ENMON ENTERPRISES, L.L.C.
D/B/A JANI-KING GULF COAST REGION
AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2022, 2021, and 2020

LAPORTE

CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Directors
Enmon Enterprises, L.L.C. d/b/a Jani-King
Gulf Coast Region and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Enmon Enterprises, L.L.C. d/b/a Jani-King Gulf Coast Region and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2022, 2021, and 2020, the related consolidated statements of operations and comprehensive (loss) income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022, 2021, and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Commercial Insurance Services, L.L.C. and Operating Unit Series of Commercial Insurance Services, L.L.C., wholly-owned subsidiaries, or Series Business Units, variable interest entities, whose statements reflect total assets constituting 30%, 43%, and 32% of consolidated total assets at December 31, 2022, 2021, and 2020, and total revenues constituting 2%, 2%, and 2% of consolidated total revenues for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Commercial Insurance Services, L.L.C., Operating Unit Series of Commercial Insurance Services, L.L.C., and Series Business Units, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

LaPorte

A Professional Accounting Corporation

Covington, LA
April 21, 2023

ENMON ENTERPRISES, L.L.C. D/B/A JANI-KING
GULF COAST REGION AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2022, 2021, and 2020

	2022	2021	2020
Assets			
Current Assets			
Cash and Cash Equivalents	**$ 2,854,777**	$ 2,189,975	$ 3,221,746
Equity Securities	**6,485,534**	7,862,873	5,432,067
Debt Securities, Available-for-Sale	**-**	-	35,024
Accounts Receivable	**4,607,792**	3,800,785	3,601,504
Income Taxes Receivable	**6,877**	30,237	14,621
Other Receivables	**28,803**	27,462	25,579
Due from Related Parties	**1,479,234**	2,548,216	2,588,062
Notes Receivable - Related Parties	**-**	-	104,037
Notes Receivable - Franchisee Initial Fees	**250,593**	201,727	209,805
Loans to Franchisees	**46,582**	48,972	78,782
Prepaid Expenses	**1,178,990**	1,034,899	1,148,273
Total Current Assets	**16,939,182**	17,745,146	16,459,500
Property and Equipment, Net	**3,544,481**	2,980,266	2,829,585
Noncurrent Assets			
Notes Receivable - Franchisee Initial Fees	**23,429**	74,506	21,740
Total Noncurrent Assets	**23,429**	74,506	21,740
Other Assets			
Franchise Fee, Net of Accumulated Amortization of $270,671 in 2022, $252,471 in 2021, and $482,825 in 2020	**92,523**	110,723	128,922
Right-of-Use Assets, Net	**5,793,026**	-	-
Deposits	**476,481**	434,858	392,495
Investment In Partnership	**248,062**	263,394	561
Purchased Customer Contracts	**42,615**	42,615	42,615
Total Other Assets	**6,652,707**	851,590	564,593
Total Assets	**$ 27,159,799**	$ 21,651,508	$ 19,875,418

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

ENMON ENTERPRISES, L.L.C. D/B/A JANI-KING
GULF COAST REGION AND SUBSIDIARIES
Consolidated Balance Sheets (Continued)
December 31, 2022, 2021, and 2020

	2022	2021	2020
Liabilities and Members' Equity			
Current Liabilities			
Accounts Payable	**$ 329,309**	$ 29,641	$ 7,050
Franchisee Payable	**5,105,633**	4,656,917	4,514,460
Federal Income Taxes Payable	**501**	-	14,311
Other Accrued Liabilities	**668,838**	819,219	454,486
Due to Related Parties	**190,278**	433,845	478,373
Line of Credit Payable	**-**	74,521	160,200
Lease Liabilities - Current Portion	**506,460**	-	-
Notes Payable - Current Portion	**238,892**	135,800	139,667
Total Current Liabilities	**7,039,911**	6,149,943	5,768,547
Long-Term Liabilities			
Lease Liabilities	**5,379,077**	-	-
Notes Payable	**379,633**	212,312	240,436
Total Long-Term Liabilities	**5,758,710**	212,312	240,436
Other Liabilities			
Loss Reserves	**3,781,532**	2,924,916	2,660,245
Deferred Tax Liability	**141,459**	434,525	227,926
Deferred Income	**2,888,285**	2,688,804	2,382,140
Total Other Liabilities	**6,811,276**	6,048,245	5,270,311
Total Liabilities	**19,609,897**	12,410,500	11,279,294
Members' Equity			
Membership Units			
Class A - $10 Par Value; 100 Units Authorized, Issued, and Outstanding	**1,000**	1,000	1,000
Class B - No Par Value; 10,000 Units Authorized, 7,332 Units Issued and Outstanding	**-**	-	-
Contributed Capital	**35,000**	35,000	35,000
Accumulated Other Comprehensive Income	**-**	-	5
Retained Earnings	**7,513,902**	9,205,008	8,560,119
Total Members' Equity	**7,549,902**	9,241,008	8,596,124
Total Liabilities and Members' Equity	**$ 27,159,799**	$ 21,651,508	$ 19,875,418

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

ENMON ENTERPRISES, L.L.C. D/B/A JANI-KING
GULF COAST REGION AND SUBSIDIARIES
Consolidated Statements of Operations and Comprehensive (Loss) Income
For the Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Sales	**$ 85,184,609**	$ 78,814,842	$ 74,414,786
Cost of Sales	**69,383,893**	64,347,001	61,313,046
Gross Profit	**15,800,716**	14,467,841	13,101,740
Operating Expenses			
General and Administrative	**16,142,503**	14,856,835	12,784,266
Depreciation and Amortization	**1,064,146**	432,652	297,471
Total Operating Expenses	**17,206,649**	15,289,487	13,081,737
(Loss) Income from Operations	**(1,405,933)**	(821,646)	20,003
Other Income (Expenses)			
Franchisee Initial Fee Income	**891,152**	804,874	601,111
Lease Commission	**35,501**	39,932	45,342
Interest Expense	**(27,901)**	(30,861)	(81,325)
Interest Income	**106,383**	96,127	127,077
Realized (Loss) Gain on Investments	**(42,388)**	20,389	137,897
Unrealized (Loss) Gain on Equity Investments	**(1,543,554)**	994,304	549,624
Net Results of Captive Operations	**115,473**	789,344	1,190,467
Miscellaneous Income	**1,096,422**	411,354	1,324,431
Gain (Loss) on Disposal of Assets	**108,070**	(28,407)	-
Total Other Income (Expenses)	**739,158**	3,097,056	3,894,624
Net (Loss) Income Before Income Taxes	**(666,775)**	2,275,410	3,914,627
Income Tax (Benefit) Expense	**(274,930)**	237,174	161,595
Net (Loss) Income	**(391,845)**	2,038,236	3,753,032
Other Comprehensive (Loss)	**-**	(5)	(132)
Comprehensive (Loss) Income	**$ (391,845)**	$ 2,038,231	$ 3,752,900

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

ENMON ENTERPRISES, L.L.C. D/B/A JANI-KING
GULF COAST REGION AND SUBSIDIARIES
Consolidated Statements of Changes in Members’ Equity
For the Years Ended December 31, 2022, 2021, and 2020

	Membership Units	Contributed Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Members' Equity
Balance, January 1, 2020	$ 1,000	$ 35,000	$ 137	$ 5,044,026	$ 5,080,163
Net Income	-	-	-	3,753,032	3,753,032
Dividends	-	-	-	(236,939)	(236,939)
Other Comprehensive Income - Unrealized Loss on Debt Securities, Net	-	-	(132)	-	(132)
Balance, December 31, 2020	1,000	35,000	5	8,560,119	8,596,124
Net Income	-	-	-	2,038,236	2,038,236
Dividends	-	-	-	(1,393,347)	(1,393,347)
Other Comprehensive Loss - Unrealized Loss on Debt Securities, Net	-	-	(5)	-	(5)
Balance, December 31, 2021	1,000	35,000	-	9,205,008	9,241,008
Net Loss	-	-	-	(391,845)	(391,845)
Dividends	-	-	-	(1,299,261)	(1,299,261)
Balance, December 31, 2022	$ 1,000	$ 35,000	$ -	$ 7,513,902	$ 7,549,902

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

ENMON ENTERPRISES, L.L.C. D/B/A JANI-KING
GULF COAST REGION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Cash Flows from Operating Activities			
Net (Loss) Income	**$ (391,845)**	$ 2,038,236	$ 3,753,032
Adjustments to Reconcile Net (Loss) Income to Net Cash Provided by Operating Activities			
Depreciation and Amortization	**1,064,146**	432,652	279,271
Amortization - Franchise Fee	**18,200**	18,199	18,199
Deferred Income Taxes	**(292,628)**	206,601	116,750
Realized Loss (Gain) on Sale of Investments	**42,388**	(20,389)	(137,897)
Gain on Forgiveness of Paycheck Protection Program Loan	**-**	-	(1,174,600)
Unrealized Loss (Gain) on Equity Securities	**1,543,554**	(994,304)	(549,624)
(Gain) Loss on Disposal of Assets	**(108,870)**	28,407	-
(Increase) Decrease in:			
Accounts Receivable	**(776,355)**	(199,281)	(208,232)
Income Taxes Receivable	**22,922**	(15,616)	(139)
Other Receivables	**(1,341)**	(1,883)	5,224
Due from Related Parties	**1,068,982**	39,846	(361,974)
Notes Receivable - Franchisee Initial Fees	**2,211**	(44,688)	(14,580)
Prepaid Expenses	**(144,091)**	113,374	88,648
Increase (Decrease) in:			
Accounts Payable	**299,668**	22,591	3,547
Bank Payable	**-**	-	(879,151)
Franchisee Payable	**448,716**	142,457	935,024
Federal Income Taxes Payable	**501**	(14,311)	11,024
Other Accrued Liabilities	**(150,381)**	319,036	173,044
Due to Related Parties	**(243,567)**	(44,528)	-
Lease Liability	**(431,054)**	-	(94,906)
Loss Reserves	**856,616**	264,671	(342,268)
Deferred Income	**199,481**	306,664	181,871
Net Cash Provided by Operating Activities	**3,027,253**	2,597,734	1,802,263
Cash Flows from Investing Activities			
Purchase of Investments	**(702,441)**	(3,194,656)	(4,002,636)
Proceeds from Redemption of Investments	**493,838**	1,550,729	2,760,537
Purchase of Property and Equipment	**(1,011,246)**	(652,626)	(1,100,333)
Proceeds from Sale of Property and Equipment	**-**	234,880	-
Deposits	**(41,623)**	(42,363)	(3,125)
Notes Receivable - Related Parties	**-**	104,037	220,000
Loans to Franchisees	**(85,400)**	(348,810)	(400,295)
Collections on Loans to Franchisees	**87,790**	378,620	477,620
Net Cash Used in Investing Activities	**(1,259,082)**	(1,970,189)	(2,048,232)

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

ENMON ENTERPRISES, L.L.C. D/B/A JANI-KING
GULF COAST REGION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Cash Flows from Financing Activities			
Distributions to Members	**(1,299,261)**	(1,347,645)	(31,941)
Proceeds from Paycheck Protection Program Loan	**-**	-	1,174,600
Proceeds from Notes Payable and Line of Credit	**77,658,456**	69,600,647	61,822,119
Principal Payments on Notes Payable and Line of Credit	**(77,462,564)**	(69,912,318)	(62,043,965)
Net Cash (Used in) Provided by Financing Activities	**(1,103,369)**	(1,659,316)	920,813
Net Increase (Decease) in Cash and Cash Equivalents	**664,802**	(1,031,771)	674,844
Cash and Cash Equivalents, Beginning of Year	**2,189,975**	3,221,746	2,546,902
Cash and Cash Equivalents, End of Year	**$ 2,854,777**	$ 2,189,975	$ 3,221,746
Supplemental Disclosures of Cash Flow Information			
Cash Paid During the Year for Interest	**$ 27,901**	$ 30,861	$ 81,325
Non-Cash Investing and Financing Activities			
Purchase of Vehicles through Notes Payable	**$ 496,891**	$ 194,001	$ 188,660
Increase in Distributions to Members through Due to / from Members	**$ 496,891**	$ 45,697	$ 204,998
Reduction of Paycheck Protection Program Loan through Forgiveness	**$ -**	$ -	$ 1,174,600

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

Note 1. Nature of Operations

The accompanying consolidated financial statements include the accounts of Enmon Enterprises, L.L.C., Commercial Insurance Services, L.L.C. and Operating Unit Series of Commercial Insurance Services, L.L.C., wholly-owned subsidiaries of Enmon Enterprises, L.L.C., and the Series Business Units, variable interest entities (collectively, the Company). All material intercompany transactions have been eliminated.

Enmon Enterprises, L.L.C. (EE) franchises custodial maintenance businesses engaging in the performance of complete janitorial maintenance and related services under the Gulf Coast Region of Jani-King International located in Louisiana, Mississippi, Alabama, Texas, Georgia, Arkansas, and the panhandle of Florida. Enmon Enterprises, L.L.C. is a limited liability company licensed to use the Jani-King trademark and trade name in accordance with 13 regional franchise agreements. Jani-King Gulf Coast is a master franchise of Jani-King Franchising, with 500 franchises, which employs over 3,000 people, servicing more than 4,000 customers on a nightly basis.

Commercial Insurance Services, L.L.C. (CIS) and Operating Unit Series of Commercial Insurance Services, L.L.C. (OUS) are captive insurance companies wholly-owned by Enmon Enterprises, L.L.C. CIS and OUS were formed in the State of Delaware in February 2013 to help minimize the cost of insurance to Enmon Enterprises, L.L.C.'s franchisees.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements 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), as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing these consolidated financial statements include those assumed in computing liability for loss reserves.

Note 2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, cash is defined as cash on hand, balances in operating bank accounts, and amounts due from depository institutions. The Company considers all highly liquid investments with an original maturity of three months or less to
be cash equivalents.

Equity Securities

Equity securities are carried at fair value. Unrealized gains or losses, representing the change in fair value during the period, and realized gains and losses on equity securities, representing the difference between the carrying value and the sales proceeds based on the specific identification method, are included in other income in the consolidated statements of operations and comprehensive (loss).

Debt Securities

The Company classified its investments in debt securities as available-for-sale securities and reported them at fair value, with unrealized gains or losses credited or charged to other comprehensive income and reported as a separate component of equity (accumulated other comprehensive income), net of deferred income taxes.

The amortized cost of debt securities is adjusted using the effective interest method for amortization of premiums and accretion of discounts. Such amortization and accretion, as well as realized investment gains and losses on investments sold, are included in realized gain (loss) on investments on the consolidated statements of operations and comprehensive income. The specific identification method is used to determine cost in computing realized gains or losses on debt securities.

Investment in Partnership

The investment in partnership is recorded on the equity basis of accounting, which is adjusted for EE's proportionate share of undistributed earnings. The Company uses the equity method of accounting for investments in which it has a significant ownership interest, generally 20% to 50%.

Note 2. Summary of Significant Accounting Policies (Continued)

Comprehensive Income

Income is reported in accordance with FASB ASC 220, *Comprehensive Income*. Comprehensive income is a measurement of certain changes in members' equity that result from transactions and other economic events other than transactions with the members. These consist of changes in unrealized gains and losses on the investment portfolio, which are used to adjust net income to arrive at comprehensive income, and are reflected on the statements of operations and comprehensive (loss) income. The cumulative amount of these changes is reported on the consolidated balance sheets within accumulated other comprehensive (loss) income.

Accounts Receivable and Revenue

Enmon Enterprises, L.L.C. provides services and grants credit to customers located in Louisiana, Mississippi, Alabama, Florida, Texas, Arkansas, and Georgia. Revenues are recognized when control of the promised goods or service is transferred to the customer, in an amount that reflects the consideration expected to be collected in exchange for those goods or services. Revenue is recognized net of any taxes collected from customers which are subsequently remitted to taxing authorities. See Note 3 for more information on revenue recognition.

Accounts receivable are carried at original invoice amounts and consists of billings to commercial customers facilitated through the franchisees. The amounts billed to the customers are generally advanced to the franchisees prior to collection of the receivable. The franchisee payable primarily represents amounts due to franchisees for accounts receivable billings collected from the commercial customers, but not yet remitted to the franchisee. The balance of accounts receivable at January 1, 2020 totaled $3,393,272.

Services are suspended for customers with account balances over 90 days. EE uses the direct write-off method to recognize bad debts on customer accounts receivable for insured franchisees, notes, and loans receivable. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

The subsidiaries of EE record accounts receivable net of allowance for uncollectible accounts. As of December 31, 2022, 2021, and 2020, no allowance was necessary, as the balances were considered fully collectible.

Premiums written by the subsidiaries of EE are recognized as revenue on a pro-rata basis over the policy term. The portion of premiums that will be earned in the future is deferred and reported as deferred income on the consolidated balance sheets.

Note 2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation for financial reporting purposes is determined by the straight-line method over the estimated economic life of the assets, ranging from five to forty years. Leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives of the assets using the straight-line method. Maintenance and repairs are charged to expense as incurred, while expenditures that substantially increase the useful lives of the assets are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation expense totaled $532,392, $432,652, and $279,272, respectively, for the years ended December 31, 2022, 2021, and 2020.

Amortization of Regional Franchise Fees

Enmon Enterprises, L.L.C. paid franchise fees to Jani-King Franchising, Inc. for the exclusive right to establish and operate a "Jani-King" regional franchise in portions of the states of Louisiana, Mississippi, Alabama, and Florida in accordance with various franchise agreements. Each agreement is for a period of 20 years, with renewal options for four additional 20-year terms. The franchise fees are being amortized over the initial 20-year term of each agreement.

Amortization of franchise fees for the years ended December 31, 2022, 2021, and 2020 totaled $18,200, $18,199, and $18,199, respectively. Estimated amortization expense for 2023, 2024, 2025, and 2026 is approximately $18,020, $16,050, $16,050, and $16,050, respectively.

Intangible Assets

Intangible assets, consisting of purchased customer contracts, are accounted for in accordance with FASB ASC 350*, Intangibles - Goodwill and Other.* Under FASB ASC 350, an intangible asset determined to have an indefinite useful life is not amortized until its useful life is determined to be no longer indefinite. Intangible assets not subject to amortization are subjected to an annual impairment test and evaluation to determine whether events and circumstances continue to support an indefinite useful life.

Long-Lived Assets

The Company continually evaluates the recoverability of the carrying value of its long-lived assets, primarily property and equipment and intangible assets. When certain events and circumstances indicate the cost of an asset or assets may be impaired, the Company recognizes a write-down to estimated fair value, which is obtained from quoted prices or expected discounted cash flows from the related assets. The Company recognized no impairment losses during the years ended December 31, 2022, 2021, or 2020.

Note 2. Summary of Significant Accounting Policies (Continued)

Franchisee Payable

Franchisee payable represents amounts due to franchisees as reported for the preceding month, net of amounts not collected from billings to franchisee customers, franchisee's percentage of customer gross monthly revenue for royalties, advertising, technology, accounting, and any other fees included within the franchisee agreement.

Unpaid Losses and Loss Adjustment Expenses

The liability for unpaid losses and loss adjustment expenses on the subsidiaries includes estimates for reported losses, plus supplemental amounts for projected incurred but not reported losses, calculated based upon actuarial loss projections using a combination of historical loss experience and industry data. Loss reserves at December 31, 2022, 2021, and 2020 totaled $3,781,532, $2,924,916, and $2,660,245, respectively.

Reinsurance

In the normal course of business, the subsidiaries may seek to reduce their loss exposure by reinsuring certain levels of risk with reinsurers. Reinsurance is accounted for in accordance with FASB ASC 944, *Financial Services - Insurance*. Ceded premium is expensed over the period that coverage is provided. Prepaid reinsurance premiums are calculated on a daily pro-rata basis for the unexpired terms of the policy in force. Amounts recoverable from reinsurers are estimated in a manner consistent with the reinsurance policy. As these estimates change, the adjustment is recorded in the current period.

Income Taxes

The Company is an "S" corporation for income tax purposes. Under this election, taxable income or loss of the Company is included in the tax returns of its members.

The subsidiaries elected to be taxed as small insurance companies under section 831(b) of the Internal Revenue Code, which provides a permanent benefit by taxing only investment income, net of investment expenses.

The subsidiaries account for income taxes in accordance with FASB ASC 740, *Income Taxes*. FASB ASC 740 is an asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the tax and financial reporting basis of certain assets and liabilities.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Company believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the consolidated financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Note 2. Summary of Significant Accounting Policies (Continued)

Variable Interest Entities

Variable interest entities (VIE) are primarily entities that lack sufficient equity to finance their activities without additional subordinated financial support from other parties or whose equity holders lack certain power, obligations, or rights. All VIEs with which EE is involved are evaluated to determine whether EE has a controlling financial interest in the VIE and is, therefore, the primary beneficiary of the VIE. The primary beneficiary is required to consolidate the VIE for financial reporting purposes. See Note 14.

Enmon Enterprises, L.L.C. engages in various activities with two related parties which are commonly controlled by EE's members. EE has made an election under U.S. generally accepted accounting principles which allows a reporting entity to forego the consideration of whether a commonly controlled nonpublic legal entity is a variable interest entity and if so, whether consolidation would be required if the reporting entity otherwise has been determined to be a primary beneficiary. See Note 9.

Advertising

Advertising costs are expensed when incurred. Advertising expense for the years ended December 31, 2022, 2021, and 2020 totaled $1,651,284, $1,385,631, and $1,422,796, respectively.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the 2022 consolidated financial statement presentation. Equity is unchanged due to these reclassifications.

Recent Accounting Principles - Adopted

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Company adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Company has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Company's historical accounting treatment under ASC Topic 840, *Leases*.

Note 2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Adopted (Continued)

The Company determines if an arrangement is a lease at inception of the contract. ROU assets represent the right to use the underlying assets for the lease term, and lease liabilities represent the obligation to make lease payments arising from the leases. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company elected the practical expedient method that allows lessees to use a risk-free rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments.

The Company leases building and office space. The Company's operating lease agreements typically have initial terms of 5 to 10 years. In line with Accounting Standards Update (ASU) 2016-02 *Leases (Topic 842)*, the Company does not record ROU assets and lease liabilities on leases with an initial term of 12 months, or less, in the balance sheets.

The Company's operating leases may include one or more options to renew, with renewals extending the lease term for multiple years. The exercise of lease renewal options is at the Company's sole discretion. The Company does consider it reasonably likely that renewal options will be exercised; therefore, renewal options are recognized as part of ROU assets and lease liabilities.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Company's operating leases of approximately $5,100,264 and $5,100,264, respectively, at January 1, 2022. The adoption of the new lease standard did not materially impact consolidated net earnings or consolidated cash flows.

The Company elected the practical expedient method that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes.

Note 3. Revenue Recognition

The Company follows the guidance of FASB ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects consideration expected to be received for those goods or services.

Enmon Enterprises, L.L.C.'s revenue consists primarily of franchisee license sales, royalties, accounting fees, advertising fees, and other fees related to revenue generated by the franchisees at the customer service level.

Note 3. Revenue Recognition (Continued)

Franchisee Initial Fees

Franchisee initial fee revenue results from contracts entered into with franchisees for the right to establish and operate a Jani-King franchise and use the trade name and trademarks of Jani-King Franchising, Inc. The contract also guarantees the franchisee an initial customer base depending on the plan selected, start-up equipment, start-up supplies, and initial training. The obligation by EE to provide customers for franchisees diminishes during the first year of the franchisee's operations, based upon the plan selected by the franchisee.

The initial contracts with franchisees include multiple performance obligations. The franchisee license is considered symbolic intellectual property, and revenue related to the sale of this right is recognized at the agreed-upon contractual amount over the term of the initial franchise agreement, typically 10 years. Distinct goods and services promised to the franchisees are assessed at contract inception. Revenue is allocated to each performance obligation based on its standalone selling price. Deferred franchisee initial fee revenue represents a contract liability and is recognized when cash payments are received in advance of the performance of the services.

The following table presents EE's franchisee initial fee income by region as reported under FASB ASC 606 for the years ended December 31, 2022, 2021, and 2020:

Region	**2022**	2021	2020
Louisiana	**$ 649,795**	$ 591,755	$ 422,653
Mississippi	**121,540**	79,020	96,358
Alabama	**84,321**	111,984	55,389
Florida	**35,496**	22,115	26,711
Total	**$ 891,152**	$ 804,874	$ 601,111

Distinct goods and services were also identified as separate performance obligations as part of the initial franchise agreement and are being recognized as revenue at a point-in-time once the goods are transferred to the franchisee, and over time as the initial training services are performed, typically five days.

Note 3. Revenue Recognition (Continued)

Franchisee Initial Fees (Continued)

The following table represent EE's deferred revenue and franchisee initial fee income for the years ended December 31, 2022, 2021, and 2020:

	2022	2021	2020
Deferred Income	$ 2,888,285	$ 2,688,804	$ 2,382,140
Franchisee Initial Fee Income	$ 891,152	$ 804,874	$ 601,111
Sales - Other Distinct Goods	$ 291,170	$ 298,669	$ 185,838

Customer Cleaning Services

Maintenance contracts with customers have periods that vary but are generally for a period of one to two years. These contracts are typically renewable. Gross customer revenue is recognized when an unconditional right to invoice and receive payment related to the services is provided, typically on a monthly basis as the service is completed by the franchisees. A receivable is recorded at the contractual amount billed to the customer. Customer account balances are considered past due after 30 days. All customer receivables are recorded within accounts receivable on the consolidated balance sheets.

Sales Based Fees

Sales based fees such as royalty fees, advertising fees, accounting fees, technology fees, finder's fees, and business protection fees are recognized as revenue over time as cleaning services are performed by the franchisees.

Sale of Supplies

Enmon Enterprises, L.L.C. purchases cleaning supplies from third-party vendors, which are then sold to franchisees. EE is considered the principal in this relationship. Accordingly, revenue is recognized upon transfer of the goods from EE to the franchisee.

Lease Commission

Enmon Enterprises, L.L.C. acts as an agent for Gulf Coast Services, L.L.C., for the purpose of leasing equipment to franchisees. EE recognizes lease commission when franchisees lease equipment (see Note 9). For the years ended December 31, 2022, 2021, and 2020, lease commission revenue was $35,501, $39,932, and $45,342, respectively.

Note 3. Revenue Recognition (Continued)

Practical Expedients
Enmon Enterprises, L.L.C. applied the standard's practical expedient that permits the omission of prior-period information about remaining performance obligations.

Enmon Enterprises, L.L.C. uses the portfolio approach to recognize revenue due to the nature of the similarity in franchisee agreements. Revenue recognized under the portfolio approach is not materially different than if every individual contract in the portfolio was accounted for separately.

Enmon Enterprises, L.L.C.'s costs to obtain maintenance contracts with customers are expensed as incurred because the amortization period would have been one year or less. These costs are included in cost of sales on the consolidated statements of operations and comprehensive income.

Disaggregated Sales Revenue
The following table represents EE's sales revenue recognized by geographic region for the years ended December 31, 2022, 2021, and 2020:

	2022	2021	2020
Sales - Contract Revenue			
Louisiana	**$ 54,930,521**	$ 50,329,181	$ 47,922,130
Mississippi	**15,798,345**	14,699,988	14,088,613
Alabama	**10,725,460**	9,077,123	8,511,783
Florida	**3,010,874**	3,926,226	3,140,921
Total Sales - Contract Revenue	**84,465,200**	78,032,518	73,663,447
Sales - Supplies			
Louisiana	**323,874**	400,708	393,539
Mississippi	**194,586**	219,623	194,610
Alabama	**134,253**	104,393	114,065
Florida	**66,696**	57,600	49,125
Total Sales - Supplies	**719,409**	782,324	751,339
Total Sales Revenue	**$ 85,184,609**	$ 78,814,842	$ 74,414,786

Note 4. Marketable Securities

There were no marketable securities as of December 31, 2022 and 2021. Marketable securities consisted of the following as of December 31, 2020:

December 31, 2020	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Debt Securities				
Municipal Bonds	$ 35,018	$ 6	$ -	$ 35,024
Total	$ 35,018	$ 6	$ -	$ 35,024

Gross realized gains and (losses) on marketable securities were as follows: $-0- and $(42,388), respectively, in 2022; $68,869 and $(48,480), respectively, in 2021; and $143,722 and $(5,825), respectively, in 2020.

Note 5. Fair Value Measurements

The Company follows FASB ASC Topic 820, *Fair Value Measurement*, for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

In addition to defining fair value, ASC 820 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Note 5. Fair Value Measurements (Continued)

Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1 Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are, therefore, determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Company 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. There have been no changes in the methodologies used during the years ended December 31, 2022, 2021, and 2020.

The following is a description of the valuation methodologies used for investments measured at fair value:

Equity Securities: Securities traded on a national securities exchange are stated at the last reported sales price on the day of valuation.

Bonds: Valued at the closing price reported on the active market on which the individual securities are traded.

Note 5. Fair Value Measurements (Continued)

The fair value classification of securities reported at fair value as of December 31, 2022, 2021, and 2020 is as follows:

December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Equity Securities				
Common Stock				
Financial	**$ 406,756**	**$ -**	**$ -**	**$ 406,756**
Pharmaceutical	**196,783**	**-**	**-**	**196,783**
Technology	**179,620**	**-**	**-**	**179,620**
Exchange Traded Funds				
Large Blend	**4,015,079**	**-**	**-**	**4,015,079**
Small Blend	**926,694**	**-**	**-**	**926,694**
Bond Blend	**760,602**	**-**	**-**	**760,602**
Total Equity Securities	**6,485,534**	**-**	**-**	**6,485,534**
Total Assets	**$ 6,485,534**	**$ -**	**$ -**	**$ 6,485,534**

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Equity Securities				
Common Stock				
Financial	$ 208,385	$ -	$ -	$ 208,385
Pharmaceutical	220,963	-	-	220,963
Technology	126,065	-	-	126,065
Exchange Traded Funds				
Large Blend	5,207,036	-	-	5,207,036
Small Blend	1,194,462	-	-	1,194,462
Bond Blend	905,962	-	-	905,962
Total Equity Securities	7,862,873	-	-	7,862,873
Total Assets	$ 7,862,873	$ -	$ -	$ 7,862,873

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Equity Securities				
Exchange Traded Funds				
Large Blend	$ 3,642,014	$ -	$ -	$ 3,642,014
Small Blend	923,279	-	-	923,279
Bond Blend	866,774	-	-	866,774
Total Equity Securities	5,432,067	-	-	5,432,067
Debt Securities				
Municipal Bonds	-	35,024	-	35,024
Total Assets	$ 5,432,067	$ 35,024	$ -	$ 5,467,091

Note 6. Property and Equipment

Property and equipment consisted of the following at December 31, 2022, 2021, and 2020:

	2022	2021	2020
Land	$ 300,941	$ 300,941	$ 180,186
Buildings	819,262	819,262	1,159,262
Leasehold Improvements	1,341,535	971,305	1,159,336
Office Furniture and Equipment	864,605	775,536	1,342,917
Vehicles	1,857,418	1,344,946	906,715
Other Depreciable Property	9,049	9,049	13,479
Construction in Progress	-	-	-
	5,192,810	4,221,039	4,761,895
Less: Accumulated Depreciation	(1,648,329)	(1,240,773)	(1,932,310)
Property and Equipment, Net	$ 3,544,481	$ 2,980,266	$ 2,829,585

Note 7. Off-Balance Sheet Risk

The Company periodically maintains cash in bank accounts in excess of federally insured limits. The Company had approximately $4,727,056, $3,617,721, and $4,314,375 of funds in excess of insured amounts as of December 31, 2022, 2021, and 2020, respectively.

At December 31, 2022, 2021, and 2020, the Company had cash and investments in brokerage accounts of approximately $6,485,534, $7,112,484, and $5,508,480, respectively, in excess of Securities Investor Protection Corporation insured limits.

The Company has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

For the years ended December 31, 2022, 2021, and 2020, approximately 65%, 64%, and 65%, respectively, of sales revenue was derived from franchisees with customers located within the State of Louisiana, which includes New Orleans, Baton Rouge, Lafayette, Alexandria, Shreveport, Monroe, South Louisiana, and St. Tammany Northshore regions.

Note 8. Notes and Loans Receivable - Franchisees

Notes Receivable - Franchisee Initial Fees

Notes receivable represent franchisee initial fees financed from EE. Interest is recognized ratably over the life of the notes. The amount of interest to be recognized in future periods is netted against the receivable balance. Notes receivable for franchisee initial fees were as follows as of December 31, 2022, 2021, and 2020:

December 31, 2022	**Current**	**Long-Term**	**Total**
Franchisee Initial Fees	**$ 278,305**	**$ 26,020**	**$ 304,325**
Deferred Interest	**(27,712)**	**(2,591)**	**(30,303)**
Total	**$ 250,593**	**$ 23,429**	**$ 274,022**

December 31, 2021	Current	Long-Term	Total
Franchisee Initial Fees	$ 231,588	$ 75,949	$ 307,537
Deferred Interest	(29,861)	(1,443)	(31,304)
Total	$ 201,727	$ 74,506	$ 276,233

December 31, 2020	Current	Long-Term	Total
Franchisee Initial Fees	$ 226,450	$ 25,008	$ 251,458
Deferred Interest	(16,645)	(3,268)	(19,913)
Total	$ 209,805	$ 21,740	$ 231,545

Enmon Enterprises, L.L.C. advances funds to franchisees as needed to supplement the funding of operations. The loans are represented by promissory notes with interest at various rates and terms. All loans receivable are due within one year. Loan receivable balances as of December 31, 2022, 2021, and 2020 were $46,582, $48,972, and $78,782, respectively.

Note 9. Related-Party Transactions

Gulf Coast Services, L.L.C. (GCS)

Gulf Coast Services, L.L.C. leases equipment to the franchisees of EE. EE receives commissions from GCS for the collection of lease revenue related to the equipment leased to franchisees. During the year ended December 31, 2021, EE acquired a 25% interest in GCS which is accounted for using the equity method of accounting. At December 31, 2022 and 2021, the carrying amount of the investment was $255,866 and $258,274, respectively. In addition to EE, four of it’s members also own interests in GCS.

Note 9. Related-Party Transactions (Continued)

Gulf Coast Services, L.L.C. (GCS) (Continued)
At December 31, 2022, 2021, and 2020, amounts payable (receivable) to (from) GCS totaled $-0-, $28,961, and $38,006, respectively, for collections from franchisees who leased equipment from GCS, and $(334), $(2,190), and $22,732, respectively, for convention fees.

Nantahala Holdings, L.L.C. (NH)
Enmon Enterprises, L.L.C. previously leased office space from Nantahala Holdings, L.L.C., a related party. Lease expense paid to NH for each of the years ended December 31, 2022, 2021, and 2020 totaled $-0-, $-0-, and $150,708, respectively.

Enmon Enterprises, L.L.C. also periodically advances funds to NH. For the years ended December 31, 2022, 2021, and 2020, notes receivable from NH totaled $-0-, $-0-, and $104,037, respectively. The loans are due on demand and bear interest at the applicable federal rates. Interest receivable on the loans at December 31, 2022, 2021, and 2020 totaled $-0-, $851,620, and $850,703, respectively.

I-55 Properties, LLC (I-55)
Two members of EE are also owners of I-55 Properties, LLC. During 2019, I-55 began constructing an office building on land that was purchased from EE in February 2019. Construction was completed in 2020 and EE relocated its corporate office to the new building. EE entered into a lease agreement with I-55 that commenced in September 2020 and ends in September 2025, with an option to renew for 10 years. Lease payments total $34,000 per month.

As of December 31, 2022, 2021, and 2020, amounts due from I-55 for the purchase of the land totaled $1,170,514, $1,188,514, and $1,202,014, respectively. As of December 31, 2022, 2021, and 2020, I-55 also had amounts due to EE totaling $72,358, $72,358, and $72,358, respectively, for various construction costs that were paid by EE.

In 2019, EE entered into an agreement to lease a parcel of land from I-55. The lease commenced in September 2019 and ends in August 2029, with an option to renew for 10 years. Lease payments in the amount of $1,500 per month began after a certificate of occupancy was issued for the warehouse constructed on the parcel of land in 2020.

Enmon Enterprises, L.L.C. entered into an agreement to lease a training facility from I-55, effective May 2018. The agreement ends April 2023 with lease payments of $4,500 per month.

Lease payments to I-55 Properties, LLC totaled $480,000, $480,000, and $196,000 for the years ended December 31, 2022, 2021, and 2020, respectively.

Enmon Enterprises, L.L.C. believes that its maximum exposure to losses due to it’s relationship with I-55 could equal all the amounts due from I-55, which at December 31, 2022, was approximately $1,300,000.

Note 10. Debt

Lines of Credit

Enmon Enterprises, L.L.C. has a $1,000,000 unsecured bank line of credit with an interest rate of 4.5% that expired October 18, 2022. The balance outstanding against the line of credit at December 31, 2022, 2021, and 2020 was $-0-, $74,521, and $160,200, respectively.

Enmon Enterprises, L.L.C. has a $7,500,000 bank line of credit with an interest rate of 4.0% that expires March 27, 2023. The line of credit is secured by the assets of the Company. The balance outstanding against the line of credit at December 31, 2022, 2021, and 2020 was $-0-, $-0-, and $-0-, respectively.

Notes Payable

Notes payable as of December 31, 2022, 2021, and 2020 are as follows:

	2022	2021	2020
Notes Payable - On various vehicles with Interest rates ranging from 0.90% to 4.59%, monthly installments of principal and interest ranging from $215 to $1,585 through August 2027.	**$ 618,525**	$ 348,112	$ 380,103
Less: Current Portion	**(238,892)**	(135,800)	(139,667)
Total Notes Payable, Net of Current Portion	**$ 379,633**	$ 212,312	$ 240,436

Maturities of notes payable as of December 31, 2022 are as follows:

Year Ending December 31,	**Amount**
2023	$ 238,892
2024	156,285
2025	121,791
2026	88,191
2027	13,366
Total	$ 618,525

Note 10. Debt (Continued)

Paycheck Protection Program

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act which established the Paycheck Protection Program (the Program). The Program was created to assist small businesses in paying their employees and certain other expenses during the coronavirus (COVID-19) crisis. On April 14, 2020, EE applied for a loan under the Program and received $1,174,600 in proceeds from a bank. The loan bears interest at 1% and matures April 2022. The loan was forgivable if EE meets certain criteria as established under the Program. On December 1, 2020, EE received notice of Paycheck Protection Program forgiveness from the Small Business Administration. EE recognized forgiveness of principal and interest of $1,181,876 which is included in miscellaneous income on the consolidated statement of operations and comprehensive income for the year ended December 31, 2020.

Note 11. Lease

Operating Leases

The Company leases building and office space for various amounts ranging from $693 to $34,000 per month, with terms expiring through 2039.

Operating lease assets and obligations included in the accompanying consolidated balance sheet as of December 31, 2022 are as follows:

Right-of-Use Assets Under Operating Leases	$	5,793,026
Lease Obligations Under Operating Leases	$	5,885,537

The Company recognized $704,560, $924,748, and $790,004 in lease costs in rent on the accompanying statement of comprehensive (loss) income for each of the years ended December 31, 2022, 2021, and 2020, respectively.

Note 11. Lease (Continued)

Operating Leases (Continued)
Future maturities of lease liabilities at December 31, 2022 are presented in the following table:

Year Ending December 31,	Operating Leases
2023	$ 757,983
2024	734,798
2025	674,855
2026	602,769
2027	529,175
Thereafter	4,269,850
Total Leaes Payments	7,569,430
Less: Imputed Interest	(1,683,893)
Total Lease Liability	5,885,537
Less: Current Liability	(506,460)
Long-Term Lease Liability	$ 5,379,077

The Company's weighted-average remaining lease term is 12 years, and its weighted-average discount rate used to value the lease liabilities is 4.5%.

The following summarizes the supplemental cash flow information related to operating leases recognized during the period ended December 31, 2022 in the statement of cash flows:

	Period Ended December 31, 2022
Cash Paid for Amounts Included in the Measurement of Operating Lease Liabilities (Operating Cash Flows)	$ 431,054

Future minimum lease commitments, as determined under Topic 840, for all non-cancelable operating leases as of December 31, 2021, are as follows: $671,785, $537,031, $495,936, $432,686, and $363,840, for the years ending December 31, 2022, 2023, 2024, 2025, and 2026, respectively.

Note 12. Income Taxes

Income tax expense consisted of the following components for the years ended December 31, 2022, 2021, and 2020:

	2022	2021	2020
Current Expense	**$ 17,698**	$ 30,573	$ 44,810
Deferred (Benefit) Expense	**(292,628)**	206,601	116,785
Net (Benefit) Expense	**$ (274,930)**	$ 237,174	$ 161,595

The tax effects of temporary differences and carryforwards that give rise to significant portions of deferred tax assets and liabilities consist of the following:

	2022	2021	2020
Deferred Tax Assets			
Organizational Expenses	**$ 7,927**	$ 7,204	$ 6,137
Deferred Tax Liabilities			
Unrealized Gains	**(149,386)**	(441,729)	(234,063)
Net Deferred Tax Liability	**$ (141,459)**	$ (434,525)	$ (227,926)

Note 13. Employee Benefit Plan

Enmon Enterprises, L.L.C. has a defined contribution 401(k) retirement plan that covers all employees after six months of employment and $5,000 in earnings. EE will match employee contributions up to 4%. Employees may contribute up to 15% of their salaries to this plan with a maximum contribution as prescribed by the Internal Revenue Code. For the years ended December 31, 2022, 2021, and 2020, retirement contributions made by EE were $216,683, $215,636, and $198,854, respectively.

Note 14. Variable Interest Entities

Generally, a VIE is a legal entity with one or more of the following characteristics: (a) the total at risk equity investment is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties; (b) as a group the holders of the equity investment at risk lack any one of the following characteristics: (i) the power, through voting or similar rights, to direct the activities of the entity that most significantly impact its economic performance, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) some equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights.

The primary beneficiary of a VIE is required to consolidate the VIE and is the entity that has (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (b) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

In determining whether it is the primary beneficiary of a VIE, EE considers qualitative and quantitative factors, including, but not limited to: which activities most significantly impact the VIE's economic performance and which party controls such activities; the amount and characteristics of EE's interests and other involvements in the VIE; the obligation or likelihood for EE or other investors to provide financial support to the VIE; and the similarity with and significance to the business activities of the Company and the other investors.

Enmon Enterprises, L.L.C. has determined that the AB Series of Commercial Insurance Services, LLC and CJ Series of Commercial Insurance Services, LLC are variable interest entities under generally accepted accounting principles and that EE is the primary beneficiary. The assets and liabilities and revenues and expenses of these entities have been included in the accompanying consolidated financial statements.

As of December 31, 2022, 2021, and 2020, the consolidated balance sheets included cash, investments, and other receivables in the amount of $5,586,500 , $5,738,108, and $4,196,294, respectively, that can be used to settle the obligations of the consolidated VIEs. As of December 31, 2022, 2021, and 2020, the consolidated balance sheets included liabilities in the amount of $4,137,190, $3,327,079, and $3,228,616, respectively.

Note 15. Limited Liability of Members

The members have no personal liability to the Company or to the unsecured creditors of the Company for the debts of the Company or any of its losses beyond the amount of their capital contributions.

Note 16. Membership Units

Terms of the Company's Operating Agreement provide for the following classes of membership units:

Class A Membership Units
The Company has the authority to issue 100 class A membership units with a par value of $10 per unit. Class A membership units entitle the holder to one vote per unit as well as the right to distributions and liquidation of proceeds.

Class B Membership Units
The Company has the authority to issue 10,000 units of class B membership units with no par value. Class B membership units are non-voting, but have all of the other rights and privileges of Class A units.

Note 17. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, April 21, 2023, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.