Interchange Clearing LLC

STATEMENT OF FINANCIAL CONDITION

JUNE 30, 2025

(Unaudited)

Interchange Clearing LLC

STATEMENT OF FINANCIAL CONDITION
June 30, 2025

ASSETS	
Cash	$ 5,585,102
Other assets	13,621
Total assets	$ 5,598,723
LIABILITIES AND MEMBER'S EQUITY	
Total liabilities	-
Member's equity	5,598,723
Total liabilities and member's equity	$ 5,598,723

See notes to financial statements.

INTERCHANGE CLEARING LLC
(A Wholly Owned Subsidiary of Interchange Financial Technologies Inc.)

NOTES TO STATEMENT OF FINANCIAL CONDITION
AS OF JUNE 30, 2025

1. **Organization and Nature of Operations**

Interchange Clearing LLC (the “Company”) was organized in the State of Delaware on June 25, 2024, as a limited liability company. The Company is a wholly owned subsidiary of Interchange Financial Technologies Inc. (the “Parent”). The Company, together with the Parent, are developing modern securities clearing & custody infrastructure solutions for broker-dealers, investment advisers, and other financial institutions.

The Company is a clearing broker-dealer registered with the Securities and Exchange Commission (“SEC”), is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”), and Securities Investor Protection Corporation (“SIPC”).

2. **Summary of Significant Accounting Policies**

Basis of Presentation

The Company’s statement of financial condition has been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The Accounting Standards Codification, or ASC, established by the Financial Accounting Standards Board, or FASB, is the source of authoritative U.S. GAAP to be applied by nongovernmental entities.

Cash and Cash Equivalents

The Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business. The Company has cash deposit accounts with financial institutions in which the balances may exceed the Federal Deposit Insurance Corporation (“FDIC”) insured limit. The Company has not experienced any losses in such accounts and management believes it is not exposed to any significant risk.

Other Assets

Other assets include prepaid expenses and other receivables.

Current Expected Credit Losses

In June 2016, the FASB issued ASU 2016-13, Financial Instruments–Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which amends several aspects of the measurement of credit losses on financial instruments, including replacing the existing incurred credit loss model and other models with the Current Expected Credit Losses (“CECL”) model and amending certain aspects of accounting for purchased financial assets with deterioration in credit quality since origination. The new standard is effective for fiscal years beginning after December 15, 2022. Expected credit losses, on receivables will be measured based on historical experience, current conditions and forecasts that affect the collectability of the reported amount. The Company has completed its analysis as of December 31, 2024, related to the above noted financial assets within the scope of (ASC) 326 and identified no material current expected credit loss to be recorded.

Leases

The Company recognizes leases in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 842. The guidance requires public business entities to recognize a right-of-use asset and a lease liability in the statement of financial condition. The Company had no operational or finance leases as of June 30, 2025.

Income Taxes

The Company is organized in the State of Delaware as a single member limited liability company ("LLC"). A single member LLC is treated as a disregarded entity for federal and state income tax purposes and is not required to file a separate federal or state income tax return. Accordingly, no provision for federal income taxes has been made in these financial statements because the single member is individually responsible for reporting income or loss based upon the Company's reported income and expenses for income tax purposes.

FASB ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year.

Use of Estimates

The preparation of statement of financial condition in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the statement of financial condition, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash. The associated risk of concentration for cash is mitigated by having deposits with credit worthy institutions. At certain times, amounts on deposit exceed federal insurance limits. As of June 30, 2025, the amount held on deposit was $5,335,030 in excess of federal deposit insurance limits. Management does not consider any credit risk associated with this asset to be significant.

Recently Adopted Accounting Pronouncements

There are no recently issued accounting pronouncements that would materially impact the Company's statement of financial condition and related disclosures for the six months ended June 30, 2025.

3. Regulatory Requirements

The Company is subject to the SEC Uniform Net Capital (Rule 15c3-1 of the Exchange Act). Under this rule, the Company has elected to operate under the alternate method and is required to maintain minimum net capital of $250,000 or 2% of aggregate debit balances arising from client transactions, as defined. On June 30, 2025, the Company had net capital of $5,585,084 which was $5,335,084 in excess of the required net capital requirement of $250,000.

The Company, as a clearing broker, is subject to SEC Customer Protection Rule (Rule 15c3-3 of the Exchange Act) which requires segregation of funds in a special reserve account for the benefit of customers. At June 30, 2025, the Company had no deposit requirement.

4. Commitments and Contingencies

In the normal course of business, the Company is subject to lawsuits, arbitration, claims, and other legal proceedings in connection with its business. Management is of the opinion that the Company has no material contingencies to any matter where additional accrual or disclosures would be required on the statement of financial condition as of June 30, 2025.

5. Related Party Transactions

The Company has an Intercompany Intellectual Property License and Services Agreement with its Parent. The Parent performs various services and incurs various expenses of the Company. These services and expenses include compensation and benefits, professional fees, software services, and other expenses. At June 30 ,2025, there was a no payable owed to the Parent.

6. Subsequent Events

The Company has evaluated if there were any material events that require subsequent disclosures and have determined there were no items that needed to be disclosed.

* * * * * *