MARS HILL BROADCASTING CO., INC.

Financial Statements

May 31, 2023 and 2022

FustCharles

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Mars Hill Broadcasting Co., Inc.:

Opinion

We have audited the accompanying financial statements of Mars Hill Broadcasting Co., Inc. (a nonprofit organization), which comprise the statements of financial position as of May 31, 2023 and 2022, and the related statements of activities, functional expenses 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 Mars Hill Broadcasting Co., Inc. as of May 31, 2023 and 2022, and the changes in its net assets 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 (GAAS). 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 Mars Hill Broadcasting Co., Inc. 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.

Emphasis of Matter

As discussed in note 2(b) to the financial statements, Mars Hill Broadcasting Co., Inc. changed the manner in which it accounts for leases in 2023. Our opinion is not modified with respect to this matter.

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 Mars Hill Broadcasting Co., Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 GAAS 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 GAAS, 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 Mars Hill Broadcasting Co., Inc.'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 Mars Hill Broadcasting Co., Inc.'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.

FustCharles LLP

February 6, 2024

MARS HILL BROADCASTING CO., INC.

Statements of Financial Position

May 31, 2023 and 2022

Assets		2023	2022
Current assets:			
Cash	$	203,995	331,975
Accounts receivable		45,138	45,967
Contributions receivable, net		22,296	28,865
Prepaid expenses		43,087	38,067
Total current assets		314,516	444,874
Broadcasting facilities and equipment, net		536,425	564,937
Operating lease right-of-use assets, net		138,469	-
Federal Communications Commission frequency rights		785,603	785,603
		1,460,497	1,350,540
Other assets:			
Assets limited as to use, net		467,736	148,237
Lease deposit		1,350	1,350
		469,086	149,587
Total assets	$	2,244,099	1,945,001
Liabilities and Net Assets			
Current liabilities:			
Accounts payable		29,241	30,468
Accrued expenses		15,598	13,270
Current portion of operating lease obligations		48,907	-
Unearned revenue		11,402	28,870
Total current liabilities		105,148	72,608
Operating lease obligations, net of current portion		89,816	-
Total liabilities		194,964	72,608
Net assets-			
Without donor restrictions		2,049,135	1,872,393
Commitments (note 8)			
Total liabilities and net assets	$	2,244,099	1,945,001

See accompanying notes to financial statements.

MARS HILL BROADCASTING CO., INC.

Statements of Activities

Years ended May 31, 2023 and 2022

	2023	2022
Support and revenue:		
Contributions	$ 649,578	654,385
Broadcasting	361,239	356,453
Underwriting	267,657	187,035
Tower rental	68,510	67,584
Concerts, banquets and other	20,862	8,863
Total support and revenue	1,367,846	1,274,320
Expenses:		
Program	738,165	731,611
Management and general	442,236	439,711
Fundraising	10,703	9,021
Total expenses	1,191,104	1,180,343
Change in net assets	176,742	93,977
Net assets at beginning of year	1,872,393	1,778,416
Net assets at end of year	$ 2,049,135	1,872,393

See accompanying notes to financial statements.

MARS HILL BROADCASTING CO., INC.

Statements of Functional Expenses

Years ended May 31, 2023 and 2022

	2023				2022			
	Program	Management and general	Fundraising	Total	Program	Management and general	Fundraising	Total
Expenses:								
Payroll and related expenses	$ 326,385	339,843	900	667,128	326,822	340,300	905	668,027
Public relations	20,892	10,596	9,475	40,963	16,862	8,552	7,648	33,062
Engineering	127,459	-	-	127,459	129,057	-	-	129,057
Programming	65,657	-	-	65,657	69,693	-	-	69,693
Depreciation	43,204	4,125	-	47,329	38,915	3,847	-	42,762
Bad debts	-	-	-	-	-	-	-	-
General overhead	40,033	20,623	-	60,656	27,651	14,244	-	41,895
Rent	5,832	3,138	-	8,970	6,459	3,478	-	9,937
Utilities	32,795	17,659	-	50,454	29,392	15,826	-	45,218
Repairs and maintenance	5,985	3,230	-	9,215	8,595	4,628	-	13,223
Insurance	27,692	14,911	-	42,603	25,329	13,638	-	38,967
Telephone	12,099	10,936	233	23,268	12,988	11,740	250	24,978
Taxes	40	-	-	40	290	-	-	290
Office expenses	2,539	2,339	95	4,973	5,626	5,188	218	11,032
Dues and professional fees	27,553	14,836	-	42,389	33,932	18,270	-	52,202
Total expenses	$ 738,165	442,236	10,703	1,191,104	731,611	439,711	9,021	1,180,343

See accompanying notes to financial statements.

MARS HILL BROADCASTING CO., INC.

Statements of Cash Flows

Years ended May 31, 2023 and 2022

		2023	2022
Cash flows from operating activities:			
Change in net assets	$	176,742	93,977
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		47,329	42,762
Non-cash lease expense		254	-
Changes in operating assets and liabilities:			
Accounts receivable		829	(9,303)
Contributions receivable, net		12,034	5,315
Provision for doubtful accounts		(5,465)	-
Prepaid expenses		(5,020)	(1,974)
Accounts payable		(1,227)	23,994
Accrued expenses		2,328	(3,840)
Unearned revenue		(17,468)	14,246
Net cash provided by operating activities		210,336	165,177
Cash flows used in investing activities - Purchase of equipment		(18,817)	(79,577)
Net increase in cash and restricted cash		191,519	85,600
Cash and restricted cash at beginning of year		480,212	394,612
Cash and restricted cash at end of year	$	671,731	480,212
Cash and restricted cash are classified in the statements of financial position as follows:			
Cash	$	203,995	331,975
Assets limited as to use, net		467,736	148,237
Total cash and restricted cash	$	671,731	480,212
Supplemental disclosures:			
Taxes paid, cash basis	$	40	40

See accompanying notes to financial statements.

(1) Organization

Mars Hill Broadcasting Co., Inc. (the “Organization”) operates non-commercial educational radio stations engaged in Christian programming. The Organization’s purpose is to communicate the Gospel of Jesus Christ and Biblical doctrines and to promote personal involvement in Christian service. The Organization’s primary sources of funding are paid programming by national broadcasters and contributions by individuals in New York State.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and present net assets and revenues, expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes in net assets are as follows:

Net assets without donor restrictions are available for general use and not subject to donor-imposed restrictions. These net assets may be used at the discretion of the Organization’s management and board of directors and may be subject to self-imposed limits by action of the governing board.

Net assets with donor restrictions are those that are subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature and are limited by donors to a specific time period or purpose. Other donor restrictions may be perpetual in nature, as stipulated by the donor.

At May 31, 2023 and 2022, the Organization did not have any net assets with donor restrictions.

(2) Summary of Significant Accounting Policies, Continued

(b) New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the ASU, lessees are required to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Leases are classified as either operating or finance. Operating leases result in straight-line expense in the statement of operations and changes in net assets (similar to previous operating leases), while finance leases result in more expense being recognized in the earlier years of the lease term (similar to previous capital leases). The Organization adopted the ASU on June 1, 2022 using a modified retrospective approach. The Organization elected the transition method that allows for application of the standard at the adoption date rather than at the beginning of the earliest comparative period presented in the financial statements. The Organization also elected available practical expedients. Upon adoption, the Organization recognized approximately $153,000 in operating lease right-of-use assets with corresponding operating lease obligations in the balance sheet.

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which amends the presentation and disclosure requirements for contributed nonfinancial assets by modifying and adding certain disclosures. Effective June 1, 2022, the Organization adopted ASU No. 2020-07 and applied the provisions retrospectively to all periods presented in the financial statements. The adoption of ASU No. 2020-07 did not have a material impact on the Organization's financial statements.

(c) Revenue Recognition

The Organization enters into contracts with its customers to provide specific services. A contract exists once the Organization receives and accepts an agreement that is enforceable with a customer that defines each party's rights regarding the services to be performed and identifies the payment terms related to these services, the contract has commercial substance and the Organization determines that collection of substantially all consideration for the sale is probable based on the customer's intent and ability to pay the promised consideration. The Organization's payment terms are generally 30 days.

The Organization recognizes revenue as performance obligations under contracts are satisfied. Performance obligations in a contract are identified based on the services that will be performed for the customer. As contracts contain a single performance obligation (performance of services) the transaction price is allocated to that single performance obligation.

(2) Summary of Significant Accounting Policies, Continued

(c) Revenue Recognition, Continued

The transaction price is determined based on the consideration to which the Organization will be entitled in exchange for performing the services to the customer, and is stated on the approved agreement. The transaction price is generally a fixed fee.

The Organization recognizes revenue from the sale of broadcasting as performance obligations are satisfied, which generally occurs at the point in time the related programs are broadcast. The length of the Organization's broadcasting contracts vary but are typically on an annual basis.

The Organization recognizes revenue from the sale of underwriting as performance obligations are satisfied, which generally occurs at the point in time the acknowledgements are transmitted. The length of the Organization's underwriting contracts vary but are typically between three months to one year.

Tower rental represents a series of recurring services that the Organization performs over the contract term whereby the Organization provides access to its tower infrastructure, including space or transmitting capacity. Contract terms are generally limited to an annual basis and are subject to customer cancellation. Tower rental revenue is recognized over time as the customer simultaneously receives and consumes the tower rental services on a straight-line basis.

Revenue from services performed for customers at a point in time was $649,758 and $552,351 in 2023 and 2022, respectively. Revenue from services performed for customers over time was $68,510 and $67,584 in 2023 and 2022, respectively.

The Organization receives advances (deposits) from customers on contracts that exceed revenue earned to date, resulting in contract liabilities, consisting primarily of payments received from underwriting sponsors which have not yet been earned under the terms of the agreement. Contract liabilities typically are not considered a significant financing component because they are used to meet working capital demands that can be higher in the early stages of a contract and they protect the Organization from the customer failing to adequately complete some or all of its obligations under the contract. Contract liabilities are reported on the statements of financial position on a net contract basis at the end of each reporting period. Contract liabilities, classified as unearned revenue, were $11,402 and $28,870 at May 31, 2023 and 2022, respectively.

(2) Summary of Significant Accounting Policies, Continued

(d) Accounts Receivable and Allowance for Doubtful Accounts

The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

(e) Contributions

The Organization accounts for contributions as support without donor restrictions or support with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized as revenues when the restrictions, if any, are substantially met. Unconditional pledges are recognized at their estimated net present value, net of an allowance for uncollectible amounts. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Contributions receivable are donations expected to be collected in fiscal 2023. These receivables are unsecured. The Organization accounts for its contributions receivable at the pledge amount, adjusted for doubtful accounts. The Organization estimates its allowance for doubtful accounts and bad debts based on management's assessment of the collectability of receivables and prior experience. If accounts become uncollectible, they will be charged to operations when that determination is made.

(f) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Concentrations

The Organization maintains their cash accounts with a financial institution. The accounts at this institution are insured by the Federal Deposit Insurance Corporation. While the Organization attempts to limit any financial exposure, their deposit balances may, at times, exceed federal insured limits.

(Continued)

(2) Summary of Significant Accounting Policies, Continued

(h) Broadcasting Facilities and Equipment

Acquisitions of fixed assets in excess of $1,000 and all expenditures for repairs, maintenance, renewal and betterments that materially prolong the useful lives of assets are considered for capitalization. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Depreciation expense for the years ended May 31, 2023 and 2022 was $47,329 and $42,762, respectively.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss has been recorded by the Organization for the years ended May 31, 2023 and 2022.

(i) Leases

The Organization evaluates whether a contract is or contains a lease at the inception of the contract. Lease agreements are evaluated to determine whether they are operating or finance leases in accordance with Accounting Standards Codification (ASC) 842, Leases. Upon lease commencement, the Organization classifies the lease as either an operating or finance lease. As permitted under the transition guidance in ASC 842, the Organization elected a package of practical expedients which, among other provisions, allowed the Organization to carry forward historical lease classifications. As a practical expedient, the Organization has made an accounting policy election for all asset classes not to separate lease components from nonlease components in the event that the agreement contains both. Additionally, the Organization elected the package of practical expedients which allowed an entity not to reassess whether any expired or existing contracts are or contain leases, the lease classification for any expired or existing leases, and initial direct costs for any existing leases.

Under ASC 842 transition guidance, the Organization elected the hindsight practical expedient to determine the lease term for existing leases, which permits companies to consider available information prior to the effective date of the new guidance as to the actual or likely exercise of options to extend or terminate the lease.

For both operating and finance leases, the Organization recognizes a right-of-use asset and lease liability at lease commencement. A right-of-use asset represents the Organization right to use an underlying asset for the lease term while the lease liability represents an obligation to make lease payments arising from a lease which are measured on a discounted basis. Lease liabilities are classified as current and/or long-term, as applicable. The Organization elects not to apply the requirements to short-term leases (i.e., a lease term of 12 months or less at the commencement date). Lease payments are charged to profit or loss on a straight-line basis over the period of the lease as a practical expedient.

(2) Summary of Significant Accounting Policies, Continued

(i) Leases, Continued

Lease liabilities are measured at the present value of the remaining, fixed lease payments at lease commencement. For lease agreements that do not specify an implicit rate, the Organization uses the estimated collateralized borrowing rate which coincides with the lease term at the commencement of a lease, in determining the present value of its remaining lease payments. The lease liability is subsequently increased by the amount of interest expense recognized on the lease liability and reduced by the lease payments made. Lease liabilities are remeasured when the future lease payments are changed due to the following:

- Changes in amounts expected to be payable by the lessee under residual value guarantees
- Changes in the assessment of whether a purchase option or an option to renew is reasonably certain to be exercised, or
- Changes in the assessment of whether it is reasonably certain that an option to terminate the lease will not be exercised.

Right-of-use assets are measured at an amount equal to the initial lease liability, plus any prepaid lease payments (less any incentives received) and initial direct costs, at the lease commencement date.

For leases classified as operating leases, rent expense is recognized on a straight-line basis over the lease term. Operating lease right-of-use assets and liabilities are subsequently measured based on the present value of lease payments over the remaining lease term. The straight-line rent expense is reflective of the interest expense on the lease liability using the effective interest method and the amortization of the right-of-use asset. For leases classified as finance leases, interest expense on the lease liability is recognized using the effective interest method. There are no finance leases as of May 31, 2023. Amortization expense related to the right-of-use asset is recognized on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

The Organization has various operating leases for tower antenna space and satellite transponder capacity with noncancellable terms expiring at various dates through 2031. The leases may have one or more renewal options, with terms to be determined at the time of renewal. The exercise of such lease renewal options is at the sole discretion of the Organization.

(j) Advertising

The Organization expenses advertising costs when incurred.

(2) Summary of Significant Accounting Policies, Continued

(k) Income Taxes

The Organization is a not-for-profit organization and has been recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. It has been determined that the Organization is not a private foundation. As of May 31, 2023 and 2022, the Organization did not have any unrecognized tax benefits or any related accrued interest or penalties. The tax years open to examination by federal and New York State taxing authorities are May 31, 2020 through May 31, 2023.

(l) Functional Expenses

Costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. This allocation was based on direct expenditures and analysis of personnel time, space and utilities for the related activities.

(m) Federal Communications Commission (FCC) Frequency Rights

FCC frequency rights are recorded at cost. FCC frequency rights are accounted for as indefinite-lived intangible assets. Intangible assets with indefinite lives are not amortized; rather, they are evaluated for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable. The Organization does not anticipate any difficulties in renewing the FCC frequency rights, which expire in June 2030. The Organization expenses costs to renew or extend the FCC frequency rights when incurred.

(n) Contributed Nonfinancial Assets

The Organization recognizes donated services if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Organization utilizes volunteers during its annual fundraising campaign, and some individuals have donated significant amounts of time to the Organization. Donated services are recorded at the estimated fair value as an asset or expense and corresponding contribution in the financial statements. Donated services for the years ended May 31, 2023 and 2022 were $550 and $450, respectively.

Donated materials are recorded at their estimated fair value as an asset or expense and a corresponding contribution in the financial statements. There were no donated materials for the years ended May 31, 2023 and 2022.

(2) Summary of Significant Accounting Policies, Continued

(o) Assets Limited as to Use

Assets limited as to use consists of cash the Organization has designated for operational, capital and expansion purposes. The Board of Directors authorizes the use of the funds.

(p) Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform with the 2023 presentation.

(q) Subsequent Events

Management has evaluated subsequent events through February 6, 2024, the date on which the financial statements were available to be issued.

(3) Liquidity and Availability of Financial Assets

As of May 31, financial assets available within one year for general expenditure, such as operating expenses, are as follows:

		2023	2022
Cash	$	203,995	331,975
Accounts receivable		45,138	45,967
Contributions receivable, net		22,296	28,865
Total	$	271,429	406,807

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

(4) Assets Limited as to Use

The activity for the year ended May 31 is summarized as follows:

	2023			
	Operations	Capital	Expansion	Total
Beginning balance	$ -	1,862	146,375	148,237
Contributions	200,000	4,585	120,265	324,850
Amounts expended	-	(5,301)	(50)	(5,351)
Ending balance	$ 200,000	1,146	266,590	467,736

	2022		
	Capital	Expansion	Total
Beginning balance	$ 6,160	86,257	92,417
Contributions	3,723	60,118	63,841
Amounts expended	(8,021)	-	(8,021)
Ending balance	$ 1,862	146,375	148,237

(5) Contributions Receivable

Contributions receivable represent unconditional promises to give by donors. The Organization expects these promises to give to be collected during the next year and has reported them at their net realizable value. Contributions receivable consisted of the following at May 31:

	2023	2022
Contributions receivable	$ 27,851	36,072
Allowance for doubtful accounts	(5,555)	(7,207)
Contributions receivable, net	$ 22,296	28,865

(Continued)

(6) Broadcasting Facilities and Equipment

Broadcasting facilities and equipment consisted of the following at May 31:

		2023	2022
Land	$	57,621	57,621
Buildings		544,298	535,632
Furnishings and equipment		1,776,475	1,770,237
Leasehold improvements		5,890	5,890
Construction in progress		3,915	-
		2,388,199	2,369,380
Accumulated depreciation		(1,851,774)	(1,804,443)
Broadcasting facilities and equipment, net	$	536,425	564,937

(7) FCC Frequency Rights

FCC frequency rights consisted of the following at both May 31, 2023 and 2022:

Albany (WMHH)	$	543,261
Syracuse (WMHR)		168,723
Cape Vincent (WMHI)		24,863
Malone (WMHQ)		10,626
Utica (WMHU)		28,147
Richfield Springs (WMHY)		9,983
	$	785,603

(8) Leases

The table below presents certain information related to the lease costs for operating leases, included in functional expenses on the statements of activities and changes in net assets, for the year ended May 31, 2023:

Operating lease expense	$	55,253
Short-term lease expense		13,356

Operating lease right-of-use assets and lease liabilities as of May 31, 2023 were as follows:

Right-of-use assets:		
Operating lease assets	$	138,469
Lease liabilities:		
Current portion of operating lease liabilities		48,907
Operating lease liabilities, net of current portion		89,816
Total operating lease liabilities	$	138,723

(8) Leases, Continued

The weighted average remaining lease term and discount rate for leases were as follows as of or for the year ended May 31, 2023:

Weighted average remaining lease term (years):	
Operating leases	7.38
Weighted average discount rate:	
Operating leases	2.92%

Cash paid for amounts included in the measurement of lease liabilities for the year ended May 31, 2023 are as follows:

Operating cash flows for operating leases	$	54,999

Right-of-use assets obtained in exchange for new lease obligations for the year ended May 31, 2023 are as follows:

Operating leases	$	153,003

As of May 31, 2023, future minimum lease payments under operating leases are as follows:

		Operating
2024	$	51,721
2025		18,062
2026		18,347
2027		13,141
2028		10,378
Thereafter		38,797
Total minimum lease payments		150,446
Less imputed interest		(11,723)
Total lease liabilities	$	138,723

Prior to the adoption of the new lease standard, operating lease rent expense was approximately $88,000 for the year ended May 31, 2022.