R.H. BOYD COMPANY

FINANCIAL STATEMENTS

As of December 31, 2022

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

R.H. BOYD COMPANY
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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Directors
R.H. Boyd Company
Nashville, Tennessee

Qualified Opinion

We have audited the accompanying statement of financial position of R.H. Boyd Company (a nonprofit organization), (the "Organization") as of December 31, 2022. In our opinion, except for the matter discussed in the *Basis for Qualified Opinion* paragraph, the statement of financial position referred to above presents fairly, in all material respects, the financial position of the Organization as of December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

A discussed in Note 4 to the financial statements, the Organization reports its investment in R.H. Boyd Corporation, a wholly-owned subsidiary, on the equity method of accounting. In our opinion, accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of R.H. Boyd Corporation had been consolidated with those of the Organization, total assets and total liabilities would be increased by approximately $469,000 as of December 31, 2022.

We conducted our audit of this statement of financial position 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 this Financial Statement* 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Disclaimer of Opinion on Results of Activities, Functional Expenses, and Cash Flows

Because we were not engaged to audit the statements of activities, functional expenses, and cash flows, we did not extend our auditing procedures to enable us to obtain sufficient, appropriate audit evidence to express an opinion on the statements of activities, functional expenses, and cash flows for the year ended December 31, 2022. Accordingly, we express no opinion on the statements of activities, functional expenses, and cash flows for the year ended December 31, 2022.

Responsibilities of Management for this Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 this financial statement, 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 this financial statement is available to be issued.

Auditor's Responsibilities for the Audit of this Financial Statement

Our objectives are to obtain reasonable assurance about whether this financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 statement.

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 statement, 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 statement.

- 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 statement.

- 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.

Cherry Bekaert LLP

Nashville, Tennessee
July 20, 2023

R.H. BOYD COMPANY
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

ASSETS		
Current Assets:		
Cash and cash equivalents	$	5,660,839
Restricted cash		85,591
Accounts receivable, net		242,817
Life insurance proceeds receivable		1,030,024
Inventory		492,113
Investments		1,726,373
Other Current Assets		30,655
Total Current Assets		9,268,412
Noncurrent Assets:		
Property and equipment, net		2,505,552
Investment in related party		967,571
Other long-term investment		200,000
Total Noncurrent Assets		3,673,123
Total Assets	$	12,941,535
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$	512,216
Accrued expenses		102,496
Due to related parties, net		274,485
Total Current Liabilities		889,197
Noncurrent Liabilities:		
Deferred compensation		85,591
Total Liabilities		974,788
Net Assets:		
Without donor restrictions		11,806,796
With donor restrictions		159,951
Total Net Assets		11,966,747
Total Liabilities and Net Assets	$	12,941,535

The accompanying notes to the financial statements are an integral part of this statement.

R.H. BOYD COMPANY
STATEMENT OF ACTIVITIES (UNAUDITED)

YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:			
Product sales, net	$ 6,430,167	$ -	$ 6,430,167
Contributions	81,449	38,537	119,986
Rental income	365,096	-	365,096
Other income	551,640	-	551,640
Interest and dividend income	92,986	-	92,986
Change in market value of investments	(274,971)	-	(274,971)
Total Revenues and Support	7,246,367	38,537	7,284,904
Expenses:			
Cost of sales	4,554,763	-	4,554,763
Salaries and benefits	979,782	-	979,782
Other expenses	2,969,110	159,951	3,129,061
Total Expenses	8,503,655	159,951	8,663,606
Change in net assets	(1,257,288)	(121,414)	(1,378,702)
Net assets, beginning of year	13,224,035	121,414	13,345,449
Net assets, end of year	$ 11,966,747	$ -	$ 11,966,747

The accompanying notes to the financial statements are an integral part of this statement.

R.H. BOYD COMPANY
STATEMENT OF FUNCTIONAL EXPENSES (UNAUDITED)

YEAR ENDED DECEMBER 31, 2022

		Supporting Services	
	Program Services	Management And General	Total
Cost of sales	$ 4,554,763	$ -	$ 4,554,763
Professional fees	728,817	551,308	1,280,125
Salaries and benefits	587,869	391,913	979,782
Contributions	-	496,869	496,869
Other	6,834	437,311	444,145
Repairs and maintenance	101,133	-	101,133
Marketing and publicity	100,446	-	100,446
Depreciation	83,485	-	83,485
Utilities	116,970	-	116,970
Property taxes	125,912	-	125,912
Information technology	55,973	-	55,973
Insurance	59,865	-	59,865
Fees, licenses, and dues	-	47,497	47,497
Equipment rental and leases	15,417	-	15,417
Office supplies	-	201,224	201,224
	$ 6,537,484	$ 2,126,122	$ 8,663,606

The accompanying notes to the financial statements are an integral part of this statement.

R.H. BOYD COMPANY
STATEMENT OF CASH FLOWS (UNAUDITED)

YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities:	
Change in net assets	$ (1,378,702)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	83,485
Realized and unrealized loss on investments	181,985
Gain on life insurance proceeds	(550,793)
Changes in operating assets and liabilities:	
Account receivable, net	(45,532)
Inventory	67,895
Accounts payable	247,138
Accrued expenses	(2,181)
Due to related parties, net	145,830
Other current assets	(27,155)
Deferred compensation	(67,955)
Net cash flows from operating activities	(1,334,791)
Cash flows from investing activities:	
Purchases of investments	(1,104,258)
Net cash flows from investing activities	(446,814)
Change in cash, cash equivalents, and restricted cash	(1,781,605)
Cash, cash equivalents, and restricted cash, beginning of year	7,528,035
Cash, cash equivalents, and restricted cash, end of year	$ 5,746,430

The accompanying notes to the financial statements are an integral part of this statement.

Note 1—Nature of operations

Nature of Operations – R.H. Boyd Company (the “Organization”) was chartered in August 1898 as a Tennessee nonprofit corporation. The Organization’s mission is to establish, support, and maintain church undertakings and to print or purchase and disseminate by gift or sale religious literature. The Organization has a longstanding tradition of distributing biblically sound and culturally relevant Christian education resources, materials, and church supplies. Since its inception, the Organization has taken great pride in meeting the needs of all Christians, with a targeted focus on the needs of the African-American community.

Note 2—Summary of significant accounting policies

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Financial Statement Presentation – In accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), the Organization is required to report information regarding its financial position and activities according to two classes of net assets. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions (Unaudited) – In accordance with U.S. GAAP, nonprofit organizations, contributions, and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are recorded as increases in net assets with or without donor restrictions depending on the existence or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional contributions are recognized when the specified donor conditions have been met.

Cash, Cash Equivalents, and Restricted Cash – For purposes of the statement of cash flows, the Organization considers all highly-liquid investments with a maturity date of three months or less when purchased to be cash equivalents. Restricted cash includes deposits to be used for the purpose of paying the Organization’s deferred compensation liability and contributions with donor-imposed restrictions. During the year ended December 31, 2022, the Organization maintained cash deposits that at times exceeded the federally insured limits. The Organization has not experienced any losses in such accounts.

Accounts Receivable – Accounts receivable primarily represents amounts due from customers for product sales. The allowance for doubtful accounts is the Organization’s best estimate of the amount of probable credit losses related to existing receivables. The Organization determined the allowance based on its historical write-off experience and management’s judgement regarding the collectability of certain accounts. Account balances and related allowances are removed after management determines the potential for recovery is considered remote. At December 31, 2022, the allowance for doubtful accounts recorded was $11,194.

Note 2—Summary of significant accounting policies (continued)

Inventory – Inventory, which consists only of finished goods, is stated at the lower of cost or net realizable value, with the cost determined by average cost. Reserves for inventory are based on management's estimate and are based on current inventory levels, historical usage, and product life cycle. As of December 31, 2022, no obsolescence reserve is currently recorded, as the Organization conducted a full year-end physical inventory count and disposed of all identified obsolete inventory items prior to year-end. The Organization obtains the majority of its inventory from several main distributors (one of which is an affiliated entity). Although the Organization believes alternative vendors could be found in a timely manner, any disruption of these services could potentially have an adverse impact on operating results.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued in the accompanying statement of financial position at their fair value. Fair value is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities. Because other limited partnership investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for the investment existed. The amount of investment gain associated with this investment represents 0% of the total return on investment for the year ended December 31, 2022. Changes in the fair market value of investments carried at fair value are reflected as investment gains or losses in the accompanying statement of activities.

Due to Related Parties – Due to related parties includes amounts owed to affiliated entities (see Note 4).

Property and Equipment – Property and equipment is stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to activities as incurred. Additions and betterments are capitalized. The cost of assets sold or otherwise disposed of, and the accumulated depreciation thereon, is eliminated from the property and reserve accounts. Estimated useful lives of major classes of property and equipment are as follows:

Building	39 years
Machinery and equipment	5 years
Furniture and fixtures	5 years

Deferred Compensation – Deferred compensation consists of compensation payable to a former executive and is based on an executed agreement.

Functional Expenses (Unaudited) – The cost of program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. While most costs have been directly assigned to a functional category, certain salaries and wages have been allocated to program and supporting services based on time and effort estimates made by management.

Marketing and Publicity Costs (Unaudited) – Marketing and publicity costs are generally expensed as incurred. These expenses totaled $100,446 during 2022.

Note 2—Summary of significant accounting policies (continued)

Income Taxes (Unaudited) – The Organization has qualified as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code ("IRC") and, therefore, is not subject to federal income tax. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization follows FASB ASC guidance concerning the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. There are no tax penalties or interest reported in the accompanying financial statements.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses and allocation of functional expenses during the reporting period. Actual results could differ from those estimates.

Impairment of and Disposal of Long-Lived Assets – The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate 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. As of December 31, 2022, no long-lived assets were impaired.

Statement of Cash Flows (Unaudited) – The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts in the statement of cash flows:

Cash and cash equivalents	$ 5,660,839
Restricted cash	85,591
Total cash, cash equivalents, and restricted cash	$ 5,746,430

Note 2—Summary of significant accounting policies (continued)

Revenue Recognition (unaudited) – On January 1, 2020, the Organization adopted FASB ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606") using the modified retrospective approach. The Organization determined there was no cumulative effect adjustment, as well as, no change in the timing and amount of revenue recognition as a result of the adopting of this ASC.

Under ASC 606, revenue for product sales and rental income is recognized using the practical expedient in paragraph 606-10-10-4 that allows for the use of a portfolio approach, because the Organization has determined the effect of applying the guidance to contracts within the scope of ASC 606 on the financial statements would not differ materially from applying the guidance to each individual contract or performance obligation. Revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration expected in exchange for those goods or services.

Performance Obligations – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of the Organization's revenue is from the sale of religious materials, and the contract performance obligation is generally satisfied at the time of shipment.

Payment Terms – The Organization's revenue does not include material amounts of variable consideration. The Organization's payment terms vary by the type of customer and the products offered. The time between invoicing and when payment is due is not significant. The Organization's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties.

Disaggregation of Revenue – The nature, timing, amount, and uncertainty of the Organization's revenue and cash flows are impacted by the number of monthly customers. See the statement of activities for the year ended December 31, 2022 for the breakout of revenue by source.

Recently Adopted Accounting Pronouncements – In February 2016, FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases* ("Topic 842"), which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. FASB also subsequently issued additional ASUs which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use ("ROU") assets and lease liabilities for operating leases on the statement of financial position. Adoption of the new standard did not impact the Organization as all existing leases are considered short-term in nature (term of 12 months or less). The Organization has elected not to apply the recognition requirements of ASC 842 to short-term leases. The Organization is recognizing lease payments on a straight-line basis over the lease term (see Note 8).

Major Suppliers – For the year ended December 31, 2022, one supplier accounted for nearly all of the finished goods purchases. No accounts payable to the one supplier existed at December 31, 2022.

Subsequent Events – The Organization evaluated subsequent events through July 20, 2023 when these financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

Note 3—Liquidity and availability of resources

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2022:

Financial assets:	
Cash and cash equivalents	$ 5,660,839
Restricted cash	85,591
Accounts receivable, net	242,817
Life insurance proceeds receivable	1,030,024
Investments	1,726,373
Total financial assets	8,745,644
Less amounts not available to be used within one year:	
Restricted cash	(85,591)
Financial assets availble to meet cash needs for general expenditures within one year	$ 8,660,053

Note 4—Related parties

The Organization is related to several other affiliated entities through common ownership. The following affiliated entities are related parties:

R.H. Boyd Publishing Corporation ("RHB") – is a corporate entity which accounts for the majority of the Organization's purchases and is paid an agreed-upon management fee as well. The Organization also leases RHB space to conduct its operations. For the year ended December 31, 2022, the Organization was responsible for payments to RHB that totaled $2,778,370 which includes the Organization's purchases and management fees (unaudited). In return, the Organization has received $174,476 in rent income (unaudited) for the use of its facility. As of December 31, 2022, the Organization owed $274,485 to RHB. The Organization also holds a majority investment interest in RHB at a value of $967,571 using the equity method of accounting, as of December 31, 2022.

National Baptist Congress ("Congress") – is a non-profit agency that shares the same ownership as the Organization. Congress provides leading Christian education conference and fellowship gathering for all ages. This entity typically receives donations from the Organization from time to time in order to cover certain costs and fulfill its mission. As of December 31, 2022, the Organization owed $-0- to Congress.

Note 5—Fair value measurements

The Organization utilizes a valuation technique to measure the fair value of assets and liabilities by using a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical securities.

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly. Money market funds are valued using $1.00 for the unit value using the market approach. Fixed income securities are valued on the basis of valuations provided by pricing services, which determines valuations using methods based upon market transactions for comparable securities and various relationships between securities which are generally recognized by institutional traders. If market quotations are not readily available for valuations, assets may be valued by a method the trustee, of which the fund believes accurately reflects fair value.

Level 3 – Prices or valuations that require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value require significant judgment or estimation by the investment manager. The investment manager uses either the market approach, which generally consists of using comparable market transactions, or the income approach which generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market, and/or other risk factors.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

The Organization's asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There were no changes in valuation methodologies during 2022.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 5—Fair value measurements (continued)

The following table summarizes the Organization's major categories of assets measured at fair value on the statement of financial position, by the valuation hierarchy (as described above), as of December 31, 2022.

	Level 1	Level 2	Level 3	Total
Measurement at fair value on a recurring basis:				
Investments:				
Equities	$ 1,065,976	$ -	$ -	$ 1,065,976
Mutual funds	320,721	-	-	320,721
Fixed income	-	339,676	-	339,676
Total investments	$ 1,386,697	$ -	$ -	$ 1,726,373
Measurement at fair value on a nonrecurring basis:				
Investment:				
Limited Partnership	$ -	$ -	$ 200,000	$ 200,000
Total other investments	$ -	$ -	$ -	$ 200,000

For assets and liabilities measured at fair value on a nonrecurring basis using significant unobservable inputs (Level 3) during the period, the following table provides a reconciliation of beginning and ending balances for the year ended December 31, 2022:

	Limited Partnership
Beginning balance	$ -
Contributions	200,000
Ending balance	$ 200,000

The following schedule summarizes the investment returns for the year ended December 31, 2022:

Realized and unrealized losses	$ (258,756)
Investment fees	(16,215)
Change in market value of investments	(274,971)
Interest and dividends	92,986
Net realized and unrealized loss on investments	$ (181,985)

Note 6—Property and equipment, net

Property and equipment, net consists of the following at December 31, 2022:

Land	$ 1,475,360
Building	2,168,587
Machinery and equipment	88,306
Furniture and fixtures	70,454
Construction in progress	20,119
	3,822,826
Less accumulated depreciation	(1,317,274)
Net property and equipment	$ 2,505,552

For the year ended December 31, 2022, depreciation expense totaled $83,485 (unaudited).

Note 7—Net assets with donor restrictions

Net assets with donor restrictions consist of contributions given as of December 31, 2022 for the rehabilitation of the Boyd House on the campus of Fisk University.

Note 8—Leases

The Organization has entered into a lessor agreement with RHB for partial use of a building located in Nashville, Tennessee. The facility lease in place is considered an "at-will" leasing arrangement with a related party and, therefore, is considered a short-term lease under ASC 842 as it does not include a stated renewal amount or include an underlying purchase option. Annual rent is mutually agreed upon by both parties based on market rates. Rental income under this agreement for the year ended December 31, 2022 totaled $174,476 (unaudited). The Organization also owns a variety of rental properties which are presently being leased to tenants under agreements considered short-term lease arrangements under ASC 842. In addition, the Organization has a few other small office equipment operating leases whose terms are month to month. Rent expense related to these leases totaled $15,417 (unaudited) for the year ended December 31, 2022. As stated in Note 2, the Organization has elected not to apply the recognition requirements of ASC 842 to short-term leases. The Organization is recognizing lease receipts/payments on a straight-line basis over the lease term.

Note 9—Retirement plan

Effective January 1, 2000, the Organization established the R.H. Boyd Company 401(k) Plan (the "Plan"). Employees at least 18 years of age with at least three months of service are eligible to participate in the Plan. Participants may elect to defer a percentage of their pretax annual compensation, subject to certain discrimination tests prescribed by the IRC and other limitations specified in the Plan. The Organization matches contributions equal to 25% of the employee's elective deferrals up to 6% of their eligible earnings. Total expense related to the Plan for 2022 was approximately $16,000 (unaudited).