
MEDS & FOOD FOR KIDS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

MEDS & FOOD FOR KIDS

SEPTEMBER 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Meds & Food for Kids

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Meds & Food for Kids** (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Meds & Food for Kids** as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 **Meds & Food for Kids** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Meds & Food for Kids'** ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 **Meds & Food for Kids'** 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 **Meds & Food for Kids'** 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.

Kiefer Bonfanti & Co. LLP

St. Louis, Missouri
May 14, 2024

MEDS & FOOD FOR KIDS

**STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023**

Assets

Current Assets

Cash and cash equivalents	\$ 1,449,145
Accounts receivable	570,443
Pledges receivable	18,750
Container fees	853,348
Inventory	2,434,256
Prepaid expenses	50,577

Total Current Assets	5,376,519
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Property and Equipment, Net	4,106,636
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Right-of-Use Asset - Operating Lease, Net	59,934
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Total Assets	\$ 9,543,089
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Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 69,955
Credit cards payable	28,302
IRA payable	1,243
Interest payable	917
Deferred revenue	421,974
Current maturities of lease liability - operating	8,928
Line of credit, net of loan fees	784,960

Total Current Liabilities	1,316,279
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Long-Term Liabilities

Lease liability - operating, net of current maturities	51,006
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Total Liabilities	1,367,285
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Net Assets

Without donor restrictions	7,929,029
With donor restrictions	246,775

Total Net Assets	8,175,804
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Total Liabilities and Net Assets	\$ 9,543,089
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MEDS & FOOD FOR KIDS

**STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023**

Net Assets Without Donor Restrictions

Support, Revenue, Gains, and Losses

Mamba sales	\$ 3,941,906
Contributions (non-Gala)	1,255,127
Grants	285,000
Gala	104,120
Sale of raw materials	17,989
Gain (loss) on currency conversion	14,536
In-kind donations	12,769
Other income	5,827
Investment income	1,478
Gain on sale of stock	265

Support and Revenue Available	5,639,017
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Net assets released from restrictions	209,435
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Total Support and Revenue Without Donor Restrictions	5,848,452
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Expenses

Program services	5,966,469
Support services	
Management and general	376,840
Fundraising	412,826

Total Expenses	6,756,135
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Decrease in Net Assets Without Donor Restrictions	(907,683)
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Net Assets With Donor Restrictions

Restricted contributions	100,000
Released from restrictions	(209,435)

Decrease in Net Assets With Donor Restrictions	(109,435)
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Total Decrease in Net Assets	(1,017,118)
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Net Assets, Beginning of Year	9,192,922
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Net Assets, End of Year	\$ 8,175,804
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MEDS & FOOD FOR KIDS

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Support Services</u>			<u>Total Supporting Services</u>	<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Mamba production	\$ 3,416,169	-	-	-	\$ 3,416,169
Salaries and payroll taxes	479,048	227,144	213,480	440,624	919,672
Postage and shipping	781,445	221	15,673	15,894	797,339
Bad debt	271,785	-	-	-	271,785
Marketing and events	-	52,813	138,668	191,481	191,481
Insurance	139,036	39,364	-	39,364	178,400
Professional fees	73,666	19,377	24,753	44,130	117,796
Office supplies	64,481	9,217	10,449	19,666	84,147
Travel and meetings	29,185	7,642	2,557	10,199	39,384
Repairs and maintenance	36,543	-	-	-	36,543
Rent	17,685	6,940	6,840	13,780	31,465
Other	21,667	250	-	250	21,917
Agriculture and nutrition	21,100	-	-	-	21,100
Telephone and internet	10,790	1,692	406	2,098	12,888
Interest expense	-	12,180	-	12,180	12,180
Automobile	7,319	-	-	-	7,319
Power generation	1,952	-	-	-	1,952
Expatriate	826	-	-	-	826
Expenses before depreciation	5,372,697	376,840	412,826	789,666	6,162,363
Depreciation	593,772	-	-	-	593,772
Total Expenses	\$ 5,966,469	376,840	412,826	789,666	\$ 6,756,135
Percentage of Total Expenses	88.3%	5.6%	6.1%	11.7%	100.0%

MEDS & FOOD FOR KIDS

**STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2023**

Cash Flows from Operating Activities	
Decrease in net assets	\$ (1,017,118)
Adjustments:	
Depreciation	593,772
Gain on sale of stock	(265)
(Increase) decrease in assets:	
Accounts receivable	13,193
Pledges receivable	(18,750)
Container fees	(576,065)
Inventory	21,380
Prepaid expenses	(1,905)
Right-of-use asset - operating lease, net	(59,934)
Increase (decrease) in liabilities:	
Accounts payable	(58,200)
Credit cards payable	8,140
IRA payable	153
Interest payable	917
Deferred revenue	421,974
Lease liability - operating	59,934
Net Cash Used by Operating Activities	(612,774)
Cash Flows from Investing Activities	
Proceeds from sale of stock	10,734
Donated stock received	(10,469)
Purchases of property and equipment	(242,415)
Net Cash Used by Investing Activities	(242,150)
Cash Flows from Financing Activities	
Proceeds from line of credit, net of fees	784,960
Net Cash Provided by Financing Activities	784,960
Net Decrease in Cash	(69,964)
Cash and Cash Equivalents, Beginning of Year	1,519,109
Cash and Cash Equivalents, End of Year	\$ 1,449,145
Supplemental Disclosure	
Cash paid for interest	\$ 8,303

NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Meds & Food for Kids (the Organization) was formed in 2004 and is a not-for-profit corporation in the state of Missouri. The Organization was established to meet the essential nutritional needs of malnourished children, pregnant and nursing women, and school children by providing medical services, education, and Ready-to-Use Therapeutic Foods produced in the Organization's factory in Haiti. The Organization's program is supported primarily by contributions, grants, and product sales.

Description of Program Services and Supporting Activities

Program Services

Malnutrition Treatment

The Organization uses Ready-to-Use Therapeutic Foods (RUTF) produced by the Organization's factory in Haiti to treat malnourished children. The Organization works with Haitian clinics and UNICEF to provide RUTF to children in Haiti and 17 additional countries.

School Feedings

The Organization produces Vita Mamba in its factory in Haiti. The Organization works with schools to provide Vita Mamba to school children, which improves classroom engagement and school performance, and improves students' nutritional health.

Prenatal Supplementation

The Organization works with prenatal clinics in Haiti to prevent malnutrition in pregnant and breastfeeding mothers by producing a supplemental food called Plumpy'Doz. Mothers can also participate in the Organization's prenatal program, which teaches nutrition and the benefits of breastfeeding.

Agricultural Development

The Organization educates Haitian farmers about soil conservation, crop rotation, and more so farmers can improve the quality and yield of their peanut crops. The farmers supply the Organization with peanuts that will be used to produce RUTF.

Economic Development

The Organization supports the local economy by purchasing peanuts from local farmers and by producing RUTF in the Organization's factory in Haiti. The factory is fully managed and operated by a Haitian team.

Supporting Activities

Management and General

Includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Organization's program strategy, and manage the financial and budgetary responsibilities of the Organization.

Fundraising Activities

Provide the structure necessary to encourage and secure private financial support from corporations, foundations, and individuals in the form of gifts as well as support of fundraising events.

Basis of Accounting

The Organization uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Notes to Combined Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Financial Statement Presentation

The Organization reports its information regarding financial position and activities according to the following net asset classifications:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no donor restrictions perpetual in nature for the year ended September 30, 2023. See Note 7.

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

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due for program services. For the year ended September 30, 2023, the Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Pledges Receivable

The Organization recognizes the full amount of the pledges received in the period that they were made as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. For the year ended September 30, 2023, the Organization considers all pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Container Fees

Container fees represent refundable deposits held by Haiti customs for shipping containers used to transport raw materials for manufacturing. Container fees are recorded at cost. In March 2023, the Haitian government cashed 16 checks of container fees totaling \$312,178. As of September 30, 2023, the Organization is in the process of recovering prior checks of container fees and believes all checks of container fees to be collectible; accordingly, no allowance for doubtful accounts is required.

Notes to Combined Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory consists primarily of raw materials and finished products, which are valued at the lower of cost or market. Cost is determined using the first-in, first-out method. Donated inventory is valued at its estimated fair value at the date of donation. Provisions are recorded to reduce inventory for obsolete or slow-moving inventory based on assumptions about future demand, the impact of new product introductions, inventory levels and turns, product spoilage, and specific identification of items, such as product discontinuance. For the year ended September 30, 2023, no provisions were made.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value on the date of contribution if donated. The Organization capitalizes all property & equipment with a purchase price or fair value of \$1,000 or more. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	20 years
Furniture and equipment	5 – 7 years
Vehicles	5 years

Debt Issuance Costs

The Organization accounts for debt issuance costs in accordance with FASB ASU 2015-03. These costs are amortized over the life of the loan using the interest method and are presented as a direct deduction from the related loan.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor-imposed restriction is satisfied, restricted net assets are released and reported as an increase in net assets without donor restrictions. However, if the restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

In-Kind Contributions

Contributed supplies and services are recorded at the estimated fair value if they enhance the Organization's non-financial assets or are specialized skills that the Organization would normally purchase if not provided by donation. See Note 8.

Revenue and Revenue Recognition

The Organization receives revenue from product sales, contributions, grants, and special events. The Organization recognizes revenue from product sales when the products are delivered. Payments received in advance of product delivery, including deposits, are deferred to the applicable period.

The Organization recognizes contributions and grants when cash, securities or other assets, unconditional promises to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. There were no conditional promises to give for the year ended September 30, 2023.

The Organization recognizes revenue from ticket sales during the period in which the special event takes place.

Notes to Combined Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on estimates made by management. The expenses that are allocated include the following:

Expense	Method of Allocation
Mamba production	Direct costs
Salaries and payroll taxes	Time and effort
Postage and shipping	Direct costs
Bad debt	Direct costs
Marketing and events	Direct costs
Insurance	Direct costs
Professional fees	Direct costs
Office supplies	Direct costs
Travel and meetings	Direct costs
Repairs and maintenance	Direct costs
Rent and utilities	Direct costs
Other	Direct costs
Agriculture and nutrition	Direct costs
Telephone and internet	Direct costs
Interest expense	Direct costs
Automobile	Direct costs
Power generation	Direct costs
Expatriate	Direct costs
Depreciation	Square Footage

Income Taxes

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. As such, the Organization can only be taxed on the income from any business activities unrelated to its charitable purposes, if any.

Financial accounting standards for uncertain tax positions prohibit financial statement recognition of the impact of a tax position if the position is not “more likely than not” to be sustained on audit, based on the technical merits of the position. The Organization’s federal Form 990s remain subject to examination by taxing authorities, generally for three years after they have been filed. As of May 14, 2024, no returns have been selected for examination.

Subsequent Events

The Organization has evaluated subsequent events through May 14, 2024, the date which the financial statements were available to be issued, for possible additional recognition or disclosure.

MEDS & FOOD FOR KIDS

Notes to Combined Financial Statements (Continued)

NOTE 2 AVAILABILITY AND LIQUIDITY

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

Financial assets at year end:	
Cash and cash equivalents	\$ 1,449,145
Accounts receivable	570,443
Pledges receivable	18,750
Container fees	853,348
Total financial assets	2,891,686
Less amounts not available to be used within one year:	
Net assets with donor restrictions	246,775
Less net assets with time and purpose restrictions to be met in less than one year	(100,000)
Total amounts not available to be used within one year	146,775
Total financial assets available to meet general expenditures over the next twelve months	\$ 2,744,911

NOTE 3 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash, cash equivalents, and receivables.

The Organization maintains cash balances with several financial institutions in the St. Louis, Missouri area. Cash accounts at each St. Louis institution covered by the Federal Deposit Insurance Corporation (FDIC) are insured up to \$250,000 under the FDIC's general deposit insurance rules. Of the St. Louis financial institutions, cash balances exceeded FDIC limits by \$378,296 at September 30, 2023.

The Organization maintains cash balances with several banks in Haiti. As of September 30, 2023, cash held in banks located in Haiti were not insured by depository insurance and totaled \$84,765.

NOTE 4 PROPERTY AND EQUIPMENT

Land	\$ 119,935
Buildings	5,606,097
Equipment	2,593,329
Vehicles	226,472
Furniture	136,817
Property and equipment, at cost	8,682,650
Less accumulated depreciation	(4,576,014)
Property and Equipment, Net	\$ 4,106,636

Depreciation expense was \$593,772 for the year ended September 30, 2023.

Notes to Combined Financial Statements (Continued)

NOTE 5 LINE OF CREDIT

In July 2023, the Organization received a line of credit from Beneficial Returns, LLC in the amount of \$800,000 which matures December 15, 2024. Security for the line includes all personal property of the Organization. This line is guaranteed up to \$400,000 by four guarantors. The loan agreement requires that the Organization maintain a minimum current ratio of 1:25. At September 30, 2023, the Organization was in compliance with the financial covenant. The Organization is also required to provide audited GAAP financial statements within 180 days of the fiscal year-end. For the year ended September 30, 2023, the Organization received an extension for an additional 45 days. The interest rate on the line is 1.375% and is payable in monthly installments, with principal due December 15, 2024. The agreement includes an \$18,000 loan fee, that was paid by the donor-specific funds, and which is amortized monthly and recorded as interest expense. For the year ended September 30, 2023, interest expense on the loan was \$5,649, of which \$2,960 was the amortization of the loan fee.

NOTE 6 REVENUE FROM CONTRACTS WITH CUSTOMERS

For the year ended September 30, 2023, revenue recognized for goods transferred at a point in time totaled \$3,941,906. The Organization delivers products to its customers on a contractual basis, which can be subject to change. As of October 1, 2022, the accounts receivable for contracts was \$583,636.

The Organization's revenues, results of operations, and cash flows are affected by a wide variety of factors, including general economic conditions, the geographical regions of its customers, the type of customer, and the type of products sold.

NOTE 7 RESTRICTIONS ON NET ASSETS

The Organization received \$100,000 of contributions with donor restrictions during the year ended September 30, 2023. The contributions were restricted for time and purpose.

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors during the year ended September 30, 2023 of \$209,435.

NOTE 7 RESTRICTIONS ON NET ASSETS (CONTINUED)

Net assets with donor restrictions were available for the following purposes at September 30, 2023:

Time and purpose restrictions	
Vita mamba project	\$ 100,000
Purpose restrictions	
Solar project	146,775
Total	\$ 246,775

Notes to Combined Financial Statements (Continued)

NOTE 8 CONTRIBUTED SUPPLIES AND SERVICES

Significant qualifying supplies and services are contributed to the Organization annually and are recorded at fair value upon receipt. For the year ended September 30, 2023, the Organization recognized in-kind support as follows:

Stock	\$ 10,469
Services	2,300
Total In-Kind Contributions	\$ 12,769

NOTE 9 LEASES

In June 2021, the Organization entered into a lease agreement with an unrelated party for the Port-au-Prince Depot. Minimum monthly payments of \$542 were required for a term of two years. The lease expired June 2023 and is currently on a month-to-month basis.

In October 2022, the Organization entered into a lease agreement with an unrelated party for a house in Haiti. The lease calls for an annual lease of \$7,000 and matures October 30, 2023. Subsequent to year end, the lease was renewed for one additional year with the same payment terms.

On April 1, 2020, the Organization entered into a three-year lease agreement with an unrelated party for office space in Shrewsbury, Missouri. Minimum monthly lease payments are \$1,140. Additional rent may be charged for use of conference rooms. The Organization has the option to renew the lease for five additional options of three years each, provided that the Organization delivers written notice at least 180 days prior to exercising the option. The Organization has exercised the first option period which expires March 31, 2026. The Organization expects to exercise the second option which extends the lease for an additional 3 years expiring March 31, 2029.

Effective October 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). The Organization has elected the package of practical expedient permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing capital and operating leases under the new guidance without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the capital leases would be different in accordance with ASC Topic 842, (c) whether the amortized initial direct costs before transition adjustments (as of December 31, 2021) would not have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized a lease liability for operating leases of \$68,137, which represents the present value of the remaining base lease payments of \$88,920, discounted using the Organization's incremental borrowing rate of 8.5%, and a right-of-use asset of \$68,137. Lease expense for the year ended September 30, 2023 was \$13,680.

MEDS & FOOD FOR KIDS

Notes to Combined Financial Statements (Continued)

NOTE 9 LEASES (CONTINUED)

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liability as follows:

Years Ending September 30,	
2024	\$ 13,680
2025	13,680
2026	13,680
2027	13,680
2028	13,680
Thereafter	6,840
<hr/>	
Total Future Minimum Lease Payments	\$ 75,240

The Organization elected to apply the short-term lease measurement and recognition exemption to its other leases. For the year ended September 30, 2023, there were two leases considered exempt.

Rent expense includes the following for the year ended September 30, 2023:

Operating lease	\$ 13,680
Other leases	17,785
<hr/>	
Total Rent Expense	\$ 31,465