BOWLIN TRAVEL CENTERS, INC.

Financial Statements

January 31, 2023 and 2022

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

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 sheets of Bowlin Travel Centers, Inc. (the "Company") as of January 31, 2023 and 2022, and the related statements of income, stockholders' equity, and cash flows for the years 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 the Company as of January 31, 2023 and 2022, and the results of its operations and its cash flows for the years ended January 31, 2023 and 2022, 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 audits. 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 audits 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 audits 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 audits 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 audits 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 audits 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 audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

Semple, Marchal + Cooper, LLP

Certified Public Accountants

We have served as the Company's auditor since 2019.

Phoenix, Arizona
April 21, 2023

BOWLIN TRAVEL CENTERS, INC.
Balance Sheets
January 31, 2023 and 2022

Assets	**2023**	**2022**
Current assets:		
Cash and cash equivalents	$ 7,322,706	$ 8,129,985
Marketable securities	1,201,630	1,201,002
Accounts receivable	9,289	20,093
Current maturity of note receivable	10,368	8,090
Inventories	5,748,022	5,396,835
Interest receivable	4,477	482
Prepaid income taxes	84,260	3,660
Prepaid expenses	350,889	283,740
Total current assets	14,731,641	15,043,887
Property and equipment, net	11,872,530	12,197,007
Operating lease right of use assets	1,018,741	1,397,853
Finance lease assets, net	—	33,027
Intangible assets, net	40,236	41,236
Note receivable, less current maturities	3,152	9,435
Investment in real estate	307,552	715,761
Total assets	$ 27,973,852	$ 29,438,206
Liabilities and Stockholders' Equity		
Current liabilities:		
Current maturities of long-term debt	$ 468,560	$ 478,040
Current maturities of finance lease obligations	—	33,027
Accounts payable	996,297	1,295,566
Current operating lease liabilities	116,508	181,695
Accrued salaries and benefits	1,444,405	2,685,374
Accrued liabilities	529,402	583,791
Income taxes payable	10,462	40,005
Deferred revenue	27,216	32,049
Total current liabilities	3,592,850	5,329,547
Net deferred income tax liabilities	999,676	957,937
Operating lease liabilities	863,518	1,177,443
Long-term debt, less current maturities	5,969,762	6,425,502
Total liabilities	11,425,806	13,890,429
Commitments and contingencies	—	—
Stockholders' equity:		
Preferred stock, $0.001 par value; 1,000,000 shares authorized, none issued or outstanding at January 31, 2023 and 2022	—	—
Common stock, $0.001 par value; 10,000,000 shares authorized, 4,583,348 shares issued at January 31, 2023 and 2022	4,583	4,583
Less: Treasury stock, 639,595 shares at January 31, 2023 and 628,615 at January 31, 2022	(640)	(629)
Common stock, 3,943,753 and 3,954,733 shares outstanding at January 31, 2023 and 2022, respectively	3,943	3,954
Additional paid-in capital	8,819,147	8,874,745
Retained earnings	7,724,956	6,669,078
Total stockholders' equity	16,548,046	15,547,777
Total liabilities and stockholders' equity	$ 27,973,852	$ 29,438,206

See accompanying notes to financial statements.

BOWLIN TRAVEL CENTERS, INC.
Statements of Income

	Years ended January 31,	
	2023	**2022**
Gross sales	$ 42,183,405	$ 44,057,936
Less discounts on sales	(489,057)	(400,381)
Net sales	41,694,348	43,657,555
Cost of goods sold	23,857,300	23,434,587
Gross profit	17,837,048	20,222,968
General and administrative expense	(10,377,924)	(12,029,602)
Salaries and wages	(4,759,412)	(4,296,923)
Depreciation and amortization	(1,190,566)	(1,171,697)
Gain (loss) on sale of property and equipment	226,545	6,779
Operating income	1,735,691	2,731,525
Other non-operating (expense) income:		
Interest income	14,449	1,094
Rental income	35,675	70,690
Miscellaneous income	—	500
Interest expense	(298,341)	(325,790)
Total other non-operating (expense) income	(248,217)	(253,506)
Income before income tax expense	1,487,474	2,478,019
Income tax expense	(431,596)	(661,385)
Net income	$ 1,055,878	$ 1,816,634
Net income per share	$ 0.27	$ 0.46
Weighted average common shares outstanding	3,949,567	3,967,441

See accompanying notes to financial statements.

BOWLIN TRAVEL CENTERS, INC.
Statements of Stockholders' Equity
For the Years Ended January 31, 2023 and 2022

	Number of shares of Common stock outstanding	Common stock, at par	Additional paid-in capital	Retained earnings	Total
Balance at January 31, 2021	3,972,464	$ 3,972	$ 8,953,913	$ 4,852,444	$ 13,810,329
Net income	—	—	—	1,816,634	1,816,634
Purchase of treasury stock	(17,731)	(18)	(79,168)	—	(79,186)
Balance at January 31, 2022	3,954,733	3,954	8,874,745	6,669,078	15,547,777
Net income	—	—	—	1,055,878	1,055,878
Purchase of treasury stock	(10,980)	(11)	(55,598)	—	(55,609)
Balance at January 31, 2023	3,943,753	$ 3,943	$ 8,819,147	$ 7,724,956	$ 16,548,046

See accompanying notes to financial statements.

BOWLIN TRAVEL CENTERS, INC.
Statements of Cash Flows

	Years ended January 31,	
	2023	**2022**
Cash flows from operating activities:		
Net income	$ 1,055,878	$ 1,816,634
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,190,566	1,171,697
Gain on sale of property and equipment	(226,545)	(6,779)
Deferred income taxes (benefit) expense	41,739	(26,915)
Changes in operating assets and liabilities:		
Accounts receivable	10,804	3,993
Inventories	(307,594)	(1,477,424)
Prepaid expenses	(67,149)	(34,258)
Prepaid income taxes	(80,600)	66,341
Accounts payable and accrued liabilities	(1,594,627)	1,691,502
Income taxes payable	(29,543)	40,005
Deferred revenue	(4,833)	2,011
Net cash (used in) provided by operating activities	(11,904)	3,246,807
Cash flows from investing activities:		
Proceeds from sale of property and equipment	700,267	61,729
Purchases of property and equipment	(941,167)	(1,005,226)
Franchise fee payment	—	(5,000)
Accrued interest receivable	(3,995)	553
Purchase of marketable securities	(1,201,630)	(1,201,002)
Proceeds from sale of marketable securities	1,201,002	1,200,000
Proceeds from repayment of note receivable	4,005	6,338
Net cash used in investing activities	(241,518)	(942,608)
Cash flows from financing activities:		
Payments on long-term debt	(465,221)	(1,565,249)
Payments for finance lease obligation	(33,027)	(93,765)
Purchase of treasury stock	(55,609)	(79,183)
Net cash used in financing activities	(553,857)	(1,738,197)
Net (decrease) increase in cash and cash equivalents	(807,279)	566,002
Cash and cash equivalents at beginning of year	8,129,985	7,563,983
Cash and cash equivalents at end of year	$ 7,322,706	$ 8,129,985

(continued)

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

		Years ended January 31,	
		2023	**2022**
Supplemental disclosure of cash flow information:			
Cash paid for interest	$	298,341 $	325,790
Cash paid for income taxes	$	503,660 $	651,955
Supplemental disclosure of non-cash investing and financing activities:			
Operating lease right of use assets and liabilities	$	379,112 $	(104,032)

See accompanying notes to financial statements.

(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 five restaurants strategically located along interstate highways in New Mexico and Arizona. Eight of the Company's travel centers offer fuel and the Company operates five full-service restaurants under the Dairy Queen/Brazier or Dairy Queen 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.

(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, 2023 and 2022 were $189,645 and $245,036 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 $218,439 and $228,642 of direct and indirect costs incurred during the years ended January 31, 2023 and 2022, 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, and are shown net against the debt.

(g) Intangible Assets

Franchise fees are amortized on a straight-line basis over the shorter of the life of the related franchise agreements or 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 excluding 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 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		2023		2022
Nonfuel	$	14,865,276	$	18,013,531
Fuel		19,886,784		18,918,831
Food and convenience stores		6,942,288		6,725,193
Total net sales	$	41,694,348	$	43,657,555

(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 $1,571,708 and $1,931,445 for the years ended January 31, 2023 and 2022, respectively.

The Company also collects and remits transaction privilege taxes on sales. New Mexico and Arizona gross receipts taxes of approximately $1,356,386 and $1,573,992 were collected and remitted for the years ended January 31, 2023 and 2022, 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 exceed 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 and notes receivable, accounts payable, accrued liabilities, and long-term debt and lease liabilities. 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 debt and 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 assets and right of use assets and liabilities, 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 number of common shares outstanding.

(p) Treasury Stock

The Company repurchased 10,980 of its outstanding common shares, as treasury stock, in the year ended January 31, 2023 at an average price per share of approximately $5.065, for a total repurchase of $55,609. The common shares issued and outstanding were reduced by 10,980 shares or $11 (10,980 shares at $0.001 per value per share), and additional paid in capital was reduced by $55,598. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

The Company repurchased 17,731 of its outstanding common shares, as treasury stock, in the year ended January 31, 2022 at an average price per share of approximately $4.466, for a total repurchase of $79,186. The common shares issued and outstanding were reduced by 17,731 shares or $18 (17,731 shares at $0.001 per value per share), and additional paid in capital was reduced by $79,168. 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 $223,996 and $247,491 for the years ended January 31, 2023 and 2022, 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.

On April 9, 2021, the Company entered into a mutual termination agreement with its Marketer Petroleum Practices Act agreement with Western effective April 29, 2021.

On April 8, 2021, the Company entered into a retail sales and incentive agreement with Arizona Fuel Distributors, L.L.C. to purchase Marathon brand fuels for the Company's five New Mexico location effective April 30, 2021. The Company will pay the daily published rates, applicable taxes, plus freight. The retail sales and incentive agreement is for a period of ten years. The agreement will automatically renew for a successive term of three years unless either party gives written notice to the other party of its intent not to renew. There are no minimum or maximum gallon purchase requirements for the Company.

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)	2023	2022
Land		$ 1,542,294	$ 1,524,373
Buildings and improvements	10 - 40	14,710,838	14,772,975
Machinery and equipment	3 - 10	14,607,646	14,786,380
Autos, trucks and mobile homes	3 - 10	2,774,827	2,628,044
Billboards	15 - 20	3,230,907	3,274,212
Construction in progress		19,567	62,729
		36,886,079	37,048,713
Less accumulated depreciation		(25,013,549)	(24,851,706)
Property and equipment, net		$ 11,872,530	$ 12,197,007

Construction in progress consists of inventory in the amount of $19,567 that the Company has on hand to repair and maintain its billboards.

	2023	2022
Depreciation and amortization expense:	$ 1,190,566	$ 1,171,697

Amortization of the Company's financing lease assets was $33,027 and $93,765 for the years ended January 31, 2023 and 2022. Interest expense for the Company's financing leases was $831 and $4,670 for the years ended January 31, 2023 and 2022.

(3) Intangible Assets

	2023	2022
Franchise fees	$ 128,000	$ 153,000
Less accumulated amortization	(120,625)	(144,625)
	7,375	8,375
Trademarks	32,861	32,861
	$ 40,236	$ 41,236

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

2024	$ 1,000
2025	1,000
2026	1,000
2027	1,000
2028	1,000
Thereafter	2,375
Total	$ 7,375

(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 $307,552 as of January 31, 2023. 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 twenty-four lots that remain are for sale. At January 31, 2023 and 2022, 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.

On February 1, 2022, the Company sold one of the sub-divided quarter-acre residential lots of land in Alamogordo, New Mexico. The lot sold for $17,500, the carrying value was $11,748 and the selling costs were $2,485. The gain on the sale of the lot was $3,267. On February 1, 2022, the Company sold an additional sub-divided quarter-acre residential lot of land in Alamogordo, New Mexico. The lot sold for $17,500, the carrying value was $11,748 and the selling costs were $2,466. The gain on the sale of the lot was $3,286.

On June 9, 2022, the Company sold one of the sub-divided quarter-acre residential lots of land in Alamogordo, New Mexico. The lot sold for $19,900, the carry value was $11,748 and the selling costs were $2,707. The gain on the sale of the lot was $5,445.

On November 2, 2022, the Company sold one of the sub-divided quarter-acre residential lots of land in Alamogordo, New Mexico. The lot sold for $19,900, the carrying value was $20,329 and the selling costs were $2,278. The loss on the sale of the lot was $2,707.

On July 2, 2021, the Company sold one of the sub-divided quarter-acre residential lots of land in Alamogordo, New Mexico. The lot sold for $12,000 and the carrying value was $10,450 and the selling costs were $1,042. The gain on the sale of the lot was $508. On September 10, 2021, the Company sold one of the sub-divided quarter-acre residential lots of land in Alamogordo, New Mexico. The lot sold for $16,000 and the carrying value was $10,450 and the selling costs were $1,314. The gain on the sale of the lot was $4,236. On December 8, 2021, the Company sold one of the sub-divided quarter-acre residential lots of land in Alamogordo, New Mexico. The lot sold for $18,500 and the carrying value was $10,450 and the selling costs were $2,830. The gain on the sale of the lot was $5,220. On December 29, 2021, the Company sold one of the sub-divided quarter-acre residential lots of land in Alamogordo, New Mexico. The lot sold for $16,500 and the carrying value was $10,450 and the selling costs were $885. The gain on the sale of the lot was $5,165.

On May 25, 2022, the Company sold the property in Edgewood, New Mexico for $600,000. The property's carrying value was $390,288 and the selling costs were $52,097. The gain on the sale was $157,615.

On January 3, 2023, the Company (Seller) entered into a Short Form Option Agreement with Excelsior Mining Corp (Purchaser). During the option term the Purchaser has the right to do test work including drilling, sampling and surveying. In consideration for the

Seller granting this option, the Purchaser will pay annually to the Seller an option fee detailed in the chart below:

Option Year	Annual Option Payments
1	$40,000.00
2	$40,000.00
3	$40,000.00
4	$40,000.00
5	$40,000.00
6	$40,000.00
7	$40,000.00
Extension Period	
8	$50,000.00
9	$50,000.00
10	$50,000.00
11	$50,000.00
12	$50,000.00

The Purchaser may exercise the option at any time during the option term by delivering written notice to the Seller. There are several option alternatives for the Purchaser when the option is exercised.

(5) Long-term Debt

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

	2023	**2022**
Due to WestStar Bank, maturity June 2024, interest at 4.20%, monthly installments of $11,525, secured by two properties with a total carrying value of $1,066,582	$ 821,917	$ 922,694
Due to WestStar Bank, maturity March 2029, interest at 4.20%, monthly installments of $42,272, secured by two properties with a total carrying value of $729,438	5,539,281	5,803,291
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 $54,893	15,081	58,806
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 $202,559	96,256	160,267
	6,472,535	6,945,058
Less: unamortized debt issuance costs	(34,213)	(41,516)
Long-term debt, less unamortized debt issuance costs	6,438,322	6,903,542
Less current maturities	(468,560)	(478,040)
Total long-term debt, less current maturities	$ 5,969,762	$ 6,425,502

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

2024	$	468,560
2025		1,036,606
2026		304,451
2027		317,487
2028		331,081
Thereafter		4,014,350
Total	$	6,472,535

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 after June 30, 2019. On January 29, 2021, the Company modified the loan agreement to change the interest rate to 4.20% effective to the maturity of the loan. 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%. On February 19, 2018 the commercial loan agreement was modified to include an additional amount borrowed of $1,600,000. On January 29, 2021, the Company modified the loan agreement to change the interest rate to 4.20% for the first five years, then subject to adjustment in January 2026. 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 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.

On June 1, 2021, the Company paid off the Paycheck Protection Program (PPP) loan under the CARES Act.

At January 31, 2023 and 2022, 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:

	2023	2022
Due YESCO LLC, maturity August 31, 2022, interest at 7.50%, monthly installments of $4,837, secured by a LED sign.	$ —	$ 33,027
Less current maturities	—	(33,027)
Finance lease obligations, less current maturities	$ —	$ —

(7) Income Taxes

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

	Current	Deferred	Total
2023:			
U.S. Federal	$ 294,400	$ 31,519	$ 325,919
State	95,457	10,220	105,677
	$ 389,857	$ 41,739	$ 431,596
2022:			
U.S. Federal	$ 519,765	$ (20,320)	$ 499,445
State	168,535	(6,595)	161,940
	$ 688,300	$ (26,915)	$ 661,385

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, 2023 and 2022, respectively, as a result of the following:

	2023	2022
Computed "expected" tax expense	$ 312,370	520,384
State income tax expense net of federal tax benefit	83,485	127,933
Other non-deductible expenses	35,741	13,068
Total	$ 431,596	661,385

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:

		2023		2022
Deferred income tax assets:				
Deferred revenue	$	7,086		8,344
Compensated absences		58,246		55,964
Total gross deferred income tax assets		65,332		64,308
Deferred income tax liabilities:				
Property and equipment, principally due to differences in depreciation		1,065,008		1,022,245
Total gross deferred income tax liabilities		1,065,008		1,022,245
Net deferred income tax liabilities	$	999,676	$	957,937

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, 2023 and 2022.

The Company is not under examination for open tax years, generally tax years since fiscal year 2019, as of January 31, 2023 and 2022.

(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 $113,848 and $135,134 for the years ended January 31, 2023 and 2022, 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 $146,158 and $146,326 for the years ended January 31, 2023 and 2022, respectively. The Company also leases land where its billboards are located and rent expense for these leases was $265,318 and $259,027 for the years ended January 31, 2023 and 2022, respectively.

The land leases for the Company's billboards expire at various dates and have varying options to renew and cancel and may contain escalation provisions. The billboard leases also have varying expiration dates ("Original Term"). Upon completion of the Original Term, most leases automatically continue for a period equal in length to the Original 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 Company used its incremental borrowing rate of 4.95% for the discount rate at the adoption of ASC 842 for January 31, 2023 and 2022 respectively. The Company has elected to present the change in the right-of-use asset and liability net on the statement of cash flows. The Company has also elected the practical expedient upon the initial adoption of ASC 842 to not apply ASC 842 to leases of 12 months or less on the balance sheet.

The leasing agreements for the three retail locations include 5 to 35 year leases. 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 2023 was $34,069. One of the contingent leases has a fixed annual payment of $31,747 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 2023 was $31,442. One of the contingent rentals is $36,500 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 during fiscal year ended 2023. In most cases, the Company is responsible for certain repairs and maintenance, insurance, property taxes or property tax increases, and utilities.

The weighted average remaining term for all leases is approximately 12 years at January 31, 2023 and 2022, respectively.

Future minimum rental payments under these leases are as follows:

Year ending January 31:		
2024	$	116,508
2025		158,480
2026		141,713
2027		91,794
2028		86,028
Thereafter		805,394
Total undiscounted operating lease payments		1,399,917
Less imputed interest		(419,891)
Total operating lease liabilities	$	980,026

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, 2023, the balance sheet date, for events that would possibly require adjustment or disclosures in these financial statements, through April 21, 2023, the date that these statements were available to be issued.

Two more of the sub-divided quarter-acre lots of land in Alamogordo, New Mexico were sold for $24,900 each. The lots closed in February 2023.