TI TRUST

TRUE INTEGRITY FIDUCIARY SERVICES

ANNUAL REPORT 2023

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Corporate Description

TI-Trust, Inc. is a national provider of fiduciary services with over 65 years of experience. Our headquarters are in Quincy, Illinois, and we have offices in Illinois, Missouri, Pennsylvania, Arizona, and Georgia. We are committed to high ethical standards and solid core values. Our team of experienced financial, legal, and administrative professionals offer specialized fiduciary services focused on Employee Benefits, Personal Trust, and Farm Services. We have more than $17 billion in assets under management, and we serve clients nationwide. We strive to earn and maintain the trust and confidence of our clients by providing the highest quality fiduciary services.

For additional financial information contact: *Brian A. Ippensen, President, (217)228-8060*

Board of Directors

Steven E. Siebers, Chairman of the Board
Brian A. Ippensen, President
Michele R. Foster, Secretary of the Board
Carl Adams, Jr.
Steven R. Fischer
Phyllis Hofmeister

Executive Officers

Michele R. Foster
P. Dawn Goestenkors
Brian A. Ippensen
Julie E. Kenning, Chief Financial Officer
Jayson E. Martin
Larry E. Shepherd

Internal Auditor

Lauryn K. Oshner

Stockholder Information

Common shares authorized:	5,000,000
Common shares outstanding as of December 31, 2023	2,850,369
Certificate holders of record: *As of March 15, 2024	318

Inquiries regarding transfer requirements, changes of address, and account status, should be directed to the corporation's transfer agent:

Equiniti Trust Company, LLC
55 Challenger Road, Floor 2
Ridgefield Park, NJ 07660

Corporate Address

TI-Trust, Inc.
2900 North 23rd Street
Quincy, Illinois 62305

Independent Auditors

FORVIS, LLP
211 N. Broadway, Suite 600
St. Louis, Missouri 63102

General Counsel

Bryan Cave
211 N. Broadway Suite 3600
St. Louis, Missouri 63102

Our History

In 1946, a group of Quincy businessmen decided to establish a new bank on Quincy's North side with the dream of providing area residents with quality banking services for a lifetime. By 1956, the bank was doing well and the dream was becoming more of a reality. With an eye toward the future, the bank received trust powers to broaden its commitment of service. Like most trust departments, it provided traditional trust services for estate settlement and trust established by a will or other agreements. In 1989 the bank saw an opportunity to expand its trust services by serving as trustee for Employee Stock Ownership Plans (ESOP).

For several years to follow, the mutual savings institutions were converting to stock based banks and thrifts and as part of those conversions, ESOPs were established to provide the institution's employees with ownership in the new organization. In 1993, the trust department managed over $50 million in personal trust and employee benefit assets. On July 1, 2004, the trust department managed $1.2 billion in assets across 548 accounts and became a separate company, First Bankers Trust Services, Inc. (FBTS), a wholly owned subsidiary of First Bankers Trustshares, Inc. In 2012, FBTS expanded its personal trust and farm management services in Quincy and opened an office in St. Peters, Missouri. On July 1, 2019, First Bankers Trust Services, Inc. spun off from their parent company, First Bankers Trustshares, becoming an independent trust company with over 300 shareholders. Re-branded as TI-Trust, Inc., the company has over $17 billion in assets under management to date.

Mission Statement

We are the trusted conduit for sharing prosperity.

Vision Statement

A rewarding financial future for all.

Values Statement

WE BELIEVE:

People Matter: Our employees, shareholders, clients, and those in the communities where we live and work are our most valuable asset. Through our efforts, we help them meet their needs and achieve their aspirations.

Integrity Matters: We believe in consistently doing the right thing. Through our actions, we seek to earn the respect and appreciation from our people.

Community Matters: We are a part of something bigger than ourselves. Through kindness, we strive to create goodwill in our workplace and in our communities.

Excellence Matters: We are continually adapting to improve the superior quality of our services. Through our collaboration, we strive to be the best we can for our people.

April 2024

Brian A. Ippensen
President and CEO

To our shareholders:

Another year has concluded with another solid performance from your company!

In 2023, we increased our client assets under administration and management to a record \$17.5 billion. According to A.M. Publishing, which gathers information on all trust companies and departments across the country, TI-TRUST is the 107th largest trust function in the United States!

We had a successful year in attaining new clients and retaining existing relationships. That has led to a solid financial performance which you will find in the following audited financial statements. We recorded more than \$13.3 million in gross revenues and earned over \$2.2 million in net income, exceeding our budgeted expectations for this year. 2023 proved to be a challenging year managing expenses and expectations as inflationary pressures impact our business and our employees.

For 2024, we look to continue our good news story. Thus far, new client activities have been steady with robust inquiries and engagements for new employee benefit plans, personal trusts, and farm relationships. In a Presidential election year, the uncertainties of tax law changes and inflation's impact on the economy, we foresee impacts to trust and estate planning by our clients and their advisors.

2024 also marks the 50th anniversary of the passage of the Employee Retirement Income Security Act of 1974, signed by President Gerald Ford on Labor Day. More commonly referred to as ERISA, this federal law ushered in rules for retirement plans and created new employee benefit plans including the 401k and the Employee Stock Ownership Plan (ESOP). This year's milestone is generating thoughts and contemplation on retirement financial security. We look forward to sharing our experiences and the success stories from employee ownership to solve both an engaged workforce and retirement financial stability.

The Board has declared an annual dividend of \$0.15 for all shareholders of record as of March 22, 2024 payable on April 12, 2024. After engaging an independent advisor, the ESOP trustee has established the TI-TRUST stock price at \$7.71 per share as of 12/31/2023, an increase from the prior year of \$1.28 per share, or 19.8%.

The Annual meeting of TI-TRUST, Inc. will be available via teleconference on Thursday May 16, 2024. You can find more information in our proxy statement, including the election of directors.

Thank you for you continued investment in TI-TRUST, Inc.!

Sincerely,

Brian Ippensen
President/CEO

FORVIS

One Metropolitan, 211 N. Broadway, Suite 600 / St. Louis, MO 63102
P 314.231.5544 / **F** 314.231.9731
forvis.com

Independent Auditor's Report

Board of Directors, Audit Committee
and Management
TI-Trust, Inc.
Quincy, Illinois

Opinion

We have audited the financial statements of TI-Trust, Inc. (Company) which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with accounting 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 ethical responsibilities, in accordance with the relevant ethical requirements related 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; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

FORVIS, LLP

St. Louis, Missouri
March 21, 2024

TI-Trust, Inc.
Balance Sheets
December 31, 2023 and 2022

ASSETS

	2023	2022
Cash and due from banks		
Noninterest-bearing	$ 618,810	$ 835,100
Interest-bearing	1,231,609	1,044,126
Total cash and due from banks	1,850,419	1,879,226
Interest-bearing time deposits	2,419,000	1,599,000
Trust fee income receivable, net of allowance for credit losses and uncollectible accounts, respectively (2023 - $0 and 2022 - $11,500)	552,431	572,643
Interest receivable	68,169	38,953
Available-for-sale debt securities	10,252,357	8,024,583
Equity securities	2,005,160	2,299,941
Goodwill	240,000	240,000
Property and equipment, net	1,473,221	1,636,919
Right of use assets - operating leases	513,208	706,131
Other assets	716,995	581,301
Total assets	$ 20,090,960	$ 17,578,697

LIABILITIES AND STOCKHOLDERS' EQUITY

	2023	2022
Liabilities		
Trust deferred fee income	$ 2,848,548	$ 2,454,892
Payroll and benefits accrued expenses	1,057,775	994,955
Operating lease liability	521,071	711,078
Accounts payable and other accrued expenses	258,316	147,864
Total liabilities	4,685,710	4,308,789
Stockholders' Equity		
Common stock, $.01 par value, authorized 5,000,000 shares; issued; 3,089,773 shares; outstanding; 2023 - 2,850,369 shares, 2022 - 2,853,789 shares	30,898	30,898
Additional paid-in capital	3,477,222	3,477,222
Retained earnings	13,495,044	11,623,595
Accumulated other comprehensive loss	(160,019)	(445,903)
Treasury stock, at cost; 2023 - 239,404 shares, 2022 - 235,984 shares	(1,437,895)	(1,415,904)
Total stockholders' equity	15,405,250	13,269,908
Total liabilities and stockholders' equity	$ 20,090,960	$ 17,578,697

See Notes to Financial Statements

TI-Trust, Inc.
Statements of Income and Comprehensive Income
Years Ended December 31, 2023 and 2022

	2023	2022
Revenues		
Annual trust fees, net	$ 11,052,362	$ 10,594,749
Transaction fees	1,743,441	2,113,782
Distribution fees	504,044	574,412
Interest income		
Taxable debt securities	210,343	147,866
Non-taxable debt securities		
Other	290,145	89,687
Other		
Net realized loss on sale of available-for-sale debt securities	(290,001)	-
Unrealized and realized gains (losses) on equity securities	55,456	(256,530)
Other	17,013	10,348
Total revenues	13,582,803	13,274,314
Expenses		
Salaries and employee benefits	7,713,066	7,025,227
Occupancy	415,840	368,890
Depreciation	238,586	236,418
Professional fees	567,981	618,693
Computer processing	439,930	381,368
General and administrative	1,244,740	1,086,189
Other	44,257	34,175
Total expenses	10,664,400	9,750,960
Income Before Income Taxes	2,918,403	3,523,354
Provision for Income Taxes	704,498	993,028
Net Income	2,213,905	2,530,326
Other Comprehensive Income (Loss)		
Unrealized appreciation (depreciation) on available-for-sale debt securities, net of taxes of $113,954 in 2023 and ($193,814) in 2022	285,884	(486,238)
Comprehensive Income	$ 2,499,789	$ 2,044,088

See Notes to Financial Statements

TI-Trust, Inc.
Statements of Changes in Stockholders' Equity
Years Ended December 31, 2023 and 2022

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance, January 1, 2022	$ 30,898	$ 3,469,102	$ 10,797,145	$ 40,335	$ (1,499,904)	$ 12,837,576
Net income	-	-	2,530,326	-	-	2,530,326
Dividends paid ($0.60 per share)	-	-	(1,703,876)	-	-	(1,703,876)
Contribution of treasury stock to ESOP - 14,000 shares	-	8,120	-	-	84,000	92,120
Other comprehensive loss	-	-	-	(486,238)	-	(486,238)
Balance, December 31, 2022	$ 30,898	$ 3,477,222	$ 11,623,595	$ (445,903)	$ (1,415,904)	$ 13,269,908
Net income	-	-	2,213,905	-	-	2,213,905
Dividends paid ($0.12 per share)	-	-	(342,456)	-	-	(342,456)
Purchase of treasury stock - 3,420 shares	-	-	-	-	(21,991)	(21,991)
Contribution of treasury stock to ESOP - see Note 7	-	-	-	-	-	-
Other comprehensive gain	-	-	-	285,884	-	285,884
Balance, December 31, 2023	$ 30,898	$ 3,477,222	$ 13,495,044	$ (160,019)	$ (1,437,895)	$ 15,405,250

See Notes to Financial Statements

TI-Trust, Inc.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Operating Activities		
Net income	$ 2,213,905	$ 2,530,326
Items not requiring cash		
Depreciation on property and equipment	238,586	236,418
Amortization on debt securities, net of accretion	22,051	27,515
Gain on asset disposal	(2,500)	(6,500)
Net realized loss on sales of available-for-sale debt securities	290,001	-
Unrealized and realized (gains) losses on equity securities	(55,456)	256,530
Noncash operating lease expense	192,923	189,869
Changes in		
Fee income receivable, net	20,212	(82,906)
Interest receivable	(29,216)	(3,545)
Other assets	(135,694)	(51,288)
Deferred tax asset and liability	(32,400)	(78,356)
Trust deferred fee income	393,656	(241,555)
Payroll and benefits accrued expenses	62,820	(20,831)
Operating lease liability	(190,007)	(184,922)
Accounts payable and other accrued expenses	28,899	30,462
Net cash provided by operating activities	3,017,780	2,601,217
Investing Activities		
Net change in interest-bearing time deposits	(820,000)	(378,000)
Proceeds from sale of premises and equipment	2,500	6,500
Purchases of property and equipment	(74,888)	(141,012)
Purchases of available-for-sale debt securities	(5,000,533)	(1,509,041)
Proceeds from sales of available-for-sale debt securities	2,010,544	-
Proceeds from maturities or calls on available-for-sale	850,000	1,050,000
Proceeds from sales of equity securities	350,237	-
Net cash used in investing activities	(2,682,140)	(971,553)
Financing Activities		
Dividends paid	(342,456)	(1,703,876)
Purchase of treasury stock	(21,991)	-
Contribution of treasury stock to ESOP	-	92,120
Net cash used in financing activities	(364,447)	(1,611,756)
Increase (Decrease) in Cash and Cash Equivalents	(28,807)	17,908
Cash and Cash Equivalents, Beginning of Year	1,879,226	1,861,318
Cash and Cash Equivalents, End of Year	$ 1,850,419	$ 1,879,226
Supplemental Cash Flows Information		
Income taxes paid	$ 1,120,537	$ 534,665

See Notes to Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

TI-Trust, Inc. ("Company") provides asset and custodial management services for individual and corporate clients throughout the country. All administration is conducted in Quincy, Illinois, with sales offices in Oakbrook, Illinois, St. Peters, Missouri, Philadelphia, Pennsylvania, Atlanta, Georgia, and Phoenix, Arizona. The Company is subject to competition from investment management firms along with other trust companies and banks with trust powers.

Assets held by the Company on the behalf of clients are not assets of the Company, and accordingly, are not included in the financial statements. Assets under management totaled $17,536,831,440 and $16,823,691,841 as of December 31, 2023 and 2022, respectively. During the course of discharging its respective responsibilities for each client, the Company is subject to a number of federal and state regulatory bodies and associated rules governing each type of account. The Company is regulated by the Illinois Department of Financial and Professional Regulation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relates to the fair value of available-for-sale debt securities and equity securities and consideration of self-insurance.

Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit. At December 31, 2023, the Company's cash accounts exceeded federally insured limits by approximately $1,083,000.

Interest-Bearing Time Deposits

Interest-bearing time deposits in banks mature within 102 months and are carried at cost, which approximates fair value.

Debt Securities

The Company's debt securities are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluding from earnings and reported in other comprehensive income (loss). Purchase premiums and discounts are recognized in interest income using the interest method over the earlier of the call dates or the terms of the securities. Gains and losses on the sales of debt securities are recorded on the trade dates and are determined using the specific identification method.

When the fair value of securities is below the amortized cost and the Company will not be required to sell the security before the recovery of the amortized cost basis, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. If the present value of cash flows expected to be collected from the security are less than the amortized cost basis of the security, an allowance for credit losses is recorded for the credit loss, limited to the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income (loss).

	Accounting Treatment	
Circumstances of Impairment Considerations	**Credit Component**	**Remaining Portion**
Not intended for sale and more likely than not that the Company will not have to sell before recovery of cost basis	Recognized as an allowance for credit loss	Recognized in other comprehensive income
Intended for sale or more likely than not that the Company will be required to sell before recovery of cost basis	Recognized in earnings	

Allowance for Credit Losses – Debt Securities

For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either case is affirmative, any previously recognized allowances are charged off and the security's amortized cost is written down to fair value through income. If neither case is affirmative, the security is evaluated to determine whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency and any adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income. Adjustments to the allowance are reported in our consolidated income statement as a component of credit loss expense. The Company excludes accrued interest receivable on available-for-sale debt securities from the estimate of credit losses. Available-for-sale debt securities are charged off against the allowance or, in the absence of any allowance, written down through income when deemed uncollectible by management or when either of the aforementioned criteria regarding intent or requirement to sell is met.

Prior to the adoption of ASU 2016-13, declines in the fair value of available-for-sale securities below their cost that were deemed to by other than temporary were reflected in earnings as realized losses. In estimating other-than-temporary impairment losses prior to January 1, 2023, the Company considered, among other things, (i) the length of time and the extent to which the fair value had been less than cost, (ii) the financial condition and near-term prospects of the issuer and (iii) the intent and our ability to retain our investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Equity Securities

The Company measures equity securities at fair value with changes recognized in net income. Gains and losses on the sale of securities are recorded on the trade dates and are determined using the specific identification method.

Trust Fee Income Receivable and Trust Deferred Fee Income

Trust fee income receivable and trust deferred fee income represent servicing fees due from client account relationships. The Company collects fees for services in either one of two methods: in arrears or in advance. Trust fee income receivable is stated at the amount of consideration from clients for which the Company has an unconditional right to receive in arrears of the service. For accounts that pay after the services are completed, those fees are collected at the end of the billing period. Trust deferred fee income is stated as the net amount of cash received in advance and revenue earned. Revenues are recognized ratably during the term of the service period which is typically year-to-year. The Company provides consideration of an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and economic conditions adjusted for current conditions and reasonable and supportable forecasts. The provision for credit losses and doubtful accounts charged for the years ended December 31, 2023 or 2022, respectively was immaterial.

Property and Equipment

Land is carried at cost. Depreciable assets are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building	40 years
Building and leasehold improvements	3 – 15 years
Furniture and equipment	3 – 15 years

Goodwill

Goodwill is evaluated annually for impairment or more frequently if impairment indicators are present. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied values. Subsequent increases in goodwill value are not recognized in the financial statements.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (FASB ASC 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax basis of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment.

The Company recognizes interest and penalties, if any, on income taxes as a component of income tax expense.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income (loss), net of applicable income taxes. Other comprehensive income (loss) includes unrealized appreciation (depreciation) on available-for-sale securities.

Revenue Recognition

Annual trust fees represent fees earned in conjunction with providing annual fiduciary services such as trust administration, investment management, or asset custody. Transaction fees represent non-recurring fees for the execution of specific transactions related to trust administration, investment management or asset custody. Distribution fees represent fees for distribution of principal or income to beneficiaries.

Substantially all of the Company's revenue is generated from contracts with clients in which fees are earned from the management and administration of trusts and other assets. The Company's performance obligation is generally satisfied over time and the resulting fees are recognized monthly based upon the month-end market value of the assets under management and the applicable fee rate. Payment is generally either prepaid or paid at the end of a specified period and can be paid through a direct charge to clients' accounts. The Company does not earn performance-based incentives. The Company's performance obligation for transactional-based services is generally satisfied, and related revenue recognized, at a point in time, *i.e.,* as incurred. Payment is to be received shortly after services begin or at the time the service is rendered.

Contract Balances

A contract balance asset occurs when the Company performs a service for a client before the client pays consideration (resulting in a contract receivable) or before payment is due (resulting in a contract asset). A contract liability is the Company's obligation to perform a service for which the Company has already received payment (or payment is due) from the client. The Company's revenue streams are largely based on transactional activity, or standard month-end revenue accruals such as asset management fees based on month-end market values. Consideration is often received immediately or shortly after the Company satisfies its performance obligation and revenue is recognized. The Company does not typically enter into long-term revenue contracts with clients, and therefore, does not experience significant contract balances. As of December 31, 2023 and 2022, the Company did not have any significant contract balances.

Contract Acquisition Costs

In connection with FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), the Company is required to capitalize and subsequently amortize into expense, certain incremental costs of obtaining a contract with a client if these costs are expected to be recovered. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a client that it would not have incurred if the contract had not been obtained (for example, sales commission). The Company utilizes the practical expedient which allows an entity to immediately expense contract acquisition costs when the asset that would have resulted from capitalizing these costs would have been amortized in one year or less.

Treasury Stock

Common stock shares repurchased are recorded at cost. Cost of shares retired or reissued is determined using the first-in, first-out method.

Reclassification

Certain amounts in the 2022 consolidated financial statements have been reclassified to conform to the 2023 presentation.

Accounting Standard Adopted During the Year

Effective January 1, 2023, the Company adopted ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), *Measurement of Credit Losses on Financial Instruments* related to the impairment of financial instruments. This guidance, commonly referred to as Current Expected Credit Loss ("CECL"), changes impairment recognition to a model that is based on expected losses rather than incurred losses. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. Upon adoption of the guidance on January 1, 2023, there was no impact to retained earnings.

Note 2. Debt Securities

The amortized cost and approximate fair values, together with gross unrealized gains and losses, of available-for-sale debt securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2023				
U.S. government-sponsored enterprises (GSEs)	$ 10,476,159	$ 6,131	$ (229,933)	$ 10,252,357
Total	$ 10,476,159	$ 6,131	$ (229,933)	$ 10,252,357
December 31, 2022				
U.S. government-sponsored enterprises (GSEs)	$ 8,598,222	$ -	$ (623,724)	$ 7,974,498
State and political subdivisions	50,000	85	-	50,085
Total	$ 8,648,222	$ 85	$ (623,724)	$ 8,024,583

The amortized cost and fair value of available-for-sale debt securities at December 31, 2023, by contractual maturity are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

December 31, 2023	Amortized Cost	Fair Value
Within one year	$ 1,501,856	$ 1,474,784
One to five years	5,990,480	5,790,100
Five to 10 years	2,983,823	2,987,473
Total	$ 10,476,159	$ 10,252,357

The fair value of securities pledged as collateral to various state regulatory agencies for trust operations was $2,000,000 and $1,906,515 at December 31, 2023 and 2022, respectively. At December 31, 2023, the Company also had $110,000 of money market funds pledged.

There were no gross gains on sales of available-for-sale debt securities as of the years ended December 31, 2023 or 2022. Gross losses on sales of available-for-sale debt securities totaled $290,001 for the year ended December 31, 2023. There were no gross losses on sales of available-for-sale debt securities for the year ended December 31, 2022.

The following table shows the Company's investments' gross unrealized losses and fair value of the Company's available-for-sale debt securities with unrealized losses that are not deemed to require an allowance for credit losses or deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2023 and 2022:

	December 31, 2023					
	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government-sponsored enterprises (GSEs)	$ 3,836,100	$ (10,502)	$ 4,748,799	$ (219,431)	$ 8,584,899	$ (229,933)
Total temporarily impaired securities	$ 3,836,100	$ (10,502)	$ 4,748,799	$ (219,431)	$ 8,584,899	$ (229,933)

	December 31, 2022					
	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government-sponsored enterprises (GSEs)	$ 4,635,727	$ (194,206)	$ 3,338,771	$ (429,518)	$ 7,974,498	$ (623,724)
Total temporarily impaired securities	$ 4,635,727	$ (194,206)	$ 3,338,771	$ (429,518)	$ 7,974,498	$ (623,724)

U.S. Government-Sponsored Enterprises (GSEs)

The unrealized losses on the Company's investments in direct obligations of U.S. GSEs were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the debt securities at prices less than the amortized cost basis of the investments. Because the Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to require a credit loss reserve as of December 31, 2023.

Note 3. Property and Equipment

Major classifications of property and equipment, stated at cost as of December 31, 2023 and 2022, are as follows:

	2023	2022
Land	$ 98,470	$ 98,470
Building and improvements	1,609,648	1,609,648
Furniture and equipment	1,951,104	1,828,251
Construction in process	-	72,805
Total cost	3,659,222	3,609,174
Less accumulated depreciation	(2,186,001)	(1,972,255)
Net property and equipment	$ 1,473,221	$ 1,636,919

Note 4. Leases

Accounting Policies

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the Balance Sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date.

The Company combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Company has elected not to record leases with an initial term of 12 months or less on the Balance Sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Company has entered into the following lease arrangements:

Operating Leases

The Company maintains four operating leases. The Company leases office space for an additional location in Quincy, Illinois. There are two leases associated with this location that expire in 2026, one has annual renewal options for four years, the other is a three year original term with two annual renewal options at the end of the original lease term. The lease agreement does not require the Company to pay all executory costs (property taxes, maintenance, and insurance). Lease payments have an escalating fee schedule, which range from a 1% to 2% increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

The Company also maintains a location in St. Peters, Missouri. The lease expires in 2028, with a three year renewal period option in 2025. The lease agreement does not require the Company to pay all executory costs (property taxes, maintenance, and insurance). Lease payments are consistent until the 2025 renewal period, in which there is a 5% increase for the remaining three year term until the lease expires in 2028. Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

The Company also maintains a location in Oak Brook, Illinois. The lease associated with this location expires in 2026. The lease agreement does not require the Company to pay all executory costs (property taxes, maintenance, and insurance). Lease payments escalate 2% annually. There is no extension or renewal period. Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

All Leases

The Company has no related-party leases.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

Cash paid during 2023 for amounts included in the measurement of the lease liability associated with the operating lease was approximately $198,000. Operating lease costs were approximately $8,000 for 2023. Weight-average remaining lease term of operating lease liabilities was 2.81 years and weight-average discount rate of operating lease liabilities was 1.37%.

Future minimum lease payments and reconciliation to the balance sheet at December 31, 2023, are as follows:

Years Ending December 31,		
2024	$	201,444
2025		204,868
2026		89,378
2027		24,496
2028		14,289
Total future undiscounted lease payment		534,475
Less interest		13,404
Total lease liabilities	$	521,071

Note 5. Income Taxes

The Company files income tax returns in the U.S. federal and state of Illinois, Arizona, Missouri, and Georgia jurisdictions.

The provision for income taxes includes these components as of December 31, 2023 and 2022:

	2023	2022
Taxes currently payable	$ 736,898	$ 1,071,384
Deferred income taxes	(32,400)	(78,356)
Income tax expense	$ 704,498	$ 993,028

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense as of December 31, 2023 and 2022, is shown below:

	2023	2022
Computed at the statutory rate (21%)	$ 614,545	$ 739,904
Increase (decrease) resulting from		
Non-deductible expenses	3,906	1,236
State income taxes	117,025	252,396
Other	(30,978)	(508)
Actual tax expense	$ 704,498	$ 993,028

The tax effects of temporary differences related to deferred taxes shown on the balance sheet was as follows as of December 31, 2023 and 2022. As of December 31, 2023, net deferred tax liability is recorded within accounts payable and other accrued expenses on the balance sheet. As of December 31, 2022, deferred tax asset is recorded within other assets on the balance sheet.

	2023	2022
Deferred tax assets		
Payroll and benefits accrued expenses	$ 80,000	$ 69,000
Unrealized losses on equity securities	70,000	86,000
Unrealized losses on available-for-sale debt	67,784	177,737
Right of use liability	149,000	203,000
Other	400	4,000
Deferred tax asset	367,184	539,737
Deferred tax liability		
Prepaid expenses	(111,000)	(120,000)
Depreciation	(119,000)	(147,000)
Right of use asset	(147,000)	(201,000)
Deferred tax liability	(377,000)	(468,000)
Net deferred tax asset (liability)	$ (9,816)	$ 71,737

Note 6. Minimum Organizational Capital

The Company is subject to the Illinois Department of Financial and Professional Regulation's minimum organizational capital requirement of $3,000,000. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary action by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. The Company's capital levels were in excess of the required minimum at December 31, 2023 and 2022.

The Company is also required to pledge to the Illinois Department of Financial and Professional Regulation a surety bond or securities in the amount of $2,000,000 for the purpose of covering any costs attributable to a receivership of the trust company. The pledged securities or surety bond is in addition to the Company's minimum capital requirement. The Company has pledged securities with market values in excess of the minimum requirement totaling $2,060,729 at December 31, 2023.

Other states may also require a capital requirement in order to do business in the state. As of December 31, 2023, these requirements totaled $100,000. The Company has appropriately met these requirements as of December 31, 2023, with $103,853 in additional securities pledged.

Note 7. Employee Benefits

The Company has a 401(k) profit-sharing plan, Employee Stock Ownership Plan (ESOP), and an incentive compensation plan. The accrued expenses related to these employee benefits are recorded within payroll and benefits accrued expenses on the balance sheets.

The 401(k) profit sharing plan, which is a tax qualified savings plan, covers substantially all of the Company's employees. All full time employees are eligible to participate upon the first day of the month following 30 days of employment and attaining the age of 18. Part time or seasonal workers are eligible to participate in the Plan after completion of one year or 1,000 hours of service and attaining the age of 18. The employee may elect to contribute a percentage or a flat dollar amount of compensation before taxes in a traditional 401(k) and/or a percentage of compensation after taxes using the Company's Roth 401(k) option. The Company may match a percentage of employee contributions. Historically this has been up to 2% of employee contributions based upon employee gross wages. Additionally, based upon profits, a profit sharing contribution may be made by the Company. The Company contributed an additional amount of 4% of employee gross wages for the years ended December 31, 2023 and 2022, respectively. Employees are 100% vested in the Company's contribution plan after five years of service. Employee contributions and vested Company contributions may be withdrawn only on termination of employment, retirement, death or hardship withdrawal. The financial statements include expense related to the 401(k) plan of $346,416 and $316,807 for the years ended December 31, 2023 and 2022, respectively.

Effective January 1, 2022, the Company formed an ESOP. The Company-sponsored ESOP covers substantially all employees of the Company. The Plan held 14,000 shares of the Company's common stock at December 31, 2023 and 2022. This represents 0.49% of outstanding shares at December 31, 2023 and 2022. Any contributions to the ESOP are at the discretion of the board of directors. In order to participate in the Plan and receive a contribution and/or allocation, the participant must be employed for 1,000 hours during the Plan year and be employed on the last day of the Plan year. As of December 31, 2023, the financial statements include an accrual and related expense of $108,000 related to the 2023 ESOP plan year contribution. The number of shares contributed will be based upon the December 31, 2023 ESOP value. During 2022, the Plan received 14,000 shares from treasury stock of the Company, resulting in a contribution and related expense of $92,120. ESOP shares were contributed on December 31, 2022 at the latest value of $6.58 per share. Upon a beneficiary's termination or retirement, the Company will be obligated to repurchase the beneficiary's shares allocated to the ESOP.

Under the incentive compensation plan, established funds are distributed to certain employees based on their performance. The financial statements include expense related to the incentive compensation plan of $351,705 and $368,828 for the years ended December 31, 2023 and 2022, respectively.

Note 8. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets

Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022:

		Fair Value Measurements Using		
	Total Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
December 31, 2023				
Assets				
Available-for-sale debt securities				
U.S. GSEs	$ 10,252,357	$ 588,494	$ 9,663,863	$ -
Equity securities	$ 2,005,160	$ 2,005,160	$ -	$ -
December 31, 2022				
Assets				
Available-for-sale debt securities				
U.S. GSEs	$ 7,974,498	$ -	$ 7,974,498	$ -
State and political subdivisions	$ 50,085	$ -	$ 50,085	$ -
Equity securities	$ 2,556,471	$ 2,556,471	$ -	$ -

Following is a description of the valuation methodology and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying balance sheet, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2023.

Available-for-Sale Debt Securities

Where quoted market prices are available in an active market, debt securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of debt securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently secured market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such debt securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, debt securities are classified within Level 3 of the hierarchy.

Equity Securities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of debt securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently secured market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, debt securities are classified within Level 3 of the hierarchy.

The unrealized and realized gains and losses recognized on equity securities for the periods ending December 31, 2023 and 2022, totaled $55,456 and $(256,530), respectively, and are recorded within other income in the accompanying income statements.

Note 9. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Company. As of December 31, 2023 and 2022, there were no outstanding or anticipated lawsuits.

Self-Insurance

During 2023, the Company created the TI-Trust Health and Welfare Trust (“Trust”), with an effective date of July 1, 2019 to establish an account to be held by a Trustee in order to maintain and administer the assets of the TI-Trust Health and Welfare Plan (“Plan”). As of December 31, 2023, the funding provided during the year is sufficient to cover the estimated liability as of December 31, 2023 for any claims that have been incurred but not yet reported or not yet paid. As such, no liability is recorded by the Company as of December 31, 2023.

Under the Company's health insurance program, coverage is obtained for medical and pharmaceutical claims of which up to $65,000 per claim is paid by the Company. Provisions for losses expected under these programs are recorded based upon the Company's estimates of the aggregate liability for claims incurred and totaled approximately $857,000 and $750,000 during 2023 and 2022, respectively. The amount of actual losses incurred could differ materially from estimates reflected in salaries and employee benefits expense in these financial statements.

Note 10. Subsequent Events

Subsequent events have been evaluated through March 21, 2024, which is the date the financial statements were available to be issued.

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