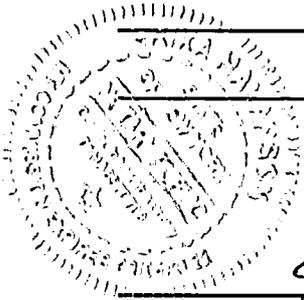


OATH OR AFFIRMATION

I, Boris Khentov, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MTG LLC (dba Betterment Securities) as of December 31, 2018, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None



ERIKA HAKANSON
Notary Public, State of New York
Reg. No. 01HA6370708
Qualified in New York County
Commission Expires 02/05/2022

Erika Hakanson
Notary Public

[Signature]
Signature
Chief Executive Officer
Title

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (e) Statement of Cash Flows
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, or statement, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Other

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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Building a better
working world

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Report of Independent Registered Public Accounting Firm

To the Member and Management of MTG LLC dba Betterment Securities

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of MTG LLC dba Betterment Securities (the Company) as of December 31, 2018 and the related notes (the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at December 31, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Ernst & Young LLP

We have served as the Company's auditor since 2017.

February 26, 2019

MTG LLC dba Betterment Securities
Statement of Financial Condition
December 31, 2018

Assets

Cash	\$	17,326,908
Cash segregated under federal and other regulations		4,000,000
Receivable from Clearing Broker		1,579,851
Receivable from customers		1,014,818
Receivable from affiliate		484,685
Deposits with Clearing Broker		5,003,093
Prepaid expenses		47,740

Total assets

\$ 29,457,095

Liabilities and Member's equity

Liabilities:

Accounts payable and accrued expenses	\$	244,940
Payable to customers		2,594,669
Payable to Parent		146,424
Notes payable to Parent		11,500,000

Total liabilities 14,486,033

Member's equity 14,971,062

Total liabilities and Member's equity

\$ 29,457,095

See accompanying notes to the Statement of Financial Condition

MTG LLC dba Betterment Securities
Notes to the Statement of Financial Condition
December 31, 2018

1. Organization and Nature of Business

MTG LLC dba Betterment Securities (the “Company”), a New York limited liability company, is wholly owned by Betterment Holdings, Inc. (the “Parent”), a privately held Delaware Corporation. On November 19, 2010, Betterment Holdings, Inc. acquired MTG LLC. The Company is an omnibus broker-dealer registered with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). The Company is licensed in 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands and its headquarters are in New York City. The Company currently operates in one reportable business segment which represents principally all of the Company’s operations. The U.S. Dollar is the functional currency of the Company. The Company clears its securities transactions on an omnibus basis through Apex Clearing Corporation (“Apex” or the “Clearing Broker”).

2. Summary of Significant Accounting Policies

Basis of presentation and use of estimates

The accompanying Statement of Financial Condition has been prepared in conformity with accounting principles generally accepted in the United States, which require management to make certain estimates and assumptions that affect the reported amounts in the statement. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Actual results could materially differ from those estimates.

Cash

The Company maintains its cash balances at various financial institutions. These balances are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 subject to certain limitations. At December 31, 2018, the Company held cash balances at two financial institutions, one of which held cash balances for the Company in excess of the FDIC insured limit.

Income taxes

The Company is an entity that is disregarded as separate from its owner for federal, state and local income tax purposes. The Company’s income is allocated directly to its sole member and the Company is not subject to a corporate level of taxation. In New York City, the Company is treated as a disregarded entity for unincorporated business tax (“UBT”) purposes, and the Parent, as a corporation, is not subject to UBT. Accordingly, no provision has been made for income taxes.

Recent accounting pronouncements

New accounting standards not yet adopted

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). ASU 2016-02 requires a lessee to account for leases as finance or operating leases. Both types of leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on its balance sheet. The new guidance will be effective for the Company beginning January 1, 2019, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its financial statements but does not anticipate the impact to be material.

Recently adopted accounting pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue Recognition*, which created ASC 606, *Revenue from Contracts with Customers*, superseding ASC 605, *Revenue Recognition*. ASU 2014-09 requires revenue to be recognized in an amount that reflects the consideration to which the entity expects to receive in exchange for goods or services and requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows from customer contracts. The standard became effective for the Company beginning January 1, 2018. The Company has recognized revenues in accordance with the standard by using the full retrospective transition method. The adoption did not have a material impact on the Company's financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Restricted Cash*, which requires that a statement of cash flows presents the change during the period in the total of cash, cash equivalent, and amounts generally described as restricted cash or restricted cash equivalents. The standard became effective for the Company beginning January 1, 2018. The adoption of this standard did not have a material effect on the Company's financial statements.

3. Cash Segregated and on Deposit for Regulatory Purposes

The Company maintains records of credits payable to customers. Credits payable to customers are either maintained in a sweep program under which cash is held in an account at a bank whose deposits are insured by the FDIC or segregated in a special reserve bank account for the exclusive benefit of customers pursuant to Rule 15c3-3 of the Securities Exchange Act of 1934. The value of the assets maintained in a sweep program is not included on the Statement of Financial Condition.

4. Deposits Held by Clearing Broker and Clearing Organization

Under the terms of the agreement between the Company and the Clearing Broker, the Company is required to maintain a certain amount of cash on deposit to cover any obligations that may arise from the Company. Such clearing deposits are generally retained by the clearing firm for the duration of the clearing arrangement and are generally returned to the correspondent firm, as long as the correspondent firm does not have obligations to the clearing firm that it cannot otherwise satisfy, within a short period after termination of a clearing arrangement. Included in Deposits with Clearing Broker on the Statement of Financial Condition is a \$1,003,093 clearing deposit with the Clearing Broker. In addition to the required deposit, the Company holds \$4,000,000 on account at the Clearing Broker to facilitate cash flows. At December 31, 2018, the Company recorded receivables from the Clearing Broker of \$1,579,851 for cash balances held at the Clearing Broker in the normal course of business.

5. Receivable from Customers and Payable to Customers

At December 31, 2018, the Company recorded Receivables from customers of \$1,014,818 and Payables to customers of \$2,594,669. Receivables from customers primarily result from ACH returns on customer deposits after securities have been purchased, which result in the customer having a negative cash balance in their brokerage account. These receivables are generally resolved by selling the securities and recovering the sale proceeds. Payables to customers are comprised of customer cash balances in their brokerage accounts, which primarily result from dividends received and not yet swept to customer sweep accounts.

6. Related Party Transactions

The Company and the RIA, an SEC registered investment advisor, are affiliated through common ownership. The Company maintains an arrangement with the RIA, amended January 1, 2018 under which the Company will maintain brokerage accounts, execute security transactions, and provide back-office operations and technical support in return for a fixed monthly fee. In addition, the RIA provides certain technology services to the Company. As of December 31, 2018, the RIA owed the Company a net amount of \$484,685 for these services.

The Company and the Parent maintain an administrative service agreement, amended November 7, 2018 under which the Parent provides office space, personnel and technology services to the Company for use in its operations. As of December 31, 2018, the Company owed the Parent \$146,424.

The Company borrows monies from its Parent to satisfy operational cash flow requirements. These loans bear no interest, are not permanent, are not considered capital in accordance with regulatory requirements. As of December 31, 2018, the Company owed \$11,500,000 to the Parent under these loans. On January 3, 2019, the Company renewed and restructured all outstanding loans from the Parent into a single loan of \$11,500,000, to be repaid on January 3, 2020.

7. Regulatory Requirements

As a registered broker-dealer, the Company is subject to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934. Under this provision, the Company elected the Aggregate Indebtedness Standard, which requires that the Company's aggregate indebtedness shall not exceed fifteen times net capital, as defined. As of December 31, 2018, the Company had net capital of \$14,438,637 which was \$13,649,744 in excess of its required net capital of \$788,893. The ratio of aggregate indebtedness to net capital was .82 to 1.

In addition, the Company maintains records of credits payable to customers and performs a weekly computation to identify customer related payables. If the calculation results in a net payable to customer, the Company is required to reserve this amount in a special reserve account. As of December 31, 2018, the Company had a reserve requirement of \$2,652,645 and held \$4,000,000 on deposit in the special reserve account.

8. Control of Securities

The Company maintains control of all fully paid customer securities by holding them in an omnibus account at the Clearing Broker. The Company has instructed the Clearing Broker to maintain physical possession or control of all fully paid customer securities carried in the account free of any charge or lien. The value of such assets is not included on the Statement of Financial Condition.

9. Financial Instruments with Off-Balance Sheet Credit Risk

In the normal course of business, the Company's customer activities involve the execution, settlement and financing of various customer securities. These activities may expose the Company to off-balance sheet credit risk in the event a customer is unable to fulfill its contracted obligations. The Company is therefore exposed to risk of loss on these transactions in the event of a contra party being unable to meet the terms of their contracts, which may require the Company to purchase or sell financial instruments at prevailing market prices.

10. Contingencies

The Company is subject to various legal proceedings, claims and regulatory matters that may arise in the ordinary course of business. The Company also has been and may in the future be the subject of one or more regulatory or self-regulatory organization inquiries, examinations or enforcement actions. As a result, the Company incurs or may incur expenses related to regulatory matters, including penalties and fines.

11. Subsequent Events

Management has evaluated the impact of all subsequent events through the date the financial statements were available to be issued and has determined that there were no subsequent events, not otherwise reported in this Statement of Financial Condition or the notes thereto, requiring disclosure.