

GAY MEN'S CHORUS OF SOUTH FLORIDA, INC.

Financial Statements

June 30, 2023 and 2022

Robbins and Moroney, P.A.
Certified Public Accountants

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Robbins and Moroney, P.A.
Certified Public Accountants

Accounting and Auditing
Taxation and Consulting

222 Southeast Tenth Street
Fort Lauderdale, Florida 33316

Telephone: (954) 467-3100
Facsimile: (954) 467-2080

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Gay Men's Chorus of South Florida, Inc.

Opinion

We have audited the accompanying financial statements of Gay Men's Chorus of South Florida, Inc. (the "Organization"), a non-profit organization, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, cash flows and functional expenses 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 Organization as of June 30, 2023 and 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance

INDEPENDENT AUDITOR'S REPORT (continued)

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 Organization'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 Organization'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.

ROBBINS and MORONEY, P.A.
Certified Public Accountants

Robbins and Moroney, P.A.

Fort Lauderdale, Florida
January 8, 2024

GAY MEN'S CHORUS OF SOUTH FLORIDA, INC.

Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 407,808	\$ 486,300
Grants and Other Receivables	36,739	8,753
Prepaid Expense	9,457	4,232
Total Current Assets	<u>454,004</u>	<u>499,285</u>
Non-Current Assets		
Restricted Cash	18,500	18,500
Property and Equipment	20,661	4,557
Right of Use Asset - Operating	53,360	
Total Non-Current Assets	<u>92,521</u>	<u>23,057</u>
Total Assets	<u>\$ 546,525</u>	<u>\$ 522,342</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 51,311	\$ 30,103
Lease Liability - Operating	25,223	
Total Liabilities	<u>76,534</u>	<u>30,103</u>
Non-Current Liabilities		
Lease Liability - Operating	28,137	
Total Liabilities	<u>104,671</u>	<u>30,103</u>
Net Assets		
Without Donor Restrictions		
Designated	39,189	28,977
Other	384,165	412,762
Total Net Assets Without Donor Restrictions	<u>423,354</u>	<u>441,739</u>
With Donor Restrictions	<u>18,500</u>	<u>50,500</u>
Total Net Assets	<u>441,854</u>	<u>492,239</u>
Total Liabilities and Net Assets	<u>\$ 546,525</u>	<u>\$ 522,342</u>

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

GAY MEN'S CHORUS OF SOUTH FLORIDA, INC.

Statements of Activities
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net Assets Without Donor Restrictions		
Public Support and Revenues		
Contributions	\$ 507,389	\$ 563,470
Fundraising Events	121,599	109,330
Less: Costs of Direct Benefits to Donors	(14,580)	(45,879)
Performance Revenues	204,012	83,413
Program Advertisements	17,576	7,840
Membership Dues	33,564	25,985
Miscellaneous	4,878	25,577
Contributed Facilities, Services and Materials	194,281	102,582
Net Assets Released from Restrictions	32,000	-
Total Public Support and Revenues	<u>1,100,719</u>	<u>872,318</u>
 Expenses		
Program	636,754	413,653
Marketing	218,486	169,184
General and Administrative	106,262	83,914
Fundraising	157,602	77,071
Total Expenses	<u>1,119,104</u>	<u>743,822</u>
 Change in Net Assets Without Donor Restrictions	<u>(18,385)</u>	<u>128,496</u>
 Net Assets With Donor Restrictions		
Contributions		32,000
Net Assets Released from Restrictions	(32,000)	
Change in Net Assets With Donor Restrictions	<u>(32,000)</u>	<u>32,000</u>
 Change in Net Assets	(50,385)	160,496
 Net Assets, Beginning of Year	<u>492,239</u>	<u>331,743</u>
 Net Assets, End of Year	<u>\$ 441,854</u>	<u>\$ 492,239</u>

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

GAY MEN'S CHORUS OF SOUTH FLORIDA, INC.

Statements of Cash Flows For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (50,385)	\$ 160,496
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	7,229	2,768
Reduction in Right of Use Leased Asset - Operating	22,507	
Loss on Sale of Equipment	384	
Changes in Assets and Liabilities:		
(Increase) Decrease in Grants and Other Receivables	(27,986)	3,580
Increase in Prepaid Expense	(5,225)	(4,232)
Increase in Accounts Payable and Accrued Expenses	21,208	14,824
Decrease in Lease Liability - Operating	(22,507)	
Net Cash Flows from Operating Activities	<u>(54,775)</u>	<u>177,436</u>
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(23,828)	(815)
Proceeds from Sale of Equipment	111	
Net Cash Flows from Operating Activities	<u>(23,717)</u>	<u>(815)</u>
Net Change in Cash and Cash Equivalents	(78,492)	176,621
Cash, Restricted Cash, and Cash Equivalents, Beginning of Year	<u>504,800</u>	<u>328,179</u>
Cash, Restricted Cash, and Cash Equivalents, End of Year	<u><u>426,308</u></u>	<u><u>504,800</u></u>
Supplementary Disclosure of Cash Flow Information:		
Cash, Restricted Cash and Cash Equivalents Consist of:		
Cash and Cash Equivalents	\$ 407,808	\$ 486,300
Restricted Cash	18,500	18,500
	<u><u>\$ 426,308</u></u>	<u><u>\$ 504,800</u></u>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Out-Flows from Operating Lease	<u><u>\$ 24,200</u></u>	<u><u>\$</u></u>
Other Non-Cash Investing and Financing Activities:		
Right of Use Asset After ASC 842 Implementation	<u><u>\$ 75,867</u></u>	<u><u>\$</u></u>

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

GAY MEN'S CHORUS OF SOUTH FLORIDA, INC.

Statements of Functional Expenses For the Years Ended June 30, 2023 and 2022

2023	Program	Marketing	General and Administrative	Fundraising	Total
Performance Personnel and Supplies	\$ 411,040	\$	\$	\$	\$ 411,040
Salaries and Benefits	113,822	50,666	33,454	16,197	214,139
Advertising and Public Relations		154,070	9,939	2,456	166,465
Occupancy	29,364		6,996	2,336	38,696
Special Events				80,082	80,082
Office and Miscellaneous	21,239	6,750	32,310	7,825	68,124
Graphic Design	21,655				21,655
Venue Rental	30,880			46,320	77,200
Professional Fees		7,000	6,100		13,100
Bank and Credit Card Fees	8,754		17,463	2,386	28,603
Total	<u>\$ 636,754</u>	<u>\$ 218,486</u>	<u>\$ 106,262</u>	<u>\$ 157,602</u>	<u>\$ 1,119,104</u>

2022	Program	Marketing	General and Administrative	Fundraising	Total
Performance Personnel and Supplies	\$ 295,834	\$	\$	\$	\$ 295,834
Salaries and Benefits	84,307	50,898	36,926	17,937	190,068
Advertising and Public Relations		112,145	6,588	2,119	120,852
Occupancy	14,612		3,797	1,157	19,566
Special Events				46,990	46,990
Office and Miscellaneous	11,731	6,141	22,355	6,913	47,140
Professional Fees			5,000		5,000
Bank and Credit Card Fees	7,169		9,248	1,955	18,372
Total	<u>\$ 413,653</u>	<u>\$ 169,184</u>	<u>\$ 83,914</u>	<u>\$ 77,071</u>	<u>\$ 743,822</u>

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

GAY MEN'S CHORUS OF SOUTH FLORIDA, INC.

Notes to Financial Statements

June 30, 2023 and 2022

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization: The Gay Men's Chorus of South Florida, Inc. ("GMCSF") is a non-profit corporation whose mission is to sing so that LGBTQ+ people can live their truth through quality music experiences that inspire audiences, open minds, change hearts and affirm our common humanity.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

Date of Management's Review: In preparing the financial statements, GMCSF has evaluated events and transactions for potential recognition or disclosure through January 8, 2024, the date that the financial statements were issued.

Cash: Cash and cash equivalents include cash in banks and highly liquid investments with original maturity dates of less than three months.

Property and Equipment: Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the expected useful lives of the assets. Maintenance expenses are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost less related accumulated depreciation is removed from the accounts and resulting gains or losses are included in the statement of activities.

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

Income Taxes: As a non-profit corporation, qualified under Section 501(c)(3) of the Internal Revenue Code, GMCSF is exempt from corporate income taxation on income related to its exempt function. Therefore, no provision for income taxes has been made in the accompanying financial statements.

GMCSF has not incurred any interest or penalties on its income tax returns.

The GMCSF's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Advertising: GMCSF follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$95,470 and \$61,441 for the years ended June 30, 2023 and 2022, respectively.

Functional Allocation of Expenses: The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program and supporting services benefited.

GAY MEN'S CHORUS OF SOUTH FLORIDA, INC.

Notes to Financial Statements

June 30, 2023 and 2022

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Facilities, Services and Materials: Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individual possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed facilities and materials are also recorded at their fair values in the period received.

Fair Value of Financial Instruments: Cash equivalents, receivables, prepaid expenses, accounts payable and accrued expenses are reflected in the financial statements at cost, which approximate fair value because of their short-term nature.

Net Assets: Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Recent Accounting Pronouncements: Effective July 1, 2022, GMCSF adopted Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) No. 2016-02, *Leases (Topic 842)*, as amended. This guidance is intended to improve financial reporting of lease transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than 12 months. Key provisions in the guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. GMCSF elected the effective date transition method.

As of August 1, 2022, GMCSF recognized (a) operating lease liabilities of \$75,867, which represents the present value of the remaining lease payments of \$79,200, discounted using an incremental borrowing rate of 2.811% at the date of the lease inception on August 1, 2022, and (b) operating right-of-use asset of \$75,867.

2. LIQUIDITY AND RESERVES

GMCSF has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The following table reflects GMCSF's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditures within one year.

GAY MEN'S CHORUS OF SOUTH FLORIDA, INC.

Notes to Financial Statements

June 30, 2023 and 2022

2. LIQUIDITY AND RESERVES (continued)

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 407,808	\$ 486,300
Restricted Cash	18,500	18,500
Grants and Other Receivable	36,739	8,753
Total Financial Assets	<u>463,047</u>	<u>513,553</u>
Less Amounts Not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	18,500	50,500
Less Net Assets With Purpose Restrictions to be Met in Less Than One Year		<u>(32,000)</u>
	<u>18,500</u>	<u>18,500</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 444,547</u>	<u>\$ 495,053</u>

3. PROPERTY AND EQUIPMENT

At June 30, 2023 and 2022, property and equipment consisted of:

	<u>2023</u>	<u>2022</u>
Production and Office Equipment	\$ 51,669	\$ 50,463
Less: Accumulated Depreciation	<u>(31,008)</u>	<u>(45,906)</u>
Net Book Value	<u>\$ 20,661</u>	<u>\$ 4,557</u>

4. ENDOWMENTS

Accounting Standards Codification 958 ("ASC 958"), "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds", provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC 958 also required additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

The State of Florida enacted the "Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") effective July 1, 2012, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors has determined that the majority of GMCSF's net assets meet the definition of endowment funds under FUPMIFA.

The Board of Directors of GMCSF has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, GMCSF classifies as net assets with restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by GMCSF in a manner consistent with the standard of prudence prescribed by FUPMIFA.

GAY MEN'S CHORUS OF SOUTH FLORIDA, INC.

Notes to Financial Statements

June 30, 2023 and 2022

4. ENDOWMENTS (continued)

In accordance with FUPMIFA, GMCSF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of GMCSF, and (7) GMCSF's investment policies.

Endowment Investment and Spending Policies: GMCSF has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. In order to meet its needs, the investment strategy for GMCSF's endowment assets is to emphasize a balanced investment strategy, incorporating annual capital appreciation, as well as dividend and interest income.

The primary objectives in the investment management of GMCSF's endowment assets shall be:

1. Preservation of Principal: to preserve the principal of GMCSF's endowment assets against loss.
2. Preservation of Principal Purchasing Power: to achieve endowment investment returns equal to or greater than the rate of inflation.
3. Risk control is to be considered a critical element in the investment of GMCSF's endowment assets.
4. Long Term Growth of Principal: to encourage the long-term growth of endowment principal within prudent risk parameters.

GMCSF will attempt to balance its shorter-term budget process with its goal to preserve principal and its purchasing power in perpetuity by designing a spending policy which is flexible and is based on investment results.

Endowment net asset composition by type of fund as of June 30, 2023 and 2022 is as follows:

	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets		
Endowment Funds	\$ 18,500	\$ 18,500
Total Funds	\$ 18,500	\$ 18,500

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment Net Assets, July 1, 2021	\$	\$ 18,500
Interest Earnings	132	
Appropriation of Endowment Net Assets for Expenditures	(132)	
Endowment Net Assets, June 30, 2022		18,500
Interest Earnings	113	
Appropriation of Endowment Net Assets for Expenditures	(113)	
Endowment Net Assets, June 30, 2023	\$	\$ 18,500

GAY MEN'S CHORUS OF SOUTH FLORIDA, INC.

Notes to Financial Statements

June 30, 2023 and 2022

5. CONTRIBUTED FACILITIES, SERVICES AND MATERIALS

The value of contributed facilities, services and materials included in the financial statements for the years ended June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Public Support and Revenues		
Advertising	\$ 54,680	\$ 40,912
Food and Beverage	11,466	20,967
Other	15,281	6,855
Guest Artist Fees		11,820
Graphic Design	21,655	5,300
Audio and Video		16,728
Venue Rental	77,199	
Gala	14,000	
	<u>\$ 194,281</u>	<u>\$ 102,582</u>
Expenses		
Program Services	\$ 59,615	\$ 43,963
Marketing	61,680	45,489
General and Administrative	1,200	
Fundraising	71,786	13,130
	<u>\$ 194,281</u>	<u>\$ 102,582</u>

In-kind contributions were valued using estimated average U.S. prices of identical or similar products or services using pricing data of similar products or services under a "like-kind" methodology, considering the utility of the services and goods at the time of the contribution. The Organization does not sell donated gifts in kind and only uses services, goods and facilities for its own program or supporting service activities.

6. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject GMCSF to concentrations of credit risk consist principally of cash equivalents and unsecured receivables. GMCSF's ability to collect these receivables is dependent upon economic conditions and the financial condition of its customers. GMCSF has not experienced significant losses related to receivables. Management believes no additional credit risk is inherent in GMCSF's receivables.

At June 30, 2023, GMCSF had approximately \$431,000 in cash, of which \$181,000 was in excess of the federally insured limits.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Future Periods	\$	\$ 32,000
Held in Perpetuity	18,500	18,500
	<u>\$ 18,500</u>	<u>\$ 50,500</u>

GAY MEN'S CHORUS OF SOUTH FLORIDA, INC.

Notes to Financial Statements

June 30, 2023 and 2022

7. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donor as follows:

	<u>2023</u>	<u>2022</u>
Passage of Specified Time	\$ 32,000	\$

8. LEASE COMMITMENTS

GMCSF implemented ASC-842, *Leases*, effective August 1, 2022. This represents a change in accounting principles as it relates to leases. GMCSF leases its facility that is classified as an operating lease. The following components are recognized in the financial statements as of June 30, 2023:

Right of Use Leased Asset – Operating	\$ 53,360
Lease Liability – Operating	\$ 53,360

GMCSF applied a discount rate of 2.811% for the operating lease at the date of the lease inception on August 1, 2022. The remaining lease term is 25 months as of June 30, 2023.

Future minimum payments under the lease as of June 30, 2023 are as follows:

Year Ended June 30,	2024	\$ 26,400
	2025	26,400
	2026	<u>2,200</u>
		55,000
	Less: Discount	<u>(1,640)</u>
		53,360
	Lease Liability	53,360
	Less: Current Portion	<u>(25,223)</u>
	Non-Current Portion	<u>\$ 28,137</u>

Total expense for the operating lease was \$24,200 for the year ended June 30, 2023.