FINANCIAL STATEMENTS

THE QL PLUS PROGRAM

FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022

THE QL PLUS PROGRAM

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The QL Plus Program
McLean, Virginia

Opinion

We have audited the accompanying financial statements of The QL Plus Program (the Organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Freedman

November 21, 2023

THE QL PLUS PROGRAM

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

ASSETS

	2023	2022
ASSETS		
Cash and cash equivalents	$ 173,604	$ 151,917
Investments	1,928,513	2,174,886
Grants, contributions and other receivables	10,345	161,602
Loan receivable	239,512	249,715
Prepaid expenses	15,589	28,219
Property and equipment, net of accumulated depreciation and amortization of $12,364	11,123	14,642
TOTAL ASSETS	**$ 2,378,686**	**$ 2,780,981**

LIABILITIES AND NET ASSETS

	2023	2022
LIABILITIES		
Accounts payable and accrued liabilities	$ 52,131	$ 65,545
NET ASSETS		
Without donor restrictions	2,267,650	2,715,436
With donor restrictions	58,905	-
Total net assets	2,326,555	2,715,436
TOTAL LIABILITIES AND NET ASSETS	**$ 2,378,686**	**$ 2,780,981**

THE QL PLUS PROGRAM

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants and contributions	$ 120,663	$ 122,200	$ 242,863	$ 108,775
Investment income (loss), net	187,869	-	187,869	(437,753)
Interest on loan receivable	9,009	-	9,009	10,963
Other revenue	-	-	-	1,385
Net assets released from donor restrictions	63,295	(63,295)	-	-
Total support and revenue	380,836	58,905	439,741	(316,630)
EXPENSES				
Program Services	538,192	-	538,192	489,511
Supporting Services:				
General and Administrative	167,253	-	167,253	191,859
Fundraising	123,177	-	123,177	102,745
Total supporting services	290,430	-	290,430	294,604
Total expenses	828,622	-	828,622	784,115
Change in net assets before other item	(447,786)	58,905	(388,881)	(1,100,745)
OTHER ITEM				
Forgiveness of debt	-	-	-	132,530
Change in net assets	(447,786)	58,905	(388,881)	(968,215)
Net assets at beginning of year	2,715,436	-	2,715,436	3,683,651
NET ASSETS AT END OF YEAR	**$ 2,267,650**	**$ 58,905**	**$ 2,326,555**	**$ 2,715,436**

THE QL PLUS PROGRAM

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023					2022
		Supporting Services				
	Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and benefits	$ 411,884	$ 64,165	$ 56,413	$ 120,578	$ 532,462	$ 501,919
Professional fees	2,344	91,401	61,300	152,701	155,045	155,537
Travel, meals and events	19,670	886	-	886	20,556	16,973
University fees	56,735	-	-	-	56,735	49,900
Materials	20,548	-	-	-	20,548	20,308
Operations	9,173	6,030	3,102	9,132	18,305	12,783
Communications	4,519	2,167	123	2,290	6,809	10,076
Insurance	9,737	2,027	1,360	3,387	13,124	7,814
Business expenses	37	48	394	442	479	1,149
Telephone and utilities	-	-	-	-	-	30
Depreciation and amortization	3,545	529	485	1,014	4,559	7,626
TOTAL	**$ 538,192**	**$ 167,253**	**$ 123,177**	**$ 290,430**	**$ 828,622**	**$ 784,115**

See accompanying notes to financial statements.

THE QL PLUS PROGRAM

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (388,881)	$ (968,215)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	4,559	7,626
Unrealized (gain) loss	(210,141)	508,750
Realized loss (gain)	62,477	(26,996)
Decrease (increase) in:		
Grants, contributions and other receivables	151,257	(15)
Prepaid expenses	12,630	(20,348)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(13,414)	12,071
Net cash used by operating activities	(381,513)	(487,127)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(1,040)	(848)
Purchase of investments	(209,438)	(1,594,754)
Proceeds from sale of investments	603,475	2,053,869
Receipts on loan receivable	10,203	6,104
Maturity of Certificate of Deposit	-	156,042
Net cash provided by investing activities	403,200	620,413
CASH FLOWS FROM FINANCING ACTIVITIES		
Forgiveness of debt	-	(132,530)
Net cash used by financing activities	-	(132,530)
Net increase in cash and cash equivalents	21,687	756
Cash and cash equivalents at beginning of year	151,917	151,161
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 173,604**	**$ 151,917**

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The QL Plus Program (the Organization) is a non-profit organization, incorporated in the Commonwealth of Virginia and located in McLean, Virginia. The Organization's mission is Challenging university STEM students to create innovative technology solutions that improve the quality of life for injured veterans, first responders and others who have served our nation. Funding is derived primarily from contributions and grants.

The Organization has a process by which it identifies injured veterans and others such as first responders (Challengers) who agree to be served by the Organization's program. The Challengers are linked to a team of engineering students at a university that has an agreement with the Organization. The university provides a faculty advisor and the Organization provides a program manager to support the team in the product development process. The Organization has established some dedicated laboratory space at one university, Colorado School of Mines (Mines). For the year ended June 30, 2023, the Organization had engaged with nineteen universities nationwide.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entitie*s. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.

- **Net Assets With Donor Restrictions -** Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding money market funds held with investments.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income (loss), which is presented net of investment expenses paid to external investment advisors in the accompanying Statement of Activities and Change in Net Assets.

Grants, contributions and other receivables -

Grants, contributions and other receivables are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible within one year. Accordingly, an allowance for doubtful accounts has not been established.

Loan receivable -

Loan receivable is recorded at cost less allowances for uncollectable amounts. Interest is recorded when earned. Uncollectable loan receivable amounts are expensed when it is determined collection of the receivable is unlikely.

Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of $1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to seven years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended June 30, 2023 totaled $4,559.

Income taxes -

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation.

Uncertain tax positions -

For the year ended June 30, 2023, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Grants and contributions -

Grants and contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual grant and contribution to determine if the revenue streams follow the contributions rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.*

For grants and contributions qualifying under the contributions rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Grants and contributions qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grants and contributions qualifying as conditional contributions contain a right of return from obligation provision that limits the Organization on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. Most grants from foundations are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional. The Organization recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For grants and contributions treated as conditional contributions, the Organization did not have any unrecognized conditional awards as of June 30, 2023.

Use of estimates -

The preparation of the financial statements 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Organization follows the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

The Organization follows the disclosure provisions of accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820): Disclosure for Investment in Certain Entities that Calculate Net Asset Value Per Share (or Its Equivalent)*. The ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value (NAV) per share practical expedient.

The Organization follows the measurement provisions of Accounting Standards Update (ASU) No. 2009-12, Investments in Certain Entities that Calculate Net Asset per Share (or Its Equivalent). The guidance permits, as a practical expedient, the fair value of investments within its scope to be estimated using the net asset value (NAV) or its equivalent. NAV or its equivalent is the value per share or value of ownership interest in partner's capital, as provided by the fund, whose financial statements are prepared in a manner consistent with measurement principles of an investment company or that have the attributes of an investment company. In many instances, NAV will not equal fair value that would be calculated pursuant to the Fair Value Measurement Topic.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Organization for the year ending June 30, 2024. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Organization plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. INVESTMENTS

Investments consisted of the following as of June 30, 2023:

Asset Class:	
Mutual Funds	$ 543,076
Equity Mutual Funds and Equity Securities	1,251,900
U.S. Bond Mutual Funds	22,756
Real Asset Securities	110,781
TOTAL INVESTMENTS	**$ 1,928,513**

Included in investment income, net are the following:

Interest and dividends	$ 53,967
Unrealized gain	210,141
Realized loss	(62,477)
Investment expenses paid to external investment advisors	(13,762)
TOTAL INVESTMENT INCOME, NET	**$ 187,869**

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used or transfers between levels in the fair value hierarchy during the year ended June 30, 2023.

- *Equity Mutual Funds and Equity Securities*- Valued at the closing price reported on the active market in which the individual securities are traded.

2. INVESTMENTS (Continued)

- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Organization are deemed to be actively traded.

- *Real Asset Securities* - Valued at net asset value (NAV) of units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy and those invested and measured at NAV as a practical expedient as of June 30, 2023 were as follows:

	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Asset Class:					
Mutual Funds	$ 543,076	$ -	$ -	$ -	$ 543,076
Equity Mutual Funds and Equity Securities	1,251,900	-	-	-	1,251,900
U.S. Bond Mutual Funds	22,756	-	-	-	22,756
Real Asset Securities	-	-	-	110,781	110,781
TOTAL	**$ 1,817,732**	**$ -**	**$ -**	**$ 110,781**	**$ 1,928,513**

The following is a summary of the investments valued using NAV as a practical expedient and the related unfunded commitments and redemption restrictions associated with each major category at June 30, 2023:

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Notice Period
Real Asset Securities	**$ 110,781**	**$ -**	**Daily**	**60 days**

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2023:

Computer equipment	$ 1,887
WIP Website design	21,600
Total property and equipment	23,487
Less: Accumulated depreciation and amortization	(12,364)
PROPERTY AND EQUIPMENT, NET	**$ 11,123**

4. LOAN RECEIVABLE

In 2017, the Organization received a donation of vacant land valued at $375,000 that was subsequently sold. As a term of the sale, the Organization signed a loan agreement with the unrelated buyer that is secured by the land for $275,000.

Under the terms of the loan agreement, the buyer was to make monthly payments of $1,313 for a term of five years beginning September 2017; a balloon payment for the remainder balance was due in August 2022. Interest accrued at four percent per annum and there was no penalty for early payment. During the year ended June 30, 2023, interest on the loan receivable totaled $9,009.

In August 2022, the buyer and the Organization refinanced the remaining balance for an additional fifteen years with payments beginning in October 2022. The loan matures on September 1, 2037. The buyer will make monthly payments of $1,840. Interest accrues at four percent per annum and there is no penalty for early payment.

Subsequent to year-end, on August 1st, 2023, the loan was settled in full.

5. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2023:

Subject to Expenditure for Specified Purpose	**$ 58,905**

The following net assets with donor restrictions were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

Purpose Restrictions Accomplished	**$ 63,295**

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	$ 173,604
Investments	1,928,513
Grants, contributions and other receivables	10,345
Loan receivable	239,512
Subtotal financial assets available within one year	2,351,974
Less: Donor restricted funds	(58,905)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ 2,293,069**

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due.

7. DONATED FACILITIES AND SERVICES

During the year ended June 30, 2023, the Organization utilized laboratories at some of its partner universities to conduct program activities.

7. DONATED FACILITIES AND SERVICES (Continued)

The fair value of the use of these facilities has not been recognized as the amounts are impracticable to determine. Additionally, a substantial number of students have donated significant amounts of time to the Organization and its programs. These donated services are not reflected in the financial statements as these services do not meet the criteria for recognition as contributed services.

8. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 21, 2023, the date the financial statements were issued.