
Aspiration Financial, LLC

**Report Pursuant to Rule 17a-5(d)
Unaudited Financial Statements**

As of and For the Six month Period from January 1, 2023 to June 30, 2023

Aspiration Financial, LLC

Financial Statement

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Aspiration Financial, LLC

Statement of Financial Condition
June 30, 2023

ASSETS

Cash	\$ 1,959,234
Cash - exclusive benefit of customers	1,950,000
Interest receivable	616,641
Fees receivable	1,186,348
Due from customers	841,008
Other assets	<u>1,312,616</u>

TOTAL ASSETS

\$ 7,865,847

LIABILITIES AND MEMBER'S EQUITY

LIABILITIES

Accounts payable and accrued expenses	\$ 1,404,791
Due to parent	145,464
Deferred revenue	353,757
Payable to customers	<u>1,305,661</u>

TOTAL LIABILITIES

3,209,673

MEMBER'S EQUITY

4,656,174

TOTAL LIABILITIES AND MEMBER'S EQUITY

\$ 7,865,847

The accompanying notes are an integral part of this financial statement.

Aspiration Financial, LLC

Notes to Financial Statement
For the Six month Period January 1, 2023 to June 30, 2023

1. Organization and Nature of Business

Aspiration Financial, LLC (the Company), is a wholly owned subsidiary of Aspiration Partners, Inc. The Company is a registered Broker Dealer pursuant to section 15(b) of the Securities Exchange Act of 1934. The Company is registered with the Securities and Exchange Commission ("SEC" or "Commission"). The Company is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). The Company's primary operations consist of maintaining sweep deposit accounts and a bank sweep program pursuant to SEC rule 15c3-3.

On August 18, 2021, Aspiration entered into an agreement and plan of merger by and among InterPrivate III Financial Partners Inc. ("InterPrivate III"), InterPrivate III Merger Sub Inc., a wholly owned subsidiary of InterPrivate III ("Merger Sub"), and InterPrivate III Merger Sub II LLC, a wholly owned subsidiary of InterPrivate III ("Merger Sub II") (as it may be amended and/or restated from time to time, the "Merger Agreement"). The Merger Agreement and the transactions contemplated thereby were unanimously approved by our board of directors on August 18, 2021. Subject to the satisfaction or waiver of certain closing conditions set forth in the Merger Agreement, including the approval of the Merger Agreement and the transactions contemplated thereby by Aspiration's and InterPrivate III's stockholders, Merger Sub will merge with and into Aspiration with Aspiration surviving the merger as a wholly owned subsidiary of InterPrivate III (the "First Merger") and, immediately following the First Merger and as part of the same overall transaction as the First Merger, the surviving corporation will merge with and into Merger Sub II with Merger Sub II surviving the merger. The transactions contemplated by the Merger Agreement are referred to as the "Business Combination." In connection with the consummation of the Business Combination (the "Closing"), InterPrivate III will be renamed and is referred to herein as "New Aspiration" as of the time following such change of name.

2. Summary of Significant Accounting Policies

a) Accounting Policies

The Company follows the accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets U.S. generally accepted accounting principles ("GAAP") that the Company follows to ensure consistent reporting of the financial statements.

b) Cash and Cash Equivalents and Concentrations of Credit Risk

The Company considers money market funds and all investments purchased with an original maturity of three months or less to be cash equivalents. The Company's cash is held at financial institutions which are insured by the Federal Deposit Insurance Corporation and at times may exceed federally insured limits. The Company has not experienced losses in such accounts and believes it is not subject to any significant credit risk on cash.

The Company is subject to the SEC Customer Protection Rule (Rule 15c3-3). Cash segregated and on deposit for regulatory purposes consists of cash deposits in a special reserve bank account for the exclusive benefit of customers.

c) Revenue Recognition

Interest income is accrued as earned. Interest income is generated primarily from deposits in the firm's qualified bank sweep program. Interest is paid daily on cash balances included in the sweep program and monthly on the Company's operating accounts. The Company accrues a liability for the portion of the sweep interest that is payable to the customers at the end of the month, and the Company recognizes the balance as their own interest income.

Interchange and international fee income represents revenues from electronic transactions made by customers in the Company's cash management program. Merchants who accept debit card, ACH, or ATM transactions are charged a fee by the servicing organization ("Galileo"). The Company shares a portion of this fee with Galileo. Income is accrued for transactions as they occur, and are usually collected the next day from Galileo, or two days later from Galileo.

Bank fees consist of account fees charged to the Company's customers. The customers make an election on how much they wish to pay the Company, based on their perceived value of the services. This program is called the "Pay What Is Fair" (PWIF) program. The payment is at the customer's discretion and can be modified at any time. The Company recognizes PWIF revenue monthly when collected from customers. Uncollected balances are not accrued, as they usually result from overdrawn or closed accounts.

Program revenues are premium services offered to customers under the cash management program. Customers who opt into the programs have the option of paying a monthly fee or an annual program fee for the premium services. Under the program, the customers receive special reporting on their environmental profile based on their spending, higher interest rates on their cash balances, and participation in a carbon credit program to offset their carbon footprint. The Company recognizes these revenues monthly on the anniversary day the customer signed up. As of June 30, 2023, the Company recorded deferred revenue of \$353,757 for the unearned portions of the annual premium service subscriptions.

Aspiration Financial, LLC

Notes to Financial Statement
For the Six month Period January 1, 2023 to June 30, 2023

d) Income Taxes

The Company is organized as a limited liability company and treated as a disregarded entity for U.S. income tax purposes and has no federal tax liability. State tax liabilities are determined under individual state laws. The Company's income is included in the federal and state consolidated income tax returns of its Parent.

FASB Accounting Standards Codification (ASC) Topic 740-10, Income Taxes (ASC 740-10) 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 by applicable tax authority based upon technical merits of the position. Tax benefits from tax positions not deemed to meet the more-likely-than-not threshold should not be recognized in the year of determination. Management has reviewed the Company's tax positions for all open years and concluded that the Company has no material uncertain tax positions through December 31, 2022. Furthermore, as of December 31, 2022 the Company has recorded no liability for net unrecognized tax benefits relating to uncertain tax positions they have taken or expect to take in future tax returns. The Company has not recorded any penalties and/or interest related to uncertain tax positions.

e) Receivable from and Payable to Customers

Receivable from and payable to customers arise primarily from the Company's operations of cash management accounts for customers. Receivables from customers consist primarily of customer overdrafts receivable. Payable to customers consist primarily of unsettled amounts in transit.

f) Use of Estimates

The preparation of financial statements in conformity with GAAP generally 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.

3. Contingent Liabilities

The Company is a party to legal and regulatory actions relating to customers' accounts and regulatory requirements as a normal part of carrying on its business. Management is of the opinion that resolution of these matters will not have a material adverse effect on the Company's financial condition or continuing operations.

4. Indemnifications

In the normal course of its business, the Company indemnifies and guarantees certain service providers against specified potential losses in connection with their acting as an agent of, or providing services to, the Company. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

The Company provides representations and warranties to counterparties in connection with a variety of commercial transactions and occasionally indemnifies them against potential losses caused by the breach of those representations and warranties. The Company may also provide standard indemnifications to some counterparties to protect them in the event additional taxes are owed or payments are withheld, due either to a change in or adverse application of certain tax laws. These indemnifications generally are standard contractual terms and are entered into in the normal course of business. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

5. Related Party Transactions

The Company has entered into an expense sharing arrangement with its Parent and incurs a monthly allocation of rent, wages and overhead costs. Total costs allocated to the Company during the first six months of 2023 were \$5,214,181. This allocation was determined based upon the square footage needed by the Company to operate and the utilization of employee personnel to effectively manage the activities of the Company. As of June 30, 2023 the intercompany balance to the Parent was \$145,464, which is reported on the statement of financial condition.

The Company earns quarterly PWIF "Pay What is Fair" fees for servicing two affiliated funds. During the period from January 1, 2023 through June 30, 2023 the total fees earned were \$1,584,419.

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Notes to Financial Statement
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6. Net Capital Requirement

The Company is subject to the Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. Rule 15c3-1 requires that the Company maintain minimum net capital, as defined, of the greater of 2% of aggregate debits in the customer reserve formula, or \$250,000. As of June 30, 2023, the Company had net capital of \$2,502,550, which was \$2,252,550 in excess of its required net capital of \$250,000.

7. Subsequent Events

The Company has evaluated events and transactions subsequent to the statement of financial condition date for items requiring recording or disclosure in the financial statements. The evaluation was performed through the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events or transactions which took place that would have a material impact on its financial statements.