

# **Farmers Financial Solutions, LLC**

(A wholly owned subsidiary of FFS Holding, LLC)

## **Statement of Financial Condition**

**December 31, 2022**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

|  |
|--|
| OMB APPROVAL                                       |
| OMB Number: 3235-0123                              |
| Expires: Oct. 31, 2023                             |
| Estimated average burden<br>hours per response: 12 |
| SEC FILE NUMBER                                    |
| 8-52361  |

ANNUAL REPORTS  
FORM X-17A-5  
PART III

FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/22 AND ENDING 12/31/22  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: FARMERS FINANCIAL SOLUTIONS, LLC

TYPE OF REGISTRANT (check all applicable boxes):

- ☒ Broker-dealer ☐ Security-based swap dealer ☐ Major security-based swap participant  
☐ Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

31051 AGOURA ROAD

(No. and Street)

WESTLAKE VILLAGE

CA

91361

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

JOSHUA BORKIN (818) 584-0258

joshua.borkin@farmersinsurance.com

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing\*

MOSS ADAMS, LLP

(Name – if individual, state last, first, and middle name)

999 THIRD AVE, SUITE 2800

SEATTLE

WA

98104

(Address)

(City)

(State)

(Zip Code)

10/16/2003

659

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

FOR OFFICIAL USE ONLY

\* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, JOSHUA BORKIN, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of FARMERS FINANCIAL SOLUTIONS, LLC, as of 12/31, 2022, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

See Attached Certificate

Signature:

Title:

CHIEF FINANCIAL OFFICER

Notary Public

### This filing\*\* contains (check all applicable boxes):

- ☒ (a) Statement of financial condition.
- ☒ (b) Notes to consolidated statement of financial condition.
- ☐ (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- ☐ (d) Statement of cash flows.
- ☐ (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- ☐ (f) Statement of changes in liabilities subordinated to claims of creditors.
- ☐ (g) Notes to consolidated financial statements.
- ☐ (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- ☐ (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- ☐ (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- ☐ (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- ☐ (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- ☐ (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- ☐ (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- ☐ (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- ☐ (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- ☒ (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- ☐ (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☒ (t) Independent public accountant's report based on an examination of the statement of financial condition.
- ☐ (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- ☐ (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- ☐ (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- ☐ (z) Other: \_\_\_\_\_

\*\*To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

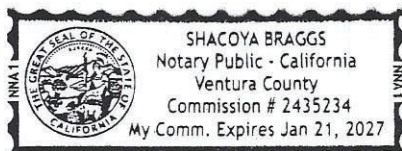
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
 County of Ventura )  
 On 02/20/2023 before me, Shacoya Braggs, Notary Public,  
 Date Here Insert Name and Title of the Officer  
 personally appeared Joshua Alan Borkin  
 Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Shacoya Braggs  
 Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: Securities & Commission Document Date: 02/20/2023  
 Number of Pages: \_\_\_\_\_ Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Individual ☐ Attorney in Fact  
☐ Trustee ☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_  
 Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Individual ☐ Attorney in Fact  
☐ Trustee ☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_  
 Signer Is Representing: \_\_\_\_\_

**Farmers Financial Solutions, LLC**  
(A wholly owned subsidiary of FFS Holding, LLC)  
**Index**  
**December 31, 2022**

---

|  | <b>Page(s)</b> |
|--|----------------|
| <b>Report of Independent Registered Public Accounting Firm .....</b> | <b>1</b>       |
| <b>Financial Statements</b>  |                |
| Statement of Financial Condition .....                               | 2              |
| Notes to Financial Statements .....                                  | 3-8            |



## **Report of Independent Registered Public Accounting Firm**

To the Member and the Board of Directors  
Farmers Financial Solutions, LLC

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Farmers Financial Solutions, LLC (the Company) as of December 31, 2022, that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes (the financial statement). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

Phoenix, Arizona  
February 20, 2023

We have served as the Company's auditor since 2017.

**Farmers Financial Solutions, LLC**  
(A wholly owned subsidiary of FFS Holding, LLC)  
**Statement of Financial Condition**  
**December 31, 2022**

---

**Assets**

|  |    |                          |
|--|----|--------------------------|
| Cash and cash equivalents                            | \$ | 14,775,828               |
| Commissions and fees receivable                      |    | 1,796,680                |
| Commissions and fees receivable from related parties |    | 95,661                   |
| Deposit with clearing broker                         |    | <u>101,394</u>           |
| Total assets   | \$ | <u><u>16,769,563</u></u> |

**Liabilities and Member's Equity**

Liabilities

|                              |    |                  |
|------------------------------|----|------------------|
| Commissions and fees payable | \$ | 1,619,984        |
| Payable to FFS Holding, LLC  |    | <u>1,118,535</u> |
| Total liabilities            |    | <u>2,738,519</u> |

Member's equity

|                       |  |                   |
|-----------------------|--|-------------------|
| Total member's equity |  | <u>14,031,044</u> |
|-----------------------|--|-------------------|

|                                       |    |                          |
|---------------------------------------|----|--------------------------|
| Total liabilities and member's equity | \$ | <u><u>16,769,563</u></u> |
|---------------------------------------|----|--------------------------|

*The accompanying notes are an integral part of these financial statements.*

**Farmers Financial Solutions, LLC**  
(A wholly owned subsidiary of FFS Holding, LLC)  
**Notes to Financial Statements**  
**December 31, 2021**

---

**1. Organization**

**Background**

Farmers Financial Solutions, LLC (the “Company”), a Nevada limited liability company formed on December 21, 1999, is a wholly owned subsidiary of FFS Holding, LLC (the “Parent”). The Parent, in turn, is a wholly owned subsidiary of Mid-Century Insurance Company (“Mid-Century”), which is wholly owned by the Farmers Property and Casualty Companies (the “Farmers P&C Companies”).

The Farmers P&C Companies are comprised of Farmers Insurance Exchange (“FIE”), Fire Insurance Exchange (“Fire”), Truck Insurance Exchange (“Truck”), and their respective insurance subsidiaries. The Farmers P&C Companies’ policies are marketed through its contracted agency force utilizing its trade name and logo, Farmers Insurance Group of Companies®.

Farmers Group, Inc. (“FGI”) is an insurance holding company that provides management services, either directly or indirectly through wholly owned subsidiaries, as attorney-in-fact for certain members of the Farmers P&C Companies. The members of the Farmers P&C Companies are not owned in whole or in part by FGI. FGI is owned by Zurich Insurance Group (“Zurich”), a Swiss company headquartered in Zurich.

**Nature of Operations**

The Company functions as the broker-dealer for the contracted agency force shared by Farmers New World Life (“Farmers Life”), a wholly owned subsidiary of FGI, and the Farmers P&C Companies. The Company acts as a distributor of the Farmers Life variable annuity and life insurance contracts and offers fixed and index annuities, traditional life, and variable life insurance contracts issued primarily by Equitable, Athene, AIG, and Farmers Life as a broker-dealer and insurance agency. The Company also offers mutual funds and 529 savings plans sponsored by various non-affiliates, collectively referred to as “funds”.

The Company is a registered broker-dealer with the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934 and a member of the Financial Industry Regulatory Authority (“FINRA”). FINRA is the Company’s designated self-regulatory organization. In the normal course of business, the Company’s customer activities involve the introduction or transmittal of customers’ applications and funds to product sponsors for execution and settlement. The Company does not hold or maintain funds or securities, nor provide clearing services for customers or other broker-dealer(s). The Company does not carry customer accounts or otherwise hold customer funds. The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 as the firm’s activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(ii) of Rule 15c3-3 and otherwise limits its business activities to effecting securities transactions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and not to the Company.

For transactions not cleared through Quasar, the Company operates as a non-covered firm engaging in business activities consistent with Footnote 74 of SEC Release No. 34-70073 (Footnote 74). On December 31, 2022, the Company terminated its clearing agreement with Quasar.



**Farmers Financial Solutions, LLC**  
(A wholly owned subsidiary of FFS Holding, LLC)  
**Notes to Financial Statements**  
**December 31, 2021**

---

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

**Use of Estimates**

The preparation of the accompanying 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 as of the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash equivalents consist of funds invested in money market accounts and in other investments with original maturities not exceeding three months. The Company maintains its cash and cash equivalents primarily with one high credit quality financial institution. At times, cash balances may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits.

At December 31, 2022, an amount of \$12,780,442 was invested in the Blackrock Liquidity TempFund Institutional Money Market Fund. These funds are available to the Company on demand. This investment is carried at its net asset value, and is classified as a "Level 1" investment, and defined below.

**Fair Value of Financial Assets and Financial Liabilities**

The carrying value of cash and cash equivalents, receivables and payables approximate their fair value as a result of the short-term nature of these balances.

In accordance with the authoritative guidance on fair value measurements and disclosures, the Company discloses the fair value of its investment in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

- |         |   |
|---------|---|
| Level 1 | Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.   |
| Level 2 | Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. |
| Level 3 | Inputs that are derived from valuation techniques in which one or more inputs is unobservable.  |

**Farmers Financial Solutions, LLC**  
(A wholly owned subsidiary of FFS Holding, LLC)  
**Notes to Financial Statements**  
**December 31, 2021**

---

**2. Summary of Significant Accounting Policies (continued)**

**Fair Value of Financial Assets and Financial Liabilities (continued)**

As of December 31, 2022, there were no fair value measurements using Level 2 or Level 3 inputs.

|                    | Level 1       | Level 2 | Level 3 | Total 12/31/2022 |
|--------------------|---------------|---------|---------|------------------|
| Money Market Funds | \$ 12,780,442 | \$ -    | \$ -    | \$ 12,780,442    |

**Deposit with Clearing Broker**

This represents a deposit with the clearing broker of \$101,394 as of December 31, 2022.

**Commissions and Distribution Fees**

The Company recognizes revenue within the scope of FASB Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. The five step revenue model is applied when recognizing revenue: (1) identify the contract with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

All securities transactions for the Company's customers are executed and cleared by other broker-dealers. The Company earns revenue for selling affiliated and unaffiliated mutual funds, fixed and variable annuities, and insurance products. Commissions are recorded on the trade date. The Company believes that the performance obligation is satisfied on the trade date when the underlying financial instrument or purchaser is identified, the pricing is agreed upon by product sponsor and customer, and the risks and rewards of ownership have been transferred to/from the customer. The Company may receive distribution fees paid by the fund up front, over time, upon the investor's exit from the fund (that is, a contingent deferred sales charge), or as a combination thereof. Any fixed amounts are recognized on the trade date and variable amounts are recognized to the extent it is probable that a significant revenue reversal will not occur once the uncertainty is resolved. For variable amounts, as the uncertainty is dependent on the value of the shares at future points in time as well as the length of time the investor remains in the fund, both of which are highly susceptible to factors outside the Company's influence, the Company does not believe that it can overcome this constraint until the market value of the fund and the investor activities are known, which are usually monthly or quarterly. Distribution fees recognized in the current period are primarily related to performance obligations that have been satisfied in prior periods.

**Contract Balances**

The timing of the Company's revenue recognition may differ from the timing of payment by the Company's customers. The Company records a receivable when revenue is recognized prior to payment and has an unconditional right to payment. The Company had receivables related to revenues from contracts with customers of \$2,296,499 at January 1, 2022, and \$1,892,341 at December 31, 2022.

**Farmers Financial Solutions, LLC**  
(A wholly owned subsidiary of FFS Holding, LLC)  
**Notes to Financial Statements**  
**December 31, 2021**

---

**2. Summary of Significant Accounting Policies (continued)**

**Income Taxes**

The Company is a single member limited liability company, which is treated as a disregarded entity for federal income tax purposes. As a result, the Company is effectively treated as a division of the Parent for federal income tax purposes. For the year ended December 31, 2022, the Company has provided for income taxes as if it were a stand-alone taxpayer. However, because the Company is not required to settle any tax liability, benefit or credit resulting from its separate tax position with the Parent, all tax liabilities or receivables accrued by the Company are deemed settled by way of a capital contribution or capital distribution by or to the Parent. For the year ended December 31, 2022, the Company recorded a capital contribution in the amount of \$293,965 related to the settlement of the current year tax provision. There were no deferred tax assets or liabilities as of December 31, 2022. There was no state income tax as the Company is owned by an insurance company which generally does not pay state income taxes. The Company believes that, as of December 31, 2022, it had no material uncertain tax position.

**Recent Accounting Pronouncements**

The Company follows the guidance in FASB ASC 326, *Financial Instruments – Credit Losses*, which requires an organization to measure all expected credit losses for financial assets, including receivables related to revenue from contracts with customers, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The standard requires an entity to estimate its lifetime expected credit loss and record an allowance, that when deducted from the amortized cost basis of the financial asset, presents the net amount expected to be collected on the financial asset.

The Company takes into consideration the composition of the receivables, current economic conditions, the estimated net realizable value of the underlying collateral, historical loss experience, delinquency, and bankrupt accounts when determining management's estimate of probable credit losses and the adequacy of the allowance for credit losses. Any receivables deemed uncollectible are written off against the allowance. The Company did not have receivables related to contracts with customers or financial assets for which an allowance for credit losses was necessary at December 31, 2021, or December 31, 2022.

On December 18, 2019, FASB issued Accounting Standards Update No. 2019-12, *Simplifying the Accounting for Income Taxes* to reduce the cost and complexity in accounting for income taxes in Topic 740. Prospective adoption is required in the first quarter of fiscal 2022 with early adoption permitted, including adoption in an interim period. The Company has elected to not adopt any changes related to Topic 740. Income taxes will be recorded as disclosed in financial statements.

**3. Transactions with Affiliates and FGI**

The Company has entered into an Administrative Service and Expense Sharing Agreement (the "Agreement") with the Parent dated November 27, 2003. The Company reimburses the Parent for costs incurred by the Parent to provide management and administrative services. Total expenses charged to the Company were \$11,495,010 for the year ended December 31, 2022. At December 31, 2022, the Company had accounts payable with the Parent in the amount of \$1,118,535.

**Farmers Financial Solutions, LLC**  
(A wholly owned subsidiary of FFS Holding, LLC)  
**Notes to Financial Statements**  
**December 31, 2021**

---

**3. Transactions with Affiliates and FGI (continued)**

The employees of the Parent assigned to the Company are covered under benefit plans sponsored by FGI. All the compensation and benefit related expenses are allocated to the Company by the Parent.

The Company has entered into a sales agreement with Farmers Life to act as distributors for the sale of variable annuity and variable life insurance contracts issued by Farmers Life. Commission revenue from Farmers Life variable annuity and life insurance contracts totaled \$9,915,397 for the year ended December 31, 2022. Receivables from Farmers Life as of December 31, 2022 were \$95,660.

**4. Commitments and Contingencies**

During the normal course of its operations, the Company may incur additional liabilities due to existing conditions, situations, legal claims, regulatory matters, or circumstances involving uncertainty as to possible loss to the Company that will ultimately be resolved when one or more future events occur or fail to occur. Management accrues for such liabilities to the extent that they are deemed probable and estimable. As of December 31, 2022, management believes that any such items would not have a material or adverse effect on its continuing operations.

**5. Net Capital Requirements**

Under Rule 15c3-1 of the Securities Exchange Act of 1934 (the "Rule"), the Company is required to maintain a minimum net capital amount. The Company has elected to use the alternative method, permitted by the Rule, which requires that the Company maintain minimum net capital, as defined equal to the greater of \$250,000 or 2% of aggregate debit balances arising from customers' transactions, as defined. As the Company does not have aggregate debit balances arising from customers' transactions, the Company's minimum net capital requirement is \$250,000. At December 31, 2022, the Company had net capital of \$13,238,204, which was \$12,988,204 in excess of the amount required.

The Company does not carry customer accounts or otherwise hold customer funds. The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 as the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(ii) of Rule 15c3-3 and otherwise limits its business activities to effecting securities transactions via subscriptions on a subscription way basis where the funds are payable to the issuer or its agent and not to the Company.

For transactions not cleared through Quasar, the Company operates as a non-covered firm engaging in business activities consistent with Footnote 74 of SEC Release No. 34-70073 (Footnote 74).

**6. Subsequent Events**

In preparing the financial statements, management has evaluated transactions and events for potential recognition or disclosures from December 31, 2022 through February 20, 2023. Management has determined that there are no material transactions or events that would require recognition or disclosure in the financial statements through this date.