

**QUINEBAUG VALLEY COMMUNITY  
COLLEGE FOUNDATION, INC.**

**Independent Auditor's Report**

**June 30, 2023**

QUINEBAUG VALLEY COMMUNITY COLLEGE  
FOUNDATION, INC.

JUNE 30, 2023

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# Shane, Navratil & Co.

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CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. NAVRATIL, CPA  
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To the Board of Directors  
Quinebaug Valley Community College Foundation, Inc.  
742 Upper Maple Street  
Danielson, CT 06239

## **Independent Auditor's Report**

### **Opinion**

We have audited the accompanying financial statements of Quinebaug Valley Community College Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position of June 30, 2023, and the related statements of activities 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 Quinebaug Valley Community College Foundation, Inc., as of June 30, 2023 and the changes in its' net assets and cash flows for the years 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 Quinebaug Valley Community College Foundation, Inc. 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 Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements 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 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 for events considered in the aggregate, that raise substantial doubt about Quinebaug Valley Community College Foundation, Inc. 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.

## Auditor's Responsibilities for the Audit of the Financial Statements

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 Quinebaug Valley Community College Foundation, Inc. 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 Quinebaug Valley Community College Foundation, Inc. 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.

Very truly yours,

A handwritten signature in black ink, appearing to read "Shane Navratil & Co.", with a horizontal line drawn through the middle of the signature.

SHANE, NAVRATIL & CO.  
Certified Public Accountants

Willimantic, Connecticut  
September 12, 2023

QUINEBAUG VALLEY COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 218,671
Investments	5,512,793
Pledges Receivable	39,948
Prepaid Expenses	2,449
<u>Total Current Assets</u>	<u>5,773,861</u>

TOTAL ASSETS \$ 5,773,861

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts Payable	\$ 12,715
Accrued Expenses	2,920
Pledges Payable	8,450
<u>Total Liabilities</u>	<u>24,085</u>

NET ASSETS:

Without donor restrictions	241,708
With donor restrictions	5,508,068
<u>Total Net Assets</u>	<u>5,749,776</u>

TOTAL LIABILITIES AND NET ASSETS \$ 5,773,861

QUINEBAUG VALLEY COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals
<u>REVENUES, GAINS, OTHER SUPPORT AND RECLASSIFICATIONS:</u>			
Contributions	\$ 78,084	\$ 151,386	\$ 229,470
Fundraising	185,810	-	185,810
Investment Income, net	9,361	778,207	787,568
<u>Total Revenue, Gains and Other Support</u>	<u>273,255</u>	<u>929,593</u>	<u>1,202,848</u>
 Net Assets Released from Restrictions	 195,000	 (195,000)	 -
<u>Total Reclassifications</u>	<u>195,000</u>	<u>(195,000)</u>	<u>-</u>
 <u>TOTAL REVENUES, GAINS, OTHER SUPPORT AND RECLASSIFICATIONS</u>	 <u>468,255</u>	 <u>734,593</u>	 <u>1,202,848</u>
 <u>EXPENDITURES:</u>			
Scholarships and Financial Aid	157,010	-	157,010
Fundraising Expenses	90,226	-	90,226
Associate Director Alumni Relation's Salary	49,645	-	49,645
Professional Fees	20,585	-	20,585
Administrative Support Salary	15,710	-	15,710
Employee Benefits	1,393	-	1,393
Administrative	4,427	-	4,427
Payroll Taxes	5,346	-	5,346
Alumni Expenses	330	-	330
Travel & Meetings	4,585	-	4,585
Insurance	3,673	-	3,673
Advertising	2,834	-	2,834
Appreciation & Gift Expenses	5,897	-	5,897
Other Expenses	1,690	-	1,690
 <u>TOTAL EXPENDITURES</u>	 <u>363,351</u>	 <u>-</u>	 <u>363,351</u>
 <u>INCREASE/(DECREASE) IN NET ASSETS</u>	 <u>104,904</u>	 <u>734,593</u>	 <u>839,497</u>
 <u>NET ASSETS - Beginning of Year</u>	 <u>136,804</u>	 <u>4,773,475</u>	 <u>4,910,279</u>
 <u>NET ASSETS - End of Year</u>	 <u>\$ 241,708</u>	 <u>\$ 5,508,068</u>	 <u>\$ 5,749,776</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements

QUINEBAUG VALLEY COMMUNITY COLLEGE FOUNDATION, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 839,497
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Realized/Unrealized Change in Value of Investments	(682,957)
Contributions Restricted for Investment in Endowments	(131,905)
(Increase)/Decrease in:	
Prepaid Expenses	1,334
Pledges Receivable	(580)
(Decrease)/Increase in:	
Accounts Payable	(226,146)
Accrued Expenses	939
Pledges Payable	(6,750)
<u>Total Adjustments</u>	(1,046,065)
<u>Net Cash (Used) by Operating Activities</u>	(206,568)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Investments	(216,291)
Proceeds from Sale of Investments	190,015
<u>Net Cash (Used) by Investing Activities</u>	(26,276)

CASH FLOWS FROM FINANCING ACTIVITIES:

Collections of Contributions Restricted for Investment in Endowments	131,905
<u>Net Cash Provided by Financing Activities</u>	131,905

<u>NET DECREASE IN CASH</u>	(100,939)
<u>CASH - Beginning of Year</u>	319,610
<u>CASH - End of Year</u>	\$ 218,671

Supplemental Disclosures:

Taxes Paid	\$ -
Interest Paid	\$ -

See Accompanying Independent Auditor's Report and Notes to Financial Statements

QUINEBAUG VALLEY COMMUNITY COLLEGE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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(1) ORGANIZATION:

The Quinebaug Valley Community College Foundation, Inc., ("QVCC") a 501(c)(3) organization, was established in 1971 as a way to involve local businesses and community members in the college's fundraising efforts. The mission is to raise funds so that all residents of Northeastern Connecticut are provided the opportunity to attend QVCC regardless of income, to support educational excellence, technological advancement and professional development at the College and to serve as the Regional Advisory Council to the College. The Foundation provides annual support to the college in the form of scholarship/financial aid assistance and block grants.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The Foundation prepares its financial statements on the accrual basis of accounting. Under this basis, revenues are recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

Basis of Presentation:

The financial statements of QVCC have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets without donor restrictions that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Contributions:

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contribution 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, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.



QUINEBAUG VALLEY COMMUNITY COLLEGE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status:

The Foundation is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and similar provisions of the Connecticut Tax Code.

The Foundation regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax-exempt status, unrelated business income, and related matters. It believes that in the event of an examination by taxing authorities, its positions would prevail based upon the technical merits of such positions. Therefore, the Foundation has concluded that no tax benefits or liabilities are required to be recognized.

Investments:

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported in investment return in the statement of activities.

Revenue and Revenue Recognition:

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Revenue is recorded as the amounts are earned or due, pursuant to law or contract.

The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Advertising:

Advertising costs are expensed as incurred.

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See Accompanying Independent Auditor's Report

QUINEBAUG VALLEY COMMUNITY COLLEGE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Concluded)

Contributions Receivable:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

There are no unconditional promises to give as of June 30, 2023 other than the amount in Note 7.

(3) PROPERTY AND EQUIPMENT:

Property and equipment are stated at cost. Depreciation is provided by the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and any resulting gains or losses are included in income.

(4) ENDOWMENTS:

The Foundation has several donor restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors the endowment assets are invested using a diversified asset allocation strategy to avoid incurring a concentration of risk inherent in overinvesting in specific instruments, individual financial institutions or maturities.

The Foundation has a policy of appropriating for distribution each year up to 4.5% of the average of the prior twelve quarters of the fund's total worth as determined by the earnings, dividends, interest and growth as of June 30th.

The composition of the Foundation's endowment net assets as of June 30, 2023 is as follows:

Endowment funds without donor restrictions	\$ -
Endowment funds with donor restrictions	<u>5,508,068</u>
Total	<u>\$ 5,508,068</u>

QUINEBAUG VALLEY COMMUNITY COLLEGE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

(4) ENDOWMENTS: (Continued)

The changes in endowment Net Assets of the Foundation for the year ended June 30, 2023:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total Endowment <u>Net Assets</u>
Endowment net assets, beginning of year	-	4,773,475	4,773,475
Donations	-	151,386	151,386
Investment Return:			
Investment Income	-	137,492	137,492
Investment Fees	-	(36,923)	(36,923)
Net Gains/(Losses)(realized and unrealized)	-	677,638	677,638
Total Investment Return	-	778,207	778,207
Other Adjustments:			
Amounts appropriated for expenditure	-	(195,000)	(195,000)
Total Other Adjustments	-	(195,000)	(195,000)
Endowment net assets, end of year	-	5,508,068	5,508,068

(5) NET ASSETS:

Net Assets with donor restrictions were as follows for the year ended June 30, 2023

Subject to expenditures for specified purpose:

Rhoda Chase Emergency	\$ 5,717
Art Museum Day Trips	5,103
<u>Total</u>	<u>\$ 10,820</u>

Endowments:

Subject to QVCC's endowment spending policy and appropriation:

Scholarships & Financial Aid	\$ <u>5,497,248</u>
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Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors:

QUINEBAUG VALLEY COMMUNITY COLLEGE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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(5) NET ASSETS:(Continued)

Satisfaction of purpose restrictions

Art Museum Day Trips	\$ -0-
Rhoda Chase Emergency	\$ 150

Restricted-purpose spending rate distributions and appropriations:

Scholarships and Financial Aid	<u>\$ 194,850</u>
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(6) DONATED SERVICES:

Volunteers have donated services in carrying out the Foundation's various fundraising and administrative activities. These services were not reflected in the accompanying statement of activities because they do not meet the criteria for recognition under GAAP. Only contributions of services that create or enhance non-financial assets, or that require specialized skills and would need to be purchased if not provided by donation, would be recorded at their fair values when received.

(7) PLEDGES RECEIVABLE – CAPITAL CAMPAIGN:

The Foundation had a Capital Campaign in a previous year to raise funds to furnish and equip the expansion of the college and to increase endowments for student aid. One pledge is in the form of a bequest and has been discounted for the time value of the period of collection. The outstanding pledges at June 30, 2023 are \$39,948.

(8) FAIR VALUES OF FINANCIAL INSTRUMENTS:

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Foundation groups assets at fair value in one level, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. This level is:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of measurement date

The following is a summary of investments as of June 30, 2023:

	<u>Level 1</u>
Fixed Income Funds	\$ 1,780,965
Equity Funds	3,617,250
Money Market	114,578
	<u>\$ 5,512,793</u>

Investments are subject to market gains and declines.

QUINEBAUG VALLEY COMMUNITY COLLEGE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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(9) AVAILABILITY AND LIQUIDITY:

The following represents QVCC's financial assets at June 30, 2023:

Financial assets at year-end:	
Cash and cash equivalents	\$ 218,671
Investments	<u>5,512,793</u>
 Total financial assets	 5,731,464
 Less amounts not available to be used within one year	
Net assets with donor restrictions	5,508,068
Less net assets with purpose restrictions to be met in less than a year	 <u>(190,000)</u>
	<u>5,318,068</u>
 Financial assets available to meet general expenditures over the next twelve months	 <u>\$ 413,396</u>

QVCC's goal is generally to maintain financial assets to meet 45 days of operating expenses. QVCC is dependent on donations.

(10) FUNCTIONAL EXPENSES:

As the mission of the Foundation is to raise money to provide for scholarships and financial aid for the college, the Foundation considers all of its expenditures to be programmatic. The disclosure by natural classification is on the Statement of Activities.

(11) RELATED PARTY TRANSACTIONS:

The Foundation, in the normal course of its' activities, pays for services from organizations which are affiliated with members of its' Board of Directors. The Foundation believes all these compensated services are performed at fair value.

(12) SUPPORT TO COLLEGE:

The Foundation provides financial support to Quinebaug Valley Community College in the form of scholarships and financial aid to students and the college as well as maintaining scholarships that have been provided for through donations. The amount of financial aid and scholarship reimbursement paid to the college was \$128,510 for the year ended June 30, 2023.

QUINEBAUG VALLEY COMMUNITY COLLEGE FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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(13) CONCENTRATION OF CREDIT RISK:

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Foundation maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Foundation's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

(14) CASH AND CASH EQUIVALENTS:

Cash consists of cash deposits with the bank, including certificate of deposits. The Foundation considers all other highly liquid investments, with an original maturity of three months or less when purchased, to be cash equivalents.

(15) SUBSEQUENT EVENTS:

Beginning around March 2020, the COVID-19 virus been declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries have been and continue to be severely impacted as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The members of the board have been carefully monitoring and evaluating its options during this time. No adjustments have been made to these financials statements as a result of this uncertainty.

Subsequent events have been evaluated through September 12, 2023, which is the date the financial statements were available to be issued.

**QUINEBAUG VALLEY COMMUNITY COLLEGE**

**FOUNDATION, INC.**

**Independent Auditor's Report  
on Compliance with Connecticut  
Statutes, Sections 4-37e through 4-37k**

**June 30, 2023**

To the Board of Directors  
Quinebaug Valley Community College Foundation, Inc.  
742 Upper Maple Street  
Danielson, Connecticut 06239

Independent Auditor's Report

We have examined Management's assertions that the Quinebaug Valley Community College Foundation, Inc. complied with Connecticut General Statutes, Sections 4-37e through 4-37k during the period July 1, 2022 through June 30, 2023. Management is responsible for Quinebaug Valley Community College Foundation, Inc.'s compliance with these requirements. Our responsibility is to express an opinion on Quinebaug Valley Community College Foundation, Inc.'s compliance based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Quinebaug Valley Community College Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Quinebaug Valley Community College Foundation, Inc.'s compliance with specified requirements.

In our opinion, the Quinebaug Valley Community College Foundation, Inc. complied with Connecticut General Statutes Sections 4-37e through 4-37k during the period July 1, 2022 through June 30, 2023.

This report is intended solely for the Management and Board of Directors of Quinebaug Valley Community College Foundation, Inc. and the Quinebaug Valley Community College, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Shane Navratil & Co.", written over a horizontal line.

SHANE, NAVRATIL & CO.  
Certified Public Accountants

Willimantic, Connecticut  
September 12, 2023