MDB CAPITAL
(SEC I.D. No 8-49951)

STATEMENT OF FINANCIAL CONDITION
AS OF JUNE 30, 2024
(UNAUDITED)

MDB Capital
14135 Midway Road, Suite G-150
Addison, Texas 75001

Member, Securities Investor Protection Corporation ("SIPC")

MDB CAPITAL

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STATEMENT OF FINANCIAL CONDITION

(UNAUDITED)

June 30, 2024

ASSETS		
Cash and cash equivalents	$	4,130,827
Cash segregated in compliance with regulations		2,978,914
Investment securities, at fair value		8,255,657
Clearing deposits		514,921
Fixed assets		101,803
Deferred costs		83,081
Prepaid expenses and other assets		116,190
Total assets	$	16,181,393
LIABILITIES AND MEMBERS' EQUITY		
Accounts payable and accrued expenses	$	66,798
Payables to customers		974,934
Payables to non-customers		986,412
Notes payable		6,244,632
Due to affiliates, net		3,577,871
Total liabilities		11,850,647
Commitment and Contingencies		
Members' equity		4,330,746
Total liabilities and members' equity	$	16,181,393

Notes to Financial Statements
For the six months ended June 30, 2024
(unaudited)

1. Organization and Description of Business

MDB Capital, a dba of Public Ventures, LLC, a Texas limited liability company ("MDB Capital" or the "Company") is an investment banking and brokerage firm. As of June 30, 2024, Public Ventures, LLC is wholly owned by MDB Capital Holdings, LLC, a Delaware limited liability company.

MDB Capital was launched in California in 1997 as MDB Capital Group, LLC, re-domiciled in Texas as a Texas LLC in 2016, and renamed to Public Ventures, LLC in 2022. In 2024, the "dba" of "MDB Capital" was established. MDB Capital is a U.S. registered broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is a member of the Financial Industry Regulatory Authority ("FINRA"), and the Texas State Securities Board. MDB Capital is a limited liability company whose managers are Messers. Christopher A. Marlett and Anthony DiGiandomenico.

MDB Capital executes and clears securities transactions for customers. Accordingly, the Company carries securities accounts for customers and is subject to the requirements of Rule 15c3-3 under the Exchange Act (the "Customer Protection Rule") pertaining to the possession or control of customer-owned assets and reserve requirements. The Company is also subject to the requirements of Rule 15c3-1 under the Exchange Act (the "Uniform Net Capital Rule").

MDB Capital also operates on a fully disclosed basis with a nonrelated FINRA member firm, Interactive Brokers, LLC ("Interactive Brokers"), and is not required to maintain a clearing deposit. Interactive Brokers is the clearing firm and custodian of certain of MDB Capital's investments.

Recent Transactions

In February 2021, MDB Capital applied to FINRA to add self-clearing as a line of business and received approval November 2021. In September 2023, MDB Capital became a member of the Depository Trust Corporation (DTC) and the National Securities Clearing Corporation (NSCC). MDB Capital has established self-clearing capabilities to enhance its investment banking business with both issuer and investor clients with the focus of creating a service where investment securities are issued, traded and cleared. In January 2024, the Company began self-clearing for customers.

2. Summary of Significant Accounting Policies

Use of Estimates

The accompanying of financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, as well as the disclosure of contingent assets and liabilities. Some of those judgments can be subjective and complex, and therefore, actual results could differ materially from those estimates under different assumptions or conditions. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable in relation to the financial statements taken as a whole under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Management regularly evaluates the key factors and assumptions used to develop the estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such evaluations, if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates. Significant estimates include those related to assumptions used in the valuation of investment securities, accruals for potential liabilities, and the realization of any deferred tax assets.

Cash and Cash Equivalents

The Company considers highly liquid investments with original maturities or remaining maturities upon purchase of three months or less to be cash equivalents. At June 30, 2024, the Company held $4,130,827 of unsegregated cash and no cash equivalents.

The Company's membership agreement with the DTC requires that we maintain a line of credit with our settlement bank in the amount $2,000,000, to be drawn down upon as needed for self-clearing operations. The Company has established a line of credit with its settlement bank, Lakeside Bank, which is collateralized by a $2,000,000 deposit of cash at Lakeside. The collateral amount may be withdrawn, but the availability of the line of credit is dependent upon the maintenance of such compensating balance, and is included in cash and cash equivalents on the Statement of Financial Condition.

Cash – Segregated for Regulatory Purposes

As a result of customer activities, the Company is obligated by rules mandated by its primary regulator to set aside cash to satisfy such regulations, which have been promulgated to protect customer assets. Restricted cash represents cash and cash equivalents that are subject to withdrawal or usage restrictions. Cash segregated for regulatory purposes meets the definition of restricted cash. At June 30, 2024, cash segregated for regulatory purposes was approximately $2,979,000.

At June 24, 2024, the Company had approximately $5,248,000 of unsegregated and segregated cash in financial institutions in excess of FDIC insured limits. The Company periodically reviews the financial condition of the financial institutions and assesses the credit risk of such investments. There have been no credit risk losses in 2024.

Investment Securities

The Company strategically invests funds in early-stage technology companies, equity securities, and options and warrants of publicly traded and privately held companies. The Company classifies investment securities as: investment securities, at fair value, or investment securities, at cost less impairment.

Investment securities, at fair value are comprised of equity investments are reported at fair value with changes in fair value recognized in the statement of operations. Purchases and sales of equity securities, consisting of common stock and warrants to purchase common stock, are recorded based on the respective market price quotations on the trade date and for warrants to purchase commons stocks were valued using Black-Scholes model adjusted for market activity of underlying public traded financial instruments. Realized gains and losses on investments represent the net gains and losses on investments sold during the period based on the average cost method. The changes in the fair value of investments during the period are recorded on the statement of operations as unrealized gain or losses.

Warrants to purchase common stocks were valued using Black-Scholes model adjusted for market activity of underlying publicly traded financial instruments. The warrants were categorized in level 2 and level 3 of the fair value hierarchy.

Investment securities, at cost less impairment are comprised of equity securities without a readily determinable fair value and tradable money market funds. The Company has elected to apply the measurement alternative of cost minus impairment, if any, plus or minus changes resulting from observable price changes. The Company will reassess whether such an investment qualifies for the measurement alternative at each reporting period. In evaluating an investment for impairment or observable price changes, we will use inputs including recent financing events, as well as other available information regarding the investee's historical and forecasted performance. The Company has assessed this investment and determined that impairment was warranted.

Investment securities are as follows:

		June 30, 2024
Investment securities, at fair value:		
Common stock of publicly traded companies (listed)	$	2,799,577
Money market funds		1,960,195
Warrants for common stock of public traded companies		3,485,867
Investment securities, at fair value	$	8,245,639

Fair Value of Financial Instruments

Fair value is defined as 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. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The Company determines the fair value of its financial instruments based on a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Observable inputs such as quoted prices in active markets for an identical asset or liability that the Company has the ability to access as of the measurement date. Financial assets and liabilities utilizing Level 1 inputs include certain investment securities and securities sold and not yet purchased.

Level 2 - Inputs, other than quoted prices included within Level 1, which are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 - Unobservable inputs in which there is little or no market data for the asset or liability which requires the reporting entity to develop its own assumptions. The Company categorizes its investment securities in non-public companies and investment securities - common stock warrants within Level 3 of the fair value hierarchy.

The Company's financial instruments primarily consist of cash, investment securities, accounts payable and accrued expenses. As of the statement of financial condition date, investment securities are required to be recorded at fair value with the change in fair value during the period being recorded as an unrealized gain or loss.

A description of the valuation techniques applied to the Company's major categories of assets and liabilities measured at fair value on a recurring basis is as follows:

Investment securities, at fair value: These securities are valued based on quoted prices from the exchange or other trading platform. To the extent these securities are actively traded, valuation adjustments are not applied, and they are categorized in level 1 of the fair value hierarchy. Warrants to purchase common stocks were valued using Black-Scholes model adjusted for market activity of underlying publicly traded financial instruments. The warrants were categorized in level 2 of the fair value hierarchy.

A description of the valuation techniques applied to the Company's other financial assets and liabilities is as follows:

Investment securities, at cost less impairment: Non-public equity securities are valued based on the initial investment, less impairment. Since these securities are not actively traded, we will apply valuation adjustments when they become available, and they are categorized in level 3 of the fair value hierarchy since there are no significant unobservable inputs. The Company determined that a full impairment of such securities held at the year ended June 30, 2024 was warranted.

The following table sets forth the fair value of the Company's investment securities measured at fair value on a recurring basis as of June 30, 2024:

Assets	Classification	Level 1	Level 2	Level 3	Total
Investment securities at fair value	Common stock	$ 2,799,577	$ -	$ -	$ 2,799,577
Investment securities at fair value	Money market	1,970,213	-	-	1,970,213
Investment securities at fair value	Warrants	-	6,948	3,478,919	3,485,867
Total assets measured at fair value		$ 4,769,790	$ 6,948	$ 3,478,919	$ 8,255,657

During the six months ended June 30, 2024, the Company did not have any transfers between Level 1, Level 2, or Level 3 of the fair value hierarchy.

Revenue Recognition

The Company generates revenue primarily from providing investment banking and brokerage services through MDB Capital for the six months ended June 30, 2024.

Investment banking revenues consist of private placement fees. Fees from private placements are recognized in revenues upon completion of the underlying transaction on the terms of the engagement.

Brokerage revenues consist of (i) trade-based commission income from executed trade orders, (ii) net realized gains and losses from proprietary trades, and (iii) other income consisting primarily of stock loan income earned on customer accounts and clearing fees. MDB Capital recognizes revenue from trade-based commissions and other income when performance obligations are satisfied through the transfer of control, as specified in the contract, of promised services to the customers of MDB Capital. Commissions are recognized on a trade date basis. MDB Capital believes that each executed trade order represents a single performance obligation that is fulfilled on the trade date because that is when the underlying financial instrument is identified, the pricing is agreed upon, and the risks and rewards of ownership have been transferred to/from the customer. When another party is involved in transferring a good or service to a customer, MDB Capital assesses whether revenue is presented based on the gross consideration received from customers (principal) or net of amounts paid to a third party (agent). MDB Capital has determined that it is acting as the principal as the provider of the brokerage services and therefore records this revenue on a gross basis. Clearing, custody and trade administration fees incurred from Interactive Brokers, the Company's clearing firm, are recorded effective as of the trade date. The costs are treated as fulfillment costs and are recorded in operating expenses in the statement of operations.

Brokerage revenue is measured by the transaction price, which is defined as the amount of consideration that MDB Capital expects to receive in exchange for services to customers. The transaction price is adjusted for estimates of known or expected variable consideration based upon the individual contract terms. Variable consideration is recorded as a reduction to revenue based on amounts that MDB Capital expects to refund back to the customer. There were no variable considerations for the six months ended June 30, 2024.

Investment banking revenues consist of public offering and private placement fees. The Company generally does not incur costs to obtain contracts with customers that are eligible for deferral or receive fees prior to recognizing revenue related to investment banking transactions, and therefore, as of June 30, 2024, the Company did not have any contract assets or liabilities related to these revenues on its Statement of Financial Condition. During the six months ended June 30, 2024, all of its investment banking revenue was from one customer.

Private placement fees are related to non-underwritten transactions such as private placements of equity securities, private investments in public equity, Rule 144A private offerings and trust preferred securities offerings and are recorded on the closing date of the transaction. Client reimbursements for costs associated for private placement fees are recorded gross within Investment banking and various expense captions, excluding compensation. The Company typically receives payments on private placements transactions at the completion of the contract. The Company views the majority of placement fees as a single performance obligation that is satisfied when the transaction is complete and the revenue is recognized at that point in time.

Taxes and regulatory fees assessed by a government authority or agency that are both imposed on and concurrent with a specified revenue-producing transaction, which are collected by MDB Capital from a customer, are excluded from revenue and recorded against general and administrative expenses.

MDB Capital does not incur any costs to obtain contracts with customers for revenues that are eligible for deferral or receive fees prior to recognizing revenue, and therefore as June 30, 2024 MDB Capital did not have any contract assets or liabilities related to these revenues in its balance sheet.

Income taxes

MDB Capital was formed as a limited liability company and has elected to be treated as a corporation for Federal Tax purposes in January 2022. A provision for Federal income taxes is included in these financial statements.

We account for income taxes using the asset and liability method, under which we would recognize the amount of taxes payable or refundable for the current year and deferred tax assets and liabilities for the future tax consequences of events that have been recognized in our financial statements or tax returns. We measure current and deferred tax assets and liabilities based on provisions of enacted tax law. We evaluate the realization of our deferred tax assets based on all available evidence and establish a valuation allowance to reduce deferred tax assets when it is more likely than not that they will not be realized.

Tax benefits from an uncertain tax position are recognized only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical meritsof the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate resolution.

The Company's practice is to recognize interest and penalties related to income tax matters in income tax expense. As of June 30, 2024, there was no accrued interest or penalties related to uncertain tax positions.

3. Recently Issued Accounting Pronouncements

There were no recently announced accounting pronouncements that were considered impactful to the Company.

4. Concentration of Credit Risk

MDB Capital is engaged in various brokerage activities in which counter parties primarily include broker dealers, banks, and other financial institutions. In the event counter parties do not fulfill their obligations, MDB Capital may be exposed to risk. The risk of default depends on the creditworthiness of the counter party or issuer of the instrument. It is MDB Capital's policy to review,as necessary, the credit standing of each counter party.

Financial instruments which potentially subject to the Company's concentrations of credit risk consist primarily of cash, cash equivalents, restricted cash, and grant receivables. The Company's cash is deposited in accounts at large financial institution. The Company believes it is not exposed to significant credit risk due to the financial strength of the depository institutions in which the cash is held.

5. Prepaid and Other Expenses

The Company has prepaid and other expenses totaling $116,190 at June 30, 2024 consisting of acquired intangible assets totaling $43,500, prepaid accounting, regulatory and other expenses totaling $54,969, and receivables totaling $17,721.

The Company deferred expenses related to investment banking activity totaling $83,081 that were paid during the six months ending June 30, 2024 and are expected to be reimbursed in Q3 2024.

6. Related party transactions

Members of MDB Capital Holdings, LLC also own MDB Capital S.A. (formerly known as PatentVest S.A.), which provides outsourced administrative services to the Company's Nicaragua office. During the six months ended June 30, 2024 the Company, through its affiliated companies, paid MDB Capital S.A. $344,032, of which $278,249 is included on the Statement of Operations under Compensation and $65,783 is included under Operating Expense, Related Party.

The Company has an expense sharing arrangement with its affiliated companies, MDB CG Management Company and PatentVest, Inc. (its "Affiliates"), both of which are also wholly owned subsidiaries of MDB Capital Holdings, LLC. A focus of this arrangement is the sharing of certain employees, with such employee costs divided between the companies in an amount pro rata to the effort supplied, and also include certain other operating expenses paid on behalf of the Company by its Affiliates. Sharing arrangements for facility expenses are on a month-to-month basis. Conversely, the Company pays certain operating expenses on behalf of its Affiliates for which it is reimbursed. Amounts remaining unsettled at June 30, 2024 are recorded on a net basis as Due To Affiliates. In the six months ended June 30, 2024, the Company reimbursed its Affiliates a total of $2,122,522 and was reimbursed a total of $68,055 for expenses it had paid on behalf of its Affiliates.

The activities of the Company include significant transactions with related parties and may not necessarily be indicative of the conditions that would have existed if the Company had operated as an unaffiliated business.

The Company previously into subordinated loan agreements with its parent company totaling $5.9 million through as of June 30, 2024. During the six months ended June 30, 2024, the Company entered into and subsequently repaid a subordinated loan with its parent company in the amount of $6,000,000. The Company reported interest for these loans in the amount of $276,250 for the six months ended June 30, 2024. These loans mature in Q3 and Q4 2024, and can be extended for an additional one-year period.

7. Commitments and Contingencies

Net Capital Requirement

MDB Capital is subject to the uniform net capital rule (SEC Rule 15c3-1) of the Securities and Exchange Commission, which requires both the maintenance of minimum net capital and the maintenance of maximum ratio of aggregate indebtedness to net capital. At June 30, 2024, MDB Capital had net capital of $6,012,368 which was $5,762,368 in excess of the minimum of $250,000 required.

The Company entered into two subordinated loan agreements with its Parent company totaling $5,900,000. This amount, together with $344,632 of accrued interest payable, is subordinated to other liabilities of the Company, and is considered members' equity for calculating net capital, and is not included in aggregate indebtedness.

The Company's ratio of aggregate indebtedness of $5,606,016 to net capital was 0.93 to 1 compared to the maximum 15 to 1 allowable ratio of a broker dealer. Minimum net capital is based upon the greater of the statutory minimum net capital of $250,000 or 2% of aggregate customer debits, which was calculated as $0 at June 24, 2024.

To comply with to DTC membership requirements, the Company has committed to maintain at least $5,000,000 of net capital in excess of the $250,000 minimum.

Clearing Deposits

The Company is obligated to maintain security deposits with the DTC and NSCC. At June 30, 2024, these deposits totaled $514,921.

Cash Reserve

The Company is obligated to maintain custody of customer and non-customer securities and safeguard customer and non-customer cash by segregating these assets from the Company's proprietary business activities, and promptly deliver to their owner upon request. At June 30, 2024, the Company had $2,978,914 of segregated cash consisting of funds held in reserve for customers and non-customers.

Line of Credit

The Company's membership agreement with the DTC requires that we maintain a line of credit with our settlement bank in the amount $2,000,000, to be drawn down upon as needed for self-clearing operations. The Company has established a line of credit with its settlement bank, Lakeside Bank, which is collateralized by a $2,000,000 deposit of cash at Lakeside. The collateral amount may be withdrawn, but the availability of the line of credit is dependent upon the maintenance of such compensating balance and is included in cash and cash equivalents on the Statement of Financial Condition.

Indemnification Provisions

MDB Capital has agreed to indemnify its clearing brokers for losses that the clearing brokers may sustain from the accounts of customers. Should a customer not fulfill its obligation on a transaction, MDB Capital may be required to buy or sell securities at prevailing market prices in the future on behalf of its customer. MDB Capital's indemnification obligations to its clearing brokers have no maximum amount. All unsettled trades at June 30, 2024 have subsequently settled with no resulting material liability to MDB Capital. For the six months ended June 30, 2024, MDB Capital had no material loss due to counterparty failure, and had no obligations outstanding under the indemnification arrangement as of June 30, 2024.

8. Subsequent Events

As required by FASB ASC Topic 855, "Subsequent Events", the Company has evaluated subsequent events for adjustment to or disclosure in its statement of financial condition through the date the statement of financial condition was issued. On August 14, 2024, the Company entered into a new subordinated loan agreement with its parent company in the amount of $7,300,000 for a term of three years.

Except as disclosed above, no other recordable or disclosable events occurred.