

Statement of Financial Condition
(With Report of Independent Certified Public
Accountants Thereon)

Motley Fool Wealth Management, LLC

(A Wholly Owned Subsidiary of The Motley Fool Holdings, Inc.)

(SEC File No. 801-77616)

September 30, 2021

Motley Fool Wealth Management, LLC
(A Wholly Owned Subsidiary of The Motley Fool Holdings, Inc.)

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Independent Auditors' Report

To the Management and Board of Managers of
Motley Fool Wealth Management, LLC

We have audited the accompanying statement of financial condition of Motley Fool Wealth Management, LLC (a Delaware limited liability company) as of September 30, 2021, and the related notes.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Motley Fool Wealth Management, LLC as of September 30, 2021, in accordance with accounting principles generally accepted in the United States of America.



Tysons, Virginia
December 13, 2021

Motley Fool Wealth Management, LLC
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Statement of Financial Condition

September 30, 2021

ASSETS

Cash and cash equivalents	\$	104,220
Marketable equity securities, at fair value		3,435,054
Accounts receivable		1,555,377
Prepaid expenses and other current assets		188,929
Property and equipment, net		<u>535,055</u>

Total Assets	\$	<u>5,818,635</u>
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LIABILITIES AND MEMBER'S EQUITY

LIABILITIES

Accounts payable	\$	41,728
Accrued expenses		115,393
Accrued payroll, benefits and taxes		<u>443,920</u>

Total Liabilities		<u>601,041</u>
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COMMITMENTS AND CONTINGENCIES

MEMBER'S EQUITY

Member's Equity		<u>5,217,594</u>
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Total Member's Equity		<u>5,217,594</u>
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Total Liabilities and Member's Equity	\$	<u>5,818,635</u>
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Motley Fool Wealth Management, LLC

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Notes to Statement of Financial Condition

September 30, 2021

NOTE A—ORGANIZATION AND NATURE OF OPERATIONS

Motley Fool Wealth Management, LLC (the Company) was formed on January 3, 2013, and is a wholly owned subsidiary of The Motley Fool Holdings, Inc. (TMFHI).

The Company is a registered investment advisor with the Securities and Exchange Commission (SEC). The Company offers financial advisory services including providing investing advice, financial planning and managing assets on behalf of individual investors. The Company provides these services through a variety of online tools and direct interaction with customers, some of which are currently provided in conjunction with subscriptions to services provided by an affiliate corporation, The Motley Fool, LLC (TMF), another wholly owned subsidiary of TMFHI.

TMF is a provider of financial education and independent advice intended to help consumers make better financial decisions.

The Company and the affiliated entities are headquartered in Alexandria, Virginia.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the statement of financial condition in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual results could differ from those estimates.

Cash and Cash Equivalents

As of September 30, 2021, cash and cash equivalents consisted of money market accounts totaling \$104,220. The Company considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents. Cash held in banks periodically exceeds the Federal Deposit Insurance Corporation's (FDIC) insurance coverage of \$250,000, and as a result, there is a concentration of credit risk related to amounts in excess of FDIC insurance coverage.

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Notes to Statement of Financial Condition

September 30, 2021

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Fair Value Measurements

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset occurs in the principal market for the asset or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1** - inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2** - inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly
- Level 3** - inputs that are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability

The Company's investments consist of equity securities traded in active markets and thus has classified the related fair value estimates as Level 1.

Concentrations of Credit Risk

Weak market performance may adversely affect the Company's investment offerings and cause potential purchasers of these offerings to refrain from new or additional investments, and may cause current investors to withdraw from the market or reduce their rates of ongoing investment. Poor market performance may affect the value of the assets under management in clients' managed accounts. Changes in the regulatory environment may also adversely affect the Company's investment offerings. Because of the significance of the Company's investment assets to member's equity, these factors could impact the financial condition of the Company.

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Notes to Statement of Financial Condition

September 30, 2021

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents, investments and accounts receivable. The Company's cash transactions are processed through a reputable commercial bank. As of September 30, 2021, the Company has not incurred losses related to cash and cash equivalents. The Company's investments are in a variety of equity securities and, by policy, the Company limits its credit exposure through diversification and by restricting its investments to highly rated securities. Accounts receivable consist primarily of balances due for advisory fees collected by the brokerage firm that serves as custodian for the Company's managed accounts.

Income Taxes

The Company is a Delaware single-member limited liability company and is a "disregarded" entity under the Internal Revenue Code for tax purposes and, as such, is not directly subject to federal income taxes and most state income taxes. Instead, the participating member includes the Company's taxable income or loss, tax deductions and credits on its income tax return. The Company's share of current and deferred income tax expense (benefit) is allocated as if the Company filed on a stand-alone basis. See Note G for further discussion on related party transactions.

The Company recognizes the financial statement benefit of an income tax position only after determining that the relevant taxing authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statement is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. The Company applies the uncertain tax position guidance to all tax positions in the tax returns filed, as well as any un-filed tax positions. The Company has chosen to treat interest and penalties related to unrecognized tax benefits as income tax expense and as an increase to the income tax liability. Based on Company's evaluation as of September 30, 2021, there have been no uncertain tax positions identified and as such no penalties or interest have been recognized.

The Company is subject to U.S., state and local tax examinations by tax authorities for all tax years since formation in 2013. For returns that have been filed, the statute of limitations would be three to four years depending on the jurisdiction. The Company is not currently under examination by any taxing authorities.

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Notes to Statement of Financial Condition

September 30, 2021

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Subsequent Events

The Company has evaluated the statement of financial condition for subsequent events through December 13, 2021, the date the statement of financial condition was available to be issued. The Company is not aware of any subsequent events which would require additional recognition or disclosure in the statement of financial condition.

NOTE C—MARKETABLE EQUITY SECURITIES, AT FAIR VALUE

The Company investments consist of marketable equity securities. Marketable securities are reported in the statement of financial condition at fair value. Fair values are determined as the last reported sales price on the valuation date. The unrealized gains and losses are recorded in income in the period to which they relate. Realized gains and losses are determined using the specific identification method and are recorded in income on the trade date. Dividends are recorded as income on the ex-dividend date and interest is recorded on the accrual basis.

The Company held \$3,435,054 of marketable equity securities at September 30, 2021. The marketable securities have a cost basis of \$2,558,655 and are presented inclusive of unrealized gains of \$875,916 on the statement of financial condition. The marketable securities also include \$340,140 of cash in money market funds, \$829 in dividend receivables, and \$346 in accrued interest designated for future investment as of September 30, 2021.

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September 30, 2021

NOTE D—ACCOUNTS RECEIVABLE

As of September 30, 2021, the Company's accounts receivable included \$1,555,377 for advisory fees collected by the custodian for its managed accounts, Interactive Brokers, LLC (IB). The advisory fees for a given month are calculated daily, then collected by IB from client accounts and remitted to the Company, typically within the first five business days of the following month. Accounts receivable are written off when they are determined to be uncollectible. Any allowance for doubtful accounts is estimated based on the Company's historical losses, existing conditions in the industry, and the financial stability of the individual that owes the receivable. No allowance for uncollected accounts is considered necessary.

NOTE E—CLEARING AGREEMENT

For separately managed accounts (SMA), the Company establishes a direct brokerage relationship with clients. Direct brokerage transactions are cleared with and for customers on a fully-disclosed basis with (IB). Client SMA funds and securities are maintained by IB.

NOTE F—DEFINED CONTRIBUTION PLAN

The Company participates in a defined contribution retirement plan covering all eligible full-time employees. The plan is sponsored and administered by TMFHI through The Motley Fool Holdings, Inc. 401K Plan. TMFHI's Board of Directors determines the contributions made by the Company annually. As of September 30, 2021, the Company had \$31,441 in contributions payable that is included as part of accrued payroll, benefits and taxes in the statement of financial condition.

NOTE G—RELATED PARTY TRANSACTIONS

The Company is dependent upon continued financial support from its parent and sole member, TMFHI. TMFHI has agreed to provide such support to the extent necessary to fund the

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Notes to Statement of Financial Condition—Continued

September 30, 2019

NOTE G—RELATED PARTY TRANSACTIONS—Continued

Company's operations. Funds are advanced from time to time by TMFHI and its subsidiaries to the Company for funding the Company's operations.

The Company generates certain income and incurs certain expenses based on transactions with TMFHI and affiliates. Those transactions or transaction types are described below:

Certain fee income generated by the Company results from management fee income allocated from TMFHI and affiliates for services rendered by the Company to the customers of the affiliates.

TMFHI and its affiliates incur certain general and administrative expenses such as rent, legal services, insurance, and employee benefits on behalf of the Company. TMFHI and its affiliates allocate such common costs based primarily on an estimate of the percentage of these costs from TMFHI and affiliates that are attributable to the efforts to support the Company based on Management's judgement. Management believes that the method used to allocate the costs and expenses is reasonable; however, such allocated amounts may or may not necessarily be indicative of what actual expenses would have been incurred had the Company operated independently of TMFHI.

As of September 30, 2021, funds advanced from TMFHI to the Company, together with allocations of management fee income and general and administrative expenses, amounted to a balance due to the Company from TMFHI. The parties have agreed these advances do not require repayment and there is no intention to repay such amounts. The Company accounts for net advances made to TMFHI in accordance with ASC 310, *Receivables*, which requires that advances made to principal owners be treated as a reduction of member's equity when the entity does not intend to pursue collection or when the advance is not likely to be repaid. Accordingly, the Company has classified cumulative advances as a reduction of member's equity as of September 30, 2021.

NOTE H—CONTINGENCIES

The Company is subject to lawsuits, investigations, and claims arising out of the ordinary course of business. In the opinion of legal counsel and management, resolution of these matters, if disposed of unfavorably, will not have a material adverse effect on the Company's statement of financial condition. The Company intends to defend itself vigorously in these matters.