MOURI TECH LLC

FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021

with

Independent Auditors' Report

MOURI TECH LLC

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Balance Sheets	3
Statements of Income and Members' Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	7

HUSELTON, MORGAN AND MAULTSBY

INDEPENDENT AUDITORS' REPORT

To the Members of
Mouri Tech LLC

Opinion

We have audited the accompanying financial statements of MOURI Tech LLC (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and members' equity, and cash flows for the years 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 Company as of December 31, 2022 and 2021, and the results of its operations and its 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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. 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 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 Company'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 Company'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.

Huselton, Morgan + Maultsby, P.C.

Dallas, Texas
February 19, 2024

MOURI TECH LLC
BALANCE SHEETS
December 31, 2022 and 2021

ASSETS

	2022	2021
Current assets:		
Cash and cash equivalents	$ 6,448,162	$ 3,024,645
Accounts receivable	27,275,261	22,953,069
Note receivable	302,847	167,664
Prepaid expenses and other current assets	83,883	166,210
Total current assets	34,110,153	26,311,588
Intangibles, net	4,496,360	3,110,384
Investments	2,049,444	2,522,000
Property and equipment, net	2,722,924	1,771,732
Deferred tax asset	256,093	-
Total assets	$ 43,634,974	$ 33,715,704

LIABILITIES AND MEMBERS' EQUITY

	2022	2021
Current liabilities:		
Accounts payable	$ 23,311,131	$ 15,324,917
Accrued liabilities	11,009,388	6,494,759
Current portion of notes payable	1,270,458	4,125,143
Income taxes payable	146,450	665,171
Deferred tax liability	-	428,007
Total current liabilities	35,737,427	27,037,997
Notes payable	1,582,014	1,845,887
Total liabilities	37,319,441	28,883,884
Members' equity	6,315,533	4,831,820
Total liabilities and members' equity	$ 43,634,974	$ 33,715,704

See accompanying notes to financial statements.

MOURI TECH LLC
STATEMENTS OF INCOME AND MEMBERS' EQUITY
Years Ended December 31, 2022 and 2021

	2022	2021
Revenues	$ 113,698,496	$ 87,589,099
Cost of revenues	(85,652,497)	(65,236,980)
Gross profit	28,045,999	22,352,119
Operating expenses:		
Payroll	18,636,560	16,856,585
Research and development	1,346,240	-
General and administrative	1,256,727	1,402,113
Insurance	909,194	777,693
Legal and professional	839,358	620,485
Depreciation and amortization	828,780	134,612
Total operating expenses	23,816,859	19,791,488
Income from operations	4,229,140	2,560,631
Other income (expense):		
Gain on loan extinguishment	-	1,999,225
Net investment (loss) gain	(677,556)	1,998,080
Other income	68,023	122,249
Interest income	8,453	8,453
Interest expense	(126,230)	(83,974)
Total other (expense) income	(727,310)	4,044,033
Income before provision for income taxes	3,501,830	6,604,664
Provision for state income taxes	(165,109)	(162,401)
Provision for federal income tax	(523,005)	(937,129)
Net income	2,813,716	5,505,134
Members' equity, beginning of year	4,831,820	3,140,786
Members' distributions	(1,330,003)	(3,814,100)
Members' equity, end of year	$ 6,315,533	$ 4,831,820

See accompanying notes to financial statements.

MOURI TECH LLC
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Net income	$ 2,813,716	$ 5,505,134
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	196,158	81,884
Amortization	632,622	52,728
Unrealized investment loss (gain)	672,556	(1,998,152)
Deferred income taxes	(684,100)	428,007
Revenue offset against previously capitalized software	288,654	-
Gain on loan extinguishment	-	(1,989,325)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(4,457,375)	(10,325,973)
Prepaid expenses and other current assets	82,327	(117,905)
Increase (decrease) in:		
Accounts payable	7,986,214	5,675,073
Accrued liabilities	4,514,629	5,666,053
Income taxes payable	(518,721)	553,096
Net cash provided by operating activities	11,526,680	3,530,620
Cash flows from investing activities:		
Increase in intangibles	(2,307,252)	(3,163,112)
Acquisition of property and equipment	(1,147,350)	(1,711,447)
Contribution of services to investment	(200,000)	
Net cash used by investing activities	(3,654,602)	(4,874,559)

(Continued)

MOURI TECH LLC
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from financing activities:		
Distributions to members	(1,330,003)	(4,294,100)
Proceeds from notes payable	-	5,235,500
Payments on notes payable	(3,118,558)	(398,853)
Net cash (used) provided by financing activities	(4,448,561)	542,547
Net change in cash	3,423,517	(801,392)
Cash and cash equivalents, beginning of year	3,024,645	3,826,037
Cash and cash equivalents, end of year	$ 6,448,162	$ 3,024,645
Supplemental information:		
Interest paid	$ 126,230	$ 83,974
Income taxes paid	$ 1,974,603	$ 1,320,465

See accompanying notes to financial statements.

1. NATURE OF OPERATIONS

MOURI Tech LLC (the "Company") is privately held, headquartered in Irving, Texas and was organized as a limited liability Company under the laws of the state of Texas on March 14, 2005. The Company provides enterprise software solutions, consulting services, custom software products, and software/hardware sales to a global customer base with key verticals including ERPs (SAP, Microsoft, Oracle), digital transformation, data engineering, data science, cloud and infrastructure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Recent Accounting Pronouncements

The Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-02, *Leases*, which supersedes existing guidance for accounting for leases under Topic 840, Leases. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases are classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. ASU 2016-02 is effective for nonpublic entities for years beginning after December 15, 2021. The Company adopted the standard using the modified retrospective approach as of January 1, 2022. The implementation of the new standard did not have a material impact on the financial statements.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expense. Actual results could vary from the estimates that were used for financial reporting purposes.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all cash accounts with original maturities of three months or less to be cash or cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist primarily of customer billings carried at the original invoice amount less any discounts and credit memos and an allowance for doubtful accounts. Management considers receivables to be delinquent and subject to reserve after all reasonable efforts have been made to collect the amount due. Account balances are charged off against the allowance once recovery is considered remote. Management believes its contract acceptance, as well as billing and collection policies are adequate to minimize potential credit risk. In reviewing aged receivables, management considers their knowledge of customers, historical losses, and current economic conditions in establishing the allowance for doubtful accounts. As of December 31, 2022 and 2021, the Company considered accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts was required.

Investments

The Company's investments consist of marketable equity interest and nonmarketable equity interest.

The marketable equity security interest is in a foreign limited partnership. The investment is carried at fair value on the balance sheets based on quoted prices in active markets (level 1 measurements). Changes in fair value are reported as net investment return in the statements of income and changes in members' equity.

The Company obtained a nonmarketable equity investment is in a privately held company, AI Random Trees LLC, for which a fair value is not readily determinable. The Company exchanged services valued at $200,000 for a 15 percent interest of annual gross revenue and gross proceeds following a liquidation event, with no exposure to net profit and loss. The Company measures nonmarketable equity investments at cost less any impairment and adjusts for certain observable price changes. The measurement alternative is a nonrecurring fair value measurement. All gains and losses on nonmarketable equity investments, realized and unrealized, are recognized in net investment income. See Note 7 for further discussion of the fair value measurements for investments.

Intangible Assets

The Company capitalizes certain costs related to developed or modified software for its internal use. The Company capitalizes costs during the application development stage once the preliminary project stage is complete, management authorized and commits to funding the project, and it is probable that the project will be completed, and that the software will be used to perform the intended function. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Capitalized internal use software costs are reflected as intangible assets on the accompanying balance sheets. At times, the company may develop a product for its internal use and later have a change in intent and market the product for revenue generation. In these instances, any proceed received will offset any remaining capitalized costs prior to revenue recognition.

Property and Equipment

Property and equipment are stated at cost. The Company capitalizes assets with useful lives greater than one year and values in excess of $1,000. Depreciation is computed over the estimated useful life of the assets using the straight-line method. The estimated useful lives range from five to thirty-nine years. Maintenance and repairs that do not extend the useful life of an asset are expensed as incurred.

Fair Value of Financial Instruments

The Company's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. Management estimates that the fair value of all financial instruments as of December 31, 2022 and 2021 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company enters into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities. Revenue is not recognized for agreements with rights of return, refundable fees, cancellation rights or acceptance clauses until such rights to return, refund or cancel have expired, or acceptance has occurred.

Revenue from professional services is typically comprised of implementation, managed services, trainings or other consulting services. Consulting services are generally sold on a time-and-materials or fixed fee basis and can include services ranging from software installation to data conversion and building complex interfaces to allow the software to operate in integrated environments. The Company recognizes revenue for time-and-materials arrangements as the services are performed. In fixed fee arrangements, revenue is recognized as services are performed as measured by costs incurred to date, compared to total estimated costs to complete the services project.

Management applies judgment when estimating project status and the costs necessary to complete the services projects. A number of internal and external factors can affect these estimates, including labor rates, utilization and efficiency variances and specification and testing requirement changes. The consulting services range from the initial assessment and planning of a project to the actual implementation and post-implementation of a project, including optimizing a customer's use of its software.

Revenue arrangements through selling follow the same revenue recognition rules as the Company's professional services which are generally recognized when the product is sold to an identified end user provided that all other revenue recognition criteria have been met. The Company is involved in the sale of software and products. These relationships and other technology licenses are subject to periodic renewal and may include minimum sales requirements. There can be no assurance that the licenses will be available on future terms acceptable to management.

Revenue arrangements through reselling follow the same revenue recognition rules as the Company's professional services which are generally recognized when the reseller purchases a product for resale to an identified end user provided that all other revenue recognition criteria have been met. The Company is involved in the resale of software and products. These relationships and other technology licenses are subject to periodic renewal and may include minimum sales requirements. There can be no assurance that the licenses for the third-party technologies will not be terminated, that the licenses will be available on future terms acceptable to management, or that the Company will be able to license third-party software for future products.

Disaggregation of Revenue

Revenue is disaggregated by revenue streams for the years ended December 31, 2022 and 2021 as follows:

	2022	2021
Professional services	$ 112,690,349	$ 85,179,025
Software resells	976,453	2,027,823
Product sales	-	289,780
Product resells	31,694	92,471
Total	$ 113,698,496	$ 87,589,099

Income Taxes

On January 1, 2021, the Company converted from a Subchapter S Corporation ("S Corp") to a C Corporation (" C Corp"). In accordance with IRC regulations, the Company has a limited amount of time to distribute earnings to shareholders when it converts from a S Corp to a C Corp. When that time frame expires, subsequent distributions will be taxable dividends to the Company's shareholders. Once the S Corp has been terminated, the Company will not be able to elect for S Corp status again for five years.

Income tax expense is based on reported income before income taxes. Deferred income tax expense is determined using the asset and liability method prescribed by U.S. GAAP. Under this method, deferred tax assets and liabilities are recognized for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. Such deferred tax assets and liabilities are adjusted, as appropriate, to reflect the statutory tax rates in effect in the year in which the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In determining the need for a valuation allowance, the Company reviews both positive and negative evidence, including current and historical results of operations, future income projections, scheduled reversals of deferred tax amounts, availability of carrybacks, net operating loss carryforward periods and potential tax planning strategies. If and when it is determined that a deferred tax asset will not be realized for its full amount, the Company will recognize and record a valuation allowance with a corresponding charge to earnings. The components of the deferred tax assets and liabilities are netted and classified as noncurrent in the balance sheet.

The provision for state income taxes includes amounts payable to the various states in which the Company operates in the form of margin, franchise and income taxes.

The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company may be subject to interest and penalties assessed by various taxing authorities. These amounts have historically been insignificant and are classified as interest expense or penalties as appropriate.

Management has evaluated the Company's uncertain tax positions and has not identified any material uncertain tax positions that would not be sustained in a federal or state income tax examination. Accordingly, no provision for uncertain tax positions has been made in the accompanying financial statements.

Advertising and Marketing Costs

Advertising and marketing expenses are charged to expense as incurred. Advertising and marketing expenses total $258,974 and $105,658 for the years ended December 31, 2022 and 2021, respectively.

Concentrations

Financial instruments that potentially subject the Company to credit risks primarily consist of cash and cash equivalents and accounts receivable incurred in the normal course of business. The cash balances of the Company are held in financial institutions in the North Texas area. If cash balances exceed the amounts covered by insurance provided by the Federal Deposit Insurance Corporation, the excess balances could be at risk of loss. The amount at risk of loss as of December 31, 2022 totals $5,920,024.

For the year ended December 31, 2022, one customer accounted for approximately 22 percent of revenues earned, and as of December 31, 2022, one customer accounted for approximately 16 percent of accounts receivable. For the year ended December 31, 2021, no customer accounted for more than 10 percent of revenues earned, and as of December 31, 2021, no customer accounted for more than 10 percent of accounts receivable.

3. INCOME TAXES

The components of the income tax provision for the years ended December 31, 2022 and 2021, are as follows:

	2022	2021
Current - state	$ 158,972	$ 153,991
Deferred - state	6,137	8,410
Current - federal	1,207,105	517,532
Deferred - federal	(684,100)	419,597
Income tax expense (benefit)	$ 688,114	$ 1,099,530

For the years ended December 31, 2022 and 2021, the actual income tax benefit differs from the expected tax expense computed by applying the U.S. federal corporate tax rate of 21 percent and various state rates to income before income taxes. These differences are summarized as follows:

	2022	2021
Computed expected tax expense	$ 10,151	$ 1,947,374
Adjustments	179,940	-
Permanent differences	-	(419,837)
Temporary differences	498,023	(428,007)
Income tax expense (benefit)	$ 688,114	$ 1,099,530

The tax effects of significant items comprising deferred tax assets and liabilities as of December 31, 2022 and 2021, are as follows:

	2022	2021
Deferred tax asset (liability):		
R&D expenses capitalized for tax purposes	$ 343,328	$ -
Unrealized gain on investment	(87,235)	(428,007)
Deferred tax asset (liability)	$ 256,093	$ (428,007)

4. NOTES RECEIVABLE

On April 24, 2019, the Company extended an unsecured facility loan in the amount of $142,305 to AI Solve Ltd. The note accrues interest at a rate of nine percent annually. Upon maturity, December 31, 2022, AI Solve Ltd. will either repay all outstanding principal and interest or convert the note into equity interest. As of December 31, 2022 and 2021, accrued interest totals $33,812 and $25,359, respectively. On January 1, 2023, the loan was extended to December 31, 2023.

On March 20, 2022, the Company extended an unsecured facility loan in the amount of $126,730 to Feuji. The advance is noninterest bearing and will be repaid via offsets against invoices due to Feuji by December 31, 2023.

5. INTANGIBLES

The following is a summary of intangibles and related accumulated amortization as of December 31, 2022 and 2021:

	2022	2021
Software products	$ 2,061,876	$ 2,061,876
Software tools	1,101,236	1,101,236
Less: accumulated depreciation	(685,350)	(52,728)
	2,477,762	3,110,384
Software work in progress	2,018,598	-
Total	$ 4,496,360	$ 3,110,384

Amortization expense for the years ended December 31, 2022 and 2021 totals $632,622 and $52,728, respectively.

In 2021, the Company strategically invested material resources to develop internal software products and software tools for its operational needs. Accordingly, these costs were capitalized as intangible assets on the accompanying balance sheets.

6. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment by major classification and related accumulated depreciation as of December 31, 2022 and 2021:

	2022	2021
Office building	$ 1,572,458	$ 1,510,771
Computer equipment	265,950	248,751
Furniture and fixtures	145,252	126,326
Office equipment	42,795	31,810
Vehicle	31,857	-
Less: accumulated depreciation	(442,208)	(252,746)
	1,616,104	1,664,912
Capital work in progress	1,006,820	6,820
Land	100,000	100,000
Total	$ 2,722,924	$ 1,771,732

Depreciation expense for the years ended December 31, 2022 and 2021 totals $196,158 and $134,612, respectively.

In 2022 the Company began to customize their office space in Irving, Texas for $1,000,000. These expenses were capitalized and recorded as capital work in progress.

On January 29, 2021, the Company purchased an office space in Irving, Texas for $1,195,150 and entered into a note payable agreement to finance the office space purchase. See Note 10 for additional discussion.

7. INVESTMENTS

The Company holds 1.41 percent ownership interest in Moschip Semiconductor Technology Limited ("MosChip"). Management intends to hold the investment for long-term purposes and, thus, is classified as a long-term asset on the accompanying balance sheets. No distributions were received from the investment for the years ended December 31, 2022 and 2021. The cost and fair value of the investment is as follows as of December 31, 2022 and 2021:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
MosChip	$ 1,422,358	$ 1,849,444	$ 1,422,358	$ 2,522,000
Total	$ 1,422,358	$ 1,849,444	$ 1,422,358	$ 2,522,000

As of December 31, 2022 and 2021, the non-marketable equity investment has a carrying value of $200,000 and $0, respectively. There was no remeasurement based on observable transactions during the years ended December 31, 2022 and 2021. Determining whether an observed transaction is similar to an investment within our portfolio requires judgment based on the rights and obligations of the investment. Recording upward and downward adjustments to the carrying value of our equity investment as a result of observable price changes requires quantitative assessments of the fair value of our investment using various valuation methodologies and involves the use of estimates.

The following schedule summarizes the net investment return on the accompanying statements of income and changes in members' equity for the years ended December 31, 2022 and 2021:

	2022	2021
Net unrealized investment (loss) gain	$ (677,556)	$ 1,998,080
Total	$ (677,556)	$ 1,998,080

8. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 – Significant other observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following is a description of the valuation methodologies used for the investment measured at fair value on both a recurring and non-recurring basis and recognized in the accompanying balance sheets:

The investment in AI Random Trees, LLC, reported as Level 3 is determined at cost less any impairment and adjusted for certain observable price changes. There was no remeasurement based on observable transactions.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

See Note 1 of the financial statements regarding valuation techniques used to measure fair value of the investment identified in the following table. There have been no changes in valuation techniques used as of December 31, 2022.

The following table sets forth by level, within the fair value hierarchy, the Company's investment at fair value as of December 31, 2022 and 2021:

	Investments at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Investment in MosChip	1,849,444	$ -	$ -	$ 1,849,444
Investment in AI Random Trees	-	-	200,000	200,000
Total	$ 1,849,444	$ -	$ 200,000	$ 2,049,444

	Investments at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Investment in MosChip	$ 2,522,000	$ -	$ -	$ 2,522,000
Total	$ 2,522,000	$ -	$ -	$ 2,522,000

The following table is a reconciliation of nonrecurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs for the year ending December 31, 2022:

	AI Random Trees, LLC
December 31, 2021	$ -
Purchases	200,000
December 31, 2022	$ 200,000

9. LINE OF CREDIT

The Company entered into a demand line of credit ("LOC") with Comerica Bank on August 7, 2019. The LOC provides the Company with a maximum credit facility up to $4,000,000 for working capital needs. The LOC bears interest at the LIBOR rate plus three percent and is secured by all of the Company's assets. Additionally, the members of the Company have personally guaranteed the LOC. The LOC requires the Company to maintain certain procedural and financial covenants. In 2021, the LOC was restructured into a $1,000,000 note payable. See Note 10 for additional discussion.

10. NOTES PAYABLE

Notes payable as of December 31, 2022 and 2021 consist of the following:

	2022	2021
Installment note payable to Comerica Bank totaling $1,000,000, principal and interest payments of $18,510 due monthly, bearing interest at Prime plus 3.00 percent, maturing on November 1, 2025, secured by all assets of the Company.	$ 608,290	$ 795,635
Note payable to Comerica Bank totaling $1,000,000, interest payments due monthly, bearing interest at Prime plus 0.50 percent, due on demand, secured by substantially all assets of the Company.	1,000,000	1,000,000
Notes payable to Shareholders totaling $2,850,000, bearing interest at 2.50 percent, maturing on demand and no later than December 23, 2022, unsecured.	-	2,850,000
Mortgage loan payable to Comerica totaling $1,385,500, with principal and interest payments due monthly, bearing interest at Prime plus 0.50 percent, maturing on August 8, 2026, secured by all assets of the Company.	1,244,182	1,325,395
	2,852,472	5,971,030
Less: notes payable, current	(1,270,458)	(4,125,143)
Total	$ 1,582,014	$ 1,845,887

Aggregate maturities of notes payable as of December 31, 2022 are as follows:

2023	$ 1,270,458
2024	287,494
2025	276,712
2026	1,017,808
2027	-
Thereafter	-
Total	$ 2,852,472

11. CAPITAL STRUCTURE

The Company is organized as a limited liability company and taxed as a C Corporation for federal income tax purposes. The Company's capital structure is composed as follows: 1,000 shares authorized, issued and outstanding with a $1 par value.

12. OPERATING LEASE

The Company leased office space under an operating lease that expired in January 2022. Lease expense for the years ended December 31, 2022 and 2021 totals $3,317 and $114,700, respectively.

13. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company transacts with Mouri Tech PVT, LTD ("Mouri PVT"), a related party, as part of the offsite and offshore development operations. The Company participates in a Shared Services Agreement with Mouri PVT to receive finance, accounting, consulting, and information technology and related services, functions, support, and resources. Expense for consulting and supporting services from Mouri PVT for the years ended December 31, 2022 and 2021 total $46,735,972 and $38,854,975, respectively, and are included in cost of revenues and general and administrative expense on the accompanying statements of income and members' equity. Amounts due to Mouri PVT as of December 31, 2022 and 2021 total $18,454,914 and $13,424,264, respectively, and are included in accounts payable and accrued liabilities on the accompanying balance sheets.

From time to time, the Company transacts with related party entities based in other countries as part of its normal operations. Expenses paid to these related party entities are included in cost of revenues on the statements of income and members' equity. Amounts due to these related parties are included in accounts payable and accrued liabilities on the balance sheets. Expenses paid and amounted due to these related parties are as follows:

- Expenses paid to Mouri Tech Pty, Ltd. (AU) total $5,590 and $254,589 for the years ended December 31, 2022 and 2021, respectively. Amounts due to Mouri Tech Pty, Ltd. (AU) total $260,179 and $391,326 as of December 31, 2022 and 2021, respectively.
- Expenses paid to Mouri Tech gmbH total $48,362 and $22,912 for the years ended December 31, 2022 and 2021, respectively. Amounts due to Mouri Tech gmbH total $32,052 and $36,162 as of December 31, 2022 and 2021, respectively.
- Expenses paid to MOURI Tech Inc. total $208,800 and $570,405 for the years ended December 31, 2022 and 2021, respectively. Amounts due to Mouri Tech Inc. total $465,900 and $412,230 as of December 31, 2022 and 2021, respectively.
- Expenses paid to MOURI Tech, Ltd (UK) total $251,598 and $174,415 for the years ended December 31, 2022 and 2021, respectively. Amounts due to Mouri Tech, Ltd (UK) totals $274,248 and $43,759 as of December 31, 2022 and 2021, respectively.
- Expenses paid to MOURI Tech FZ, LLC total $20,440 and $83,610 for the years ended December 31, 2022 and 2021, respectively. Amounts due to Mouri Tech FZ, LLC totals $72,430 and $83,610 as of December 31, 2022 and 2021, respectively.
- Expenses paid to MOURI Tech Pty Ltd (SA) total $0 and $108 for the years ended December 31, 2022 and 2021, respectively. Amounts due to MOURI Tech Pty Ltd (SA) totals $0 and $108 as of December 31, 2022 and 2021, respectively.
- Amounts due to the Company's members for expense reimbursements totals $109,031 and $0 as of December 31, 2022 and 2021, respectively.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 19, 2024, the date the financial statements were available to be issued.

On April 21, 2023, the Company acquired 100 percent interest in Mouri Tech FZ, LLC, an entity previously wholly owner by the majority shareholder of the Company, for AED 100,000 (approximately $27,226 USD). Mouri Tech FZ, LLC engages in technology consulting operations and was previously owned by two shareholders of the Company. The total purchase price has been allocated to the estimated fair values of the acquired net assets. Fair values were determined by internal studies. The purchase is considered to be a "bargain purchase" and results in a gain.

The following table summarizes the approximate fair value of the identifiable acquired assets and liabilities, and the resulting gain at the date of the business combination.

	April 21, 2023
Cash	$ 87,217
Accounts receivable	119,261
Notes receivable	2,839
Total identifiable assets acquired	209,317
Accounts payable	(19,427)
Net assets acquired	189,890
Gain on acquisition	(162,664)
	$ 27,226

Effective June 29, 2023, the shareholders of the Company agreed to sell 100 percent of the Company to Mouri Tech India. In exchange, the selling shareholders received 0.122 shares of Mouri Tech India for each share of the 1,000 shares owned of Mouri Tech USA.

On January 1, 2024, the maturity date of the note receivable to AI Solve Inc. was extended to December 31, 2024.