is associated with investing or trading in investment grade instruments.

Operating Risk

Operating risk focuses on the Company's ability to accumulate, process and communicate information necessary to conduct its daily operations. Deficiencies in technology, financial systems and controls and losses attributable to operational problems all pose potential operating risks. In order to mitigate these risks, the Company has established and maintains an internal control environment which incorporates various control mechanisms throughout the organization. In addition, the Company periodically monitors its technological needs and makes changes as deemed appropriate.

Credit Risk

The Company's transactions with customers and other broker dealers are recorded on a trade date basis and are collateralized by the underlying securities. The Company's exposure to credit risk associated with nonperformance by customers or contra brokers is impacted by volatile or illiquid trading markets. Should either the customers or other broker dealers fail to perform, the Company may be required to complete the transactions at prevailing market prices. The Company manages credit risk by monitoring net exposure to individual counterparties on a regular basis. Historically, reserve requirements arising from instruments with off-balance-sheet risk have not been material.

Receivables and payables with clearing and other broker dealers are generally collateralized by cash deposits. Additional cash deposits are requested when considered necessary by the clearing organization or contra broker dealer.

Customer transactions are primarily entered in cash accounts. The Company maintains a few customer margin accounts which exposes the company to credit and market risks. However, this risk is minimized by the Company requirement that margin accounts must maintain at least a 2:1 ratio of securities to margin obligations.

Concentrations of credit risk that arise from financial instruments (whether on or off-balance sheet) exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet obligations to be similarly affected by economic, industry or geographic factors.

Concentration of Credit Risk

The Company's cash is deposited at one financial institution. Cash accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. At December 31, 2024, the Company had approximately $6,625,683 in excess of the FDIC limit.

14. NET CAPITAL REQUIREMENTS

As a broker-dealer, Wilson-Davis is subject to the uniform net capital rule adopted and administered by the SEC. The rule requires maintenance of minimum net capital and prohibits a broker-dealer from engaging in securities transactions at a time when its net capital falls below minimum requirements, as those terms are defined by the rule. Under the alternative method permitted by this rule, net capital shall not be less than the greater of $250,000 or 2% of aggregate debit items arising from customer transactions, as defined. Also, Wilson-Davis has a minimum requirement based upon the number of securities markets that it maintains. On December 31, 2024, Wilson-Davis's net capital was $10,568,557, which was $10,318,557 in excess of the minimum required.

15. COMMITMENTS AND CONTINGENCIES

On February 27, 2018, an extended hearing panel of the Department of Enforcement of the Financial Industry Regulatory Authority, Inc., Office of Hearing Officers, issued its decision ordering fines aggregating $1.47 million for violations of the applicable short sales and anti-money laundering rules. The Company appealed the decision to the National Adjudicatory Council (NAC). On December 19, 2019 the NAC issued its decision ordering that the fines be reduced by $205,000 to an aggregate $1.265 million. The Company made a timely appeal to the Securities and Exchange Commission (SEC) to hear the case. Pursuant to FINRA Rules, the Company's timely appeal of the decision to the SEC deferred the effectiveness of the findings and sanctions. Due to the disparity in the range of fines of similar cases, the Company believes that the final amount is not reasonably estimable. The Company has booked a contingent liability totaling $100,000 which represents the estimated low end of the possible range of fines.

On December 28, 2023, the SEC issued a ruling affirming the findings of violations and remanding the matter back to FINRA to reconsider the appropriate sanctions in light of the SEC decision.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 15, 2025, the date which the financial statements were available to be issued and has determined there are no subsequent events to be reported.