BOWLIN TRAVEL CENTERS, INC.

Financial Statements

January 31, 2020 and 2019

150 Louisiana NE, Albuquerque, NM 87108 (505) 266-5985

SEMPLE, MARCHAL & COOPER, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Bowlin Travel Centers, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheet of Bowlin Travel Centers, Inc. as of January 31, 2020, and the related statements of income, stockholders' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of Bowlin Travel Centers, Inc. as of January 31, 2020, and the results of its operations and its cash flows for the year ended January 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements 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 Bowlin Travel Centers, Inc. 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 and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Bowlin Travel Centers, Inc. is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.

Semple, Marchal + Cooper, LLP

Semple, Marchal & Cooper, LLP

We have served as Bowlin Travel Center Inc.'s auditor since 2019.

Phoenix, Arizona
April 23, 2020

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of Bowlin Travel Centers, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheet of Bowlin Travel Centers, Inc. (the "Company") as of January 31, 2019, and the related statement of income, stockholders' equity, and cash flows for the year the ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 31, 2019, and the results of its operations and its cash flows for the year the ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements 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 auditing standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.

Carr, Riggs & Ingram, L.L.C.

We have served as the Company's auditor since 2007.

Albuquerque, New Mexico
April 29, 2019

BOWLIN TRAVEL CENTERS, INC.
Balance Sheets
January 31, 2020 and 2019

Assets		**2020**		**2019**
Current assets:				
Cash and cash equivalents	$	4,744,351	$	4,444,824
Marketable securities		1,180,000		865,000
Accounts receivable		26,054		11,133
Current maturity of note receivable		5,743		—
Inventories		4,048,588		3,809,592
Interest receivable		11,288		5,353
Prepaid income taxes		46,201		66,472
Prepaid expenses		260,993		242,829
Total current assets		10,323,218		9,445,203
Property and equipment, net		12,490,351		12,662,968
Operating lease right of use assets		1,258,992		—
Finance lease assets, net		226,782		319,568
Intangible assets, net		18,172		18,273
Note receivable, less current maturities		21,450		—
Investment in real estate		821,196		821,196
Total assets	$	25,160,161	$	23,267,208
Liabilities and Stockholders' Equity				
Current liabilities:				
Current maturities of long-term debt	$	419,475	$	282,152
Current maturities of finance lease obligation		99,989		92,786
Accounts payable		877,516		634,445
Current operating lease liabilities		172,068		—
Accrued salaries and benefits		843,797		758,089
Accrued liabilities		338,483		353,349
Deferred revenue		26,933		42,436
Total current liabilities		2,778,261		2,163,257
Net deferred income tax liabilities		788,806		619,594
Operating lease liabilities		1,086,924		—
Finance lease obligation, less current maturities		126,793		226,782
Long-term debt, less current maturities		7,336,094		7,499,475
Total liabilities		12,116,878		10,509,108
Commitments and contingencies		—		—
Stockholders' equity:				
Preferred stock, $0.001 par value; 1,000,000 shares authorized, none issued or outstanding at January 31, 2020 and 2019		—		—
Common stock, $0.001 par value; 10,000,000 shares authorized, 4,583,348 shares issued at January 31, 2020 and 2019		4,583		4,583
Less: Treasury stock, 602,829 shares at January 31, 2020 and 581,576 at January 31, 2019		603		581
Common stock, 3,980,519 and 4,001,772 shares outstanding at January 31, 2020 and 2019, respectively		3,980		4,002
Additional paid-in capital		8,977,729		9,040,527
Retained earnings		4,061,574		3,713,571
Total stockholders' equity		13,043,283		12,758,100
Total liabilities and stockholders' equity	$	25,160,161	$	23,267,208

See accompanying notes to financial statements.

BOWLIN TRAVEL CENTERS, INC.
Statements of Income

	Years ended January 31,	
	2020	**2019**
Gross sales	$ 31,017,811	$ 30,284,578
Less discounts on sales	(364,011)	(412,776)
Net sales	30,653,800	29,871,802
Cost of goods sold	16,947,055	17,004,627
Gross profit	13,706,745	12,867,175
General and administrative expense	(7,957,370)	(7,546,088)
Salaries and wages	(3,620,589)	(3,635,713)
Depreciation and amortization	(1,162,241)	(1,094,498)
Loss on sale of property and equipment	(112,027)	(698)
Operating income	854,518	590,178
Other non-operating (expense) income:		
Interest income	26,567	16,792
Rental income	57,418	73,602
Interest expense	(425,388)	(339,840)
Total other non-operating (expense) income	(341,403)	(249,446)
Income before income tax expense	513,115	340,732
Income tax expense	(165,112)	(104,300)
Net income	$ 348,003	$ 236,432
Net income per share	$ 0.09	$ 0.06
Weighted average common shares outstanding	3,994,924	4,010,524

See accompanying note to financial statements

BOWLIN TRAVEL CENTERS, INC.
Statements of Stockholders' Equity
For the Years Ended January 31, 2020 and 2019

	Number of shares of Common stock outstanding	Common stock, at par	Additional paid-in capital	Retained earnings	Total
Balance at January 31, 2018	4,022,387	$ 4,023	$ 9,093,172	$ 3,477,139	$ 12,574,334
Net income	—	—	—	236,432	236,432
Purchase of treasury stock	(20,615)	(21)	(52,645)	—	(52,666)
Balance at January 31, 2019	4,001,772	4,002	9,040,527	3,713,571	12,758,100
Net income	—	—	—	348,003	348,003
Purchase of treasury stock	(21,253)	(22)	(62,798)	—	(62,820)
Balance at January 31, 2020	3,980,519	$ 3,980	$ 8,977,729	$ 4,061,574	$ 13,043,283

See accompanying notes to financial statements.

BOWLIN TRAVEL CENTERS, INC.
Statements of Cash Flows

	Years ended January 31,	
	2020	**2019**
Cash flows from operating activities:		
Net income	$ 348,003	$ 236,432
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,162,241	1,094,498
Loss on sale of property and equipment	112,027	698
Deferred income taxes (benefit) expense	169,212	104,300
Changes in operating assets and liabilities:		
Accounts receivable	(14,921)	6,735
Accrued interest receivable	(5,935)	(2,309)
Inventories	(238,996)	(222,237)
Prepaid expenses	(18,164)	4,238
Prepaid income taxes	20,271	89,495
Accounts payable and accrued liabilities	313,913	(116,867)
Deferred revenue	(15,503)	4,097
Net cash provided by operating activities	1,832,148	1,199,080
Cash flows from investing activities:		
Proceeds from sale of property and equipment	40,244	—
Purchases of property and equipment	(1,077,029)	(3,610,791)
Purchase of trademarks	(1,979)	(11,693)
Purchase of marketable securities	(1,180,000)	(865,000)
Proceeds from sale of marketable securities	865,000	964,680
Proceeds from repayment of note receivable	2,807	—
Net cash used in investing activities	(1,350,957)	(3,522,804)
Cash flows from financing activities:		
Payments on long-term debt	(336,791)	(194,148)
Payments for finance lease obligation	(92,786)	(86,102)
Purchase of treasury stock	(62,820)	(52,666)
Proceeds from borrowing on long-term debt	310,733	3,068,000
Net cash (used in) provided by financing activities	(181,664)	2,735,084
Net increase in cash and cash equivalents	299,527	411,360
Cash and cash equivalents at beginning of year	4,444,824	4,033,464
Cash and cash equivalents at end of year	$ 4,744,351	$ 4,444,824

(continued)

BOWLIN TRAVEL CENTERS, INC.
Statements of Cash Flows (continued)

		2020		2019
Supplemental disclosure of cash flow information:				
Cash paid for interest	$	425,388	$	339,840
Cash paid (received) for income taxes	$	(24,371)	$	(89,495)
Supplemental disclosure of non-cash investing and financing activities:				
Operating lease right of use assets and liabilities	$	1,570,913	$	—
Fixed asset sold in exchange for note receivable	$	33,000	$	—

See accompanying notes to financial statements.

BOWLIN TRAVEL CENTERS, INC.
Notes to Financial Statements
January 31, 2020

(1) Summary of Significant Accounting Policies

(a) Description of Business

Bowlin Travel Centers, Inc. (BTC or the Company) is located in Albuquerque, New Mexico. The Company's principal business activities include the operation of ten travel centers and six restaurants strategically located along interstate highways in New Mexico and Arizona. Eight of the Company's travel centers offer fuel and the Company operates six full-service restaurants under the Dairy Queen/Brazier, Dairy Queen or Subway trade names. All of the Company's travel centers offer a variety of Southwestern merchandise to the traveling public in the Southwestern United States, primarily New Mexico. They also sell convenience store food such as chips, nuts, cookies and prepackaged sandwiches along with a variety of bottled and canned drinks.

(b) Significant Accounting Policies

The following summary of significant accounting policies is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are the representation of the Company's management who are responsible for their integrity and objectivity. The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for established accounting and financial reporting principles. The more significant of the Company's accounting policies are described below.

In February of 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases (Topic 842). The amendments in this update were issued to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The main difference between previous U.S. GAAP and Topic 842 is the recognition of lease assets and lease liabilities for those leases classified as operating leases under previous U.S. GAAP. The Company adopted the new standard using the modified retrospective method beginning February 1, 2019. The Company elected to adopt the package of practical expedients which permitted the Company not to reassess under the new standard prior conclusions about lease identification, lease classification and initial direct costs. The Company also adopted the short term lease accounting policy election. As such, results for periods after February 1, 2019 are presented under Topic 842, while prior periods have not been adjusted.

(c) Cash and Cash Equivalents

The Company considers all liquid investments with an original maturity of three months or less to be cash equivalents. The Company places its temporary cash investments with a local financial institution. Funds in excess of the $250,000 insured by the Federal Deposit Insurance Corporation (FDIC) are invested in overnight US Treasuries. The Company believes that there is not a significant risk of loss with respect to these deposits.

The Company also considers receivables from credit card transactions that are typically reimbursed within three business days as cash and cash equivalents. Receivables from credit card transactions included in cash and cash equivalents at January 31, 2020 and 2019 were $134,977 and $103,987 respectively.

(d) Marketable Securities

Marketable securities consist of certificates of deposits with maturity dates greater than three months and less than one year. All are fully insured by the Federal Deposit Insurance Corporation (FDIC), as they do not exceed their $250,000 limit. Certificates of deposit are measured at cost plus accrued interest.

(e) Inventories

Inventories consist primarily of merchandise and gasoline for resale and are stated at the lower of cost or net realizable value, with cost being determined using the first-in, first-out (FIFO) method. The Company capitalized $176,734 and $165,035 of direct and indirect costs incurred during the years ended January 31, 2020 and 2019, respectively.

(f) Debt issuance costs

Debt issuance costs are deferred and amortized over the terms of the respective borrowings on a straight-line basis which is not materially different from the effective interest method.

(g) Intangible Assets

Franchise fees are amortized on a straight-line basis over the shorter of the life of the related franchise agreements of the periods estimated to be benefited, ranging from ten to twenty-five years.

(h) Property and Equipment

Property and equipment are carried at cost. Maintenance and repairs, including the replacement of minor items, are expensed as incurred, and major additions and improvements to property and equipment are capitalized. Depreciation is calculated by the Company using primarily straight-line methods.

(i) Sales and Cost Recognition

The Company recognizes revenue based on the consideration specified in the contract with the customer, excluding any sales incentives (such as military and repeat customer discounts) and amounts collected on behalf of third parties (such as sales and excise taxes). The majority of the Company’s revenue is generated at the point of sale in its retail locations. Revenues consist of nonfuel revenues, fuel revenues and food and convenience store revenues. Discounts are accounted for at the time of the transaction and are not transferrable.

Nonfuel Revenues. The Company recognizes nonfuel revenues and the related costs at the time of sale to customers. The Company sells a variety of nonfuel products and services at stated retail prices in its travel centers. Goods may be sold at discounted prices with certain customers, most of which include military and repeat customers.

Fuel Revenues. The Company recognizes fuel revenues and the related costs at the time of sale to customers at its operated locations. The Company sells diesel fuel and gasoline to its customers at prices that the Company establishes daily or are indexed to market prices and reset daily.

Food and Convenience Store Revenues. The Company recognizes food and convenience store revenues and the related costs at the time of sale to customers at its operated locations. The Company sells food in its Dairy Queen and Subway restaurants contained within its travel centers.

Net sales disaggregated by product line presented by year are as follows:

	Years ended January 31,	
Net sales by product line	**2020**	**2019**
Nonfuel	$ 11,269,135	$ 10,859,457
Fuel	14,085,571	13,901,187
Food and convenience stores	5,299,094	5,111,158
Total net sales	30,653,800	29,871,802

(j) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

(k) Taxes Imposed on Revenue Transactions

The Company collects and remits various federal and state excise taxes on petroleum products. Gasoline sales and cost of goods sold included excise taxes of $1,684,806 and $1,641,872 for the years ended January 31, 2020 and 2019, respectively.

The Company also collects and remits transaction privilege taxes on sales. New Mexico and Arizona gross receipts taxes of approximately $1,040,177 and $1,009,102 were collected and remitted for the years ended January 31, 2020 and 2019, respectively. Gross sales and cost of goods sold are presented net of gross receipts taxes.

(l) Impairment on Investment in Real Estate and Assets Held for Sale

The Company reviews its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(m) Financial Instruments

The Company's financial instruments are cash and cash equivalents, marketable securities, accounts receivable, accounts payable, accrued liabilities, and long-term debt. The carrying amounts of these financial instruments approximate fair value using Level 3 inputs, based on their short maturities, and for long-term debt, based on borrowing rates available to the Company for leases with similar terms and maturities.

(n) Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting and disclosure of assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles in the United States of America. The Company has identified the estimated carrying value of its long-lived asset and right of use asset and liability, and the valuation of deferred income taxes as its significant estimates. Actual results could differ from those estimates.

(o) Net Income per Share

Net income per share is computed by dividing net income by the weighted average common shares outstanding.

(p) Treasury Stock

The Company repurchased 21,253 of its outstanding common shares, as treasury stock, in the year ended January 31, 2020 at an average price per share of $2.956, for a total repurchase of $62,820. The common shares issued and outstanding were reduced by 21,253 shares or $22 (21,253 shares at $0.001 per value per share), and additional paid in capital was reduced by $62,798. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

The Company repurchased 20,615 of its outstanding common shares, as treasury stock, in the year ended January 31, 2019 at an average price per share of $2.555, for a total repurchase of $52,666. The common shares issued and outstanding was reduced by 20,615 shares or $21 (20,615 at $0.001 par value per share), and additional paid in capital was reduced by $52,645. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

(q) Deferred Revenue

Deferred revenue consists of advertising revenue received in advance for billboards that the Company rents as well as an advance from Excelsior Mining Company, Inc. to lease a portion of the Company's property and for a non-exclusive access and utilities easement in Benson, Arizona. These amounts are recognized in rental income as services are provided over the terms of the billboard contracts and the lease.

(r) Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was $189,957 and $194,828 for the years ended January 31, 2020 and 2019, respectively.

(s) Concentration in Suppliers

The Company is an authorized ExxonMobil retailer. On April 1, 2015, the Company entered into a Marketer PMPA (Petroleum Marketing Practices Act) agreement with Western Refining Wholesale, LLC ("Western"). Western will provide ExxonMobil branded motor fuels to the Company for resale at five of the Company's ExxonMobil branded locations. The agreement has a ten-year term expiring March 31, 2025, and requires the Company to purchase 1,370,520 gallons of fuel annually at a distributor's markup price of $0.015 per gallon. The Company has met its annual purchase requirement for the years ended January 31, 2020 and 2019.

The Company has a retail supply agreement with Arizona Fuel Distributors, L.L.C. to purchase Shell brand fuels for the Company's three Arizona locations. The Company will pay the daily published rates, applicable taxes, plus freight. The retail supply agreement is for a period of ten years beginning on August 22, 2017 and ending on August 22, 2027. At expiration the agreement will continue on a month to month basis until the parties either execute a new agreement or Arizona Fuel Distributors, LLC terminates the agreement. There are no minimum or maximum gallon purchase requirements for the Company.

(2) Property and Equipment

Property and equipment consist of the following at January 31:

	Estimated life (years)	2020	2019
Land		$ 1,959,591	$ 1,999,591
Buildings and improvements	10 - 40	13,914,835	13,811,600
Machinery and equipment	3 - 10	13,383,197	13,104,194
Autos, trucks and mobile homes	3 - 10	2,400,967	2,383,627
Billboards	15 - 20	3,037,056	2,924,815
Construction in progress		53,505	51,867
		34,749,151	34,275,694
Less accumulated depreciation		(22,258,800)	(21,612,726)
Property and equipment, net		$ 12,490,351	$ 12,662,968

Construction in progress consists of inventory in the amount of $22,810 that the Company has on hand to repair and maintain its billboards as well as for the occasional building of billboards and $30,695 that the Company has on hand to repair, maintain and replace various computer and security related components.

	2020	2019
Depreciation and amortization expense:	$ 1,162,241	$ 1,094,498

Amortization of the Company's financing lease assets for the years ended January 31, 2020 and 2019 was $49,566 for both years. Interest expense for the Company's financing leases at January 31, 2020 and 2019 was $13,617 and $20,820, respectively.

In November 2019, the Company closed its Subway located in Picacho, Arizona. The Subway was underperforming and management elected to close the Subway and convert the space to additional convenience store operations.

(3) Intangible Assets

	2020	2019
Franchise fees	$ 148,000	$ 150,500
Less accumulated amortization	(143,500)	(143,920)
	4,500	6,580
Trademarks	13,672	11,693
	$ 18,172	$ 18,273

The following schedule discloses the estimated amortization expense of franchise fees at January 31:

2021	$ 500
2022	500
2023	500
2024	500
2025	500
Thereafter	2,000
Total	$ 4,500

(4) Investment in Real Estate

Approximately twelve acres of previously undeveloped land in Alamogordo, New Mexico was sub-divided into thirty-five approximately quarter-acre residential lots. The carrying value of this investment in real estate was $334,389. The subdivision includes paved roads, fencing, water, sewer and electricity. Two manufactured homes were purchased and installed. One lot and manufactured home was sold in December 2003. In December 2005, two lots were sold. The other manufactured home was moved for the Company's use to the facility in Picacho, Arizona. The thirty-two lots that remain are for sale. At January 31, 2020 and 2019, in accordance with FASB ASC 205-20-45 – Accounting for

Impairment or Disposal of Long-Lived Assets, the Company reviewed the carrying value of the property and determined that the property was not impaired.

The Company's Edgewood, New Mexico location was closed October 31, 2007. The Company continues to list the property for sale. The property's carrying value of $486,807 is recorded as investment in real estate in the January 31, 2020 and 2019 balance sheets.

On November 25, 2019, the Company entered into a Purchase and Sale Agreement for the Company's Edgewood, New Mexico property for a purchase price of $600,000 due to close February 24, 2020. On February 18, 2020 an amendment of the Purchase and Sales Agreement extended closing date to April 24, 2020. The Purchase and Sales Agreement was terminated subsequent to year end. See note 10.

(5) Long-term Debt

Long-term debt consists of the following at January 31:

		2020		2019
Due to WestStar Bank, maturity June 2024, interest at 5.00%, monthly installments of $12,370, secured by two properties with a total carrying value of $1,103,797	$	1,113,543	$	1,197,104
Due to WestStar Bank, maturity March 2029, interest at 4.95%, monthly installments of $44,460, secured by two properties with a total carrying value of $679,450		6,280,600		6,471,187
Due to WestStar Bank, maturity May 2023, interest at 5.45%, monthly installments of $3,823, secured by fuel equipment with a carrying value of $132,670		139,342		176,389
Due to WestStar Bank, maturity July 2024, interest at 5.45%, monthly installments of $5,941, secured by an electronic message board with a carrying value of $296,048		278,205		—
		7,811,690		7,844,680
Less: unamortized debt issuance costs		(56,121)		(63,053)
Long-term debt, less unamortized debt issuance costs		7,755,569		7,781,627
Less current maturities		(419,475)		(282,152)
Total long-term debt, less current maturities	$	7,336,094	$	7,499,475

Future maturities of long-term debt for the years ending January 31 are as follows:

2021	$	419,475
2022		441,275
2023		464,207
2024		456,987
2025		421,384
Thereafter		5,608,362
Total	$	7,811,690

On June 30, 2014, the Company entered into a commercial loan agreement with WestStar Bank in the amount of $1,500,000 with an interest rate of 4.75% for the first five years, then subject to adjustment June 30, 2019. In July 2019, the interest rate was adjusted to 5.00%. The Company's real property in Bernalillo County, New Mexico and one property in Dona Ana County, New Mexico serve as security for the loan. The commercial loan agreement matures June 30, 2024. A portion of the proceeds were used to pay off an existing loan with Bank of the West, which released the Company's real property in Cochise County, Arizona that was serving as collateral for the debt.

On September 25, 2017, the Company entered into a commercial loan agreement with WestStar Bank in the amount of $5,000,000 with an interest rate of 4.95%. The Company's real property in Cibola County, New Mexico and in Torrance County, New Mexico serves as security for the loan. The commercial loan agreement matures March 25, 2029. A portion of the proceeds were used to pay off an existing loan with Bank of the West. The remaining proceeds were used to complete a major remodel at The Thing DQ Travel Center in Benson, Arizona. On February 19, 2018 the commercial loan agreement was modified to include an additional amount borrowed of $1,600,000.

On May 31, 2018, the Company renewed a commercial loan agreement with WestStar Bank in the amount of $200,000 with an interest rate of 5.45%. The proceeds were used for fuel equipment. The commercial loan agreement matures May 30, 2023.

On July 10, 2019, the Company entered into a commercial loan agreement with WestStar Bank in the amount of $310,733 with an interest rate of 5.45%. The proceeds were used for an electronic message board located in Picacho, Arizona. The commercial loan agreement matures July 10, 2024.

At January 31, 2020 and 2019, respectively, the Company was in compliance with the annual debt covenant of debt to tangible net worth not to exceed 1.5:1 as well as other restrictive covenants.

(6) Finance Lease Obligations

Finance lease obligations consist of the following at January 31:

	2020	2019
Due YESCO LLC, maturity August 31, 2022, interest at 7.50%, monthly installments of $4,837.	$ 135,925	$ 181,884
Due YESCO LLC, maturity October 31, 2021, interest at 7.50%, monthly installments of $4,630.	90,857	137,684
	226,782	319,568
Less current maturities	(99,989)	(92,786)
Finance lease obligations, less current maturities	$ 126,793	$ 226,782

Future maturities of finance lease obligations for the years ending January 31 are as follows:

2021	$ 99,989
2022	93,766
2023	33,027
Total	$ 226,782

(7) Income Taxes

Income taxes consist of the following for the years ended January 31:

	Current	Deferred	Total
2020:			
U.S. Federal	$ —	$ 124,712	$ 124,712
State	—	40,400	40,400
	$ —	$ 165,112	$ 165,112
2019:			
U.S. Federal	$ —	$ 78,800	$ 78,800
State	—	25,500	25,500
	$ —	$ 104,300	$ 104,300

Income tax expense differed from the amounts computed by applying the U.S. federal income tax rate of 21% to pre-tax income for the years ended January 31, 2020 and 2019, respectively as a result of the following:

	2020	2019
Computed “expected” tax expense	$ 107,754	$ 71,544
State income tax expense net of federal tax benefit	31,938	20,173
Other non-deductible expenses	25,420	12,583
Total	$ 165,112	$ 104,300

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are as follows at January 31:

	2020	2019
Deferred income tax assets –		
Deferred revenue	$ 7,012	11,048
Compensated absences	36,317	32,860
Donations	1,746	—
Net operating losses	147,070	236,994
Total gross deferred income tax assets	192,145	280,902
Deferred income tax liabilities:		
Property and equipment, principally due to differences in depreciation	980,951	900,496
Total gross deferred income tax liabilities	980,951	900,496
Net deferred income tax liabilities	$ 788,806	$ 619,594

In the normal course of business, the Company's income tax returns are subject to examination by various taxing authorities. Such examinations may result in future income tax and interest assessment by these taxing authorities. There are no uncertain tax positions as of January 31, 2020 and 2019.

The amount of unused tax losses available to carry forward totaled approximately $581,000 at January 31, 2020. The loss carry forward will expire beginning 2039, 20 years after the inception.

The Company is not under examination for open tax years, generally tax years since fiscal year 2016, as of January 31, 2020 and 2019.

(8) Profit-Sharing Plan

The Company maintains a qualified defined contribution profit-sharing plan that covers substantially all employees. The plan year end is December 31. The elected salary reduction is subject to limits as defined by the Internal Revenue Code. The Company provides a matching contribution and additional discretionary contributions as determined by resolution of the board of directors. Legal and accounting expenses related to the plan are absorbed by the Company. The Company's contributions to the profit-sharing plan were $99,779 and $103,561 for the years ended January 31, 2020 and 2019, respectively.

(9) Commitment and Contingencies

The Company leases land at three of its retail operating locations. Included in general and administrative expenses in the accompanying statements of income is rental expense for these land leases of $125,013 and $159,752 for the years ended January 31, 2020 and 2019, respectively. The Company also leases land where its billboards are located and rent expense for these leases was $236,127 and $231,112 for the years ended January 31, 2020 and 2019, respectively.

The land leases for the Company's billboards expire at various dates, have varying options to renew and cancel and may contain escalation provisions. Most of the billboard leases expire within five years of the inception date ("Original Term"). Upon completion of the Original Term, most leases automatically continue for a period equal in length to the Original Term (five years or the "Optional Term"). Upon completion of the "Optional Term", the leases continue on a year-to-year basis unless the lessor notifies the lessee in writing prior to ninety days of the anniversary date of its intent to terminate the lease agreement. The average remaining lease term is approximately three years except for two leases with a remaining lease term of twenty-two years.

The Company used its incremental borrowing rate of 4.95% for the discount rate at adoption of ASC 842. The Company has elected to present the change in the right-of-use asset and liability net on the statement of cash flows. The reduction of the right-of-use asset and liability for the year ended January 31, 2020 was $311,921.

The leasing agreements for the three retail locations include 5 to 35 year leases with remaining lives on those leases ranging from approximately 2 to 18 years at January 31, 2020. One of the contingent rentals has a fixed payment amount of $10,800 plus 3% of merchandise sold plus $0.02 of gasoline gallons sold. The variable lease costs recognized for this lease during fiscal year ended 2020 was $28,628. One of the contingent leases has a fixed annual payment of $28,861 adjusted every five years according to the consumer price index (CPI) plus 2.5% of merchandise sales and $0.0025 of gasoline gallons sold. The variable lease costs recognized for this lease during fiscal year ended 2020 was $19,195. One of the contingent rentals is $34,500 adjusted every year by $500 plus 2.5% of merchandise sales and $0.0025 of gasoline gallons sold. There was no variable lease costs recognized for this lease for fiscal year ended 2020. In most cases, the Company is responsible for certain repairs and maintenance, insurance, property taxes or property tax increases, and utilities.

Future minimum rental payments under these leases are as follows:

Year ending January 31:		
2021	$	172,068
2022		136,953
2023		124,233
2024		119,557
2025		120,112
Thereafter		1,040,251
Total undiscounted operating lease payments		1,713,174
Less imputed interest		(454,182)
Total operating lease liabilities	$	1,258,992

The Company is periodically subject to claims and lawsuits that arise in the ordinary course of business. It is in the opinion of management that the disposition or ultimate resolution of any such claims and lawsuits will not have a material adverse effect on the financial position of the Company.

(10) Subsequent Events

The Company has evaluated events subsequent to January 31, 2020, the balance sheet date, for events that would possibly require adjustment or disclosures in these financial statements, through April 23, 2020, the date that these statements were available to be issued.

On March 31, 2020, the Purchase and Sale Agreement for the Company’s Edgewood, New Mexico property was terminated by the purchaser, most likely due to the COVID-19 pandemic.

The Company has been closely monitoring the impact of COVID-19 on its operations, and has applied for and received a SBA Paycheck Protection loan. With a history of over one hundred years of operations, the Company believes it will continue to operate as a going concern, however, the yet to be determined full impact of COVID-19 on the overall economy, prevents the Company from forecasting future operating results at this time.