TI TRUST

TRUE INTEGRITY FIDUCIARY SERVICES

ANNUAL REPORT 2024

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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 branch offices in Illinois and Missouri. 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 $19.5 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*
Julie E. Kenning, Chief Financial Officer

Board of Directors

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

Executive Officers

Michele R. Foster
P. Dawn Goestenkors
Brian A. Ippensen
Julie E. Kenning
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, 2024 2,870,539

Certificate holders of record: *As of March 14, 2025 310

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 $19.5 billion in assets under management as of December 31, 2024.

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 2025

Brian A. Ippensen

President and CEO

To our shareholders:

"I knew the record would stand until it was broken." – Yogi Berra

Yogi Berra was a 3 time, Most Valuable Player, played in 10 World Series and found success as a baseball major league manager. He is equally remembered for his memorable quotes like the one above. In the spirit of Yogi, let the records be broken!

2024 was the year for shattering previous records and setting the bar higher. As you will see in our financial reports, we achieved more than $15 million in revenue, exceeding our expectations for the year and the previous record of $13.3 set in 2022. Our growth was driven by strong demand for our employee benefit and personal trust services where we added new fees from new clients and nearly $3 million from one-time fees from farm services, personal trust and the employee benefit groups.

We held our non-payroll expenses growth rate at just over 2% from the previous year and below our 2024 expectation, which we chalk up as a win in the current inflationary environment. In 2023 we took advantage of the rising interest rate environment and managed our securities portfolio to achieve this past year the largest ever earnings on interest income with a 250% growth. While these records are great, we did hit some snags in our expectations. Our self-funded health insurance program reached nearly $1 million in claims, 14% more than the year before and above our expectations. Yogi didn't mention that all records broken would be a positive.

All of those results produced a record $3.4 million in Net Income, after tax. That's not quite the level we achieved in 2021 when Net Income reached $3.6 million. In that year, nearly $1 million was recognized as extraordinary income from COVID-19 relief measures. Like baseball, there are some records noted with an asterisk.

We achieved a record growth in new recurring fees and accounts, maintained our existing client relationships and our assets under management continued its growth to more than $20 billion. We further strengthened our balance sheet with more than $17 million in total equity. Amongst these record setting achievements, we acquired a new office building in Quincy which will eventually consolidate our Quincy based employees into a single location.

None of this would be possible without the dedication of our employee to our clients. Every day, they express our core Values in their work, fulfilling our Mission to serve as the trusted conduit for sharing prosperity. I thank them one and all for their efforts and commitment to your Company.

The Board has declared an annual dividend of $0.18 for all shareholders of record as of March 21, 2025, payable on April 11, 2025. After engaging an independent advisor, the ESOP trustee has established the TI-TRUST stock price for the ESOP at $9.85 per share as of 12/31/2024, an increase from the prior year of $2.14 per share, or 28%.

The Annual meeting of TI-TRUST, Inc. will be available via teleconference on Thursday May 15, 2025. You can find more information in our proxy statement, including the election of directors.

Yogi Berra had another quote: "Keep trying. Stay humble. Trust your instincts. Most importantly, act. When you come to a fork in the road, take it." As Yogi prepared for a baseball game, he had choices to make, and sometimes the choice was to do both. As we continue to grow the business and add talent to our ranks, we need not take only a left or right turn. We will be decisive to do both.

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

Sincerely,

Brian Ippensen

Brian Ippensen President/CEO

Forvis Mazars, LLP
One Metropolitan, 211 N. Broadway, Suite 600
St. Louis, MO 63102
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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, 2024 and 2023, 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, 2024 and 2023, 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 Mazars, LLP

St. Louis, Missouri
March 7, 2025

TI-Trust, Inc.
Balance Sheets
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and due from banks		
Noninterest-bearing	$ 625,330	$ 618,810
Interest-bearing	1,614,259	1,231,609
Total cash and due from banks	2,239,589	1,850,419
Interest-bearing time deposits	1,947,000	2,419,000
Trust fee income receivable, net of allowance for credit losses (2024 - $23,500 and 2023 - $0)	610,061	552,431
Interest receivable	77,809	68,169
Available-for-sale debt securities	10,980,165	10,252,357
Equity securities	1,676,021	2,005,160
Goodwill	240,000	240,000
Property and equipment, net	3,246,408	1,473,221
Right of use assets - operating leases	317,570	513,208
Other assets	542,878	716,995
Total Assets	$ 21,877,501	$ 20,090,960
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Trust deferred fee income	$ 2,927,532	$ 2,848,548
Payroll and benefits accrued expenses	942,059	1,057,775
Operating lease liability	325,412	521,071
Accounts payable and other accrued expenses	577,416	258,316
Total Liabilities	4,772,419	4,685,710
Stockholders' Equity		
Common stock, $.01 par value, authorized 5,000,000 shares; issued; 3,089,773 shares; outstanding; 2024 - 2,870,539 shares, 2023 - 2,850,369 shares	30,898	30,898
Additional paid-in capital	3,528,534	3,477,222
Retained earnings	15,025,381	13,495,044
Accumulated other comprehensive loss	(148,851)	(160,019)
Treasury stock, at cost; 2024 - 219,234 shares, 2023 - 239,404 shares	(1,330,880)	(1,437,895)
Total Stockholders' Equity	17,105,082	15,405,250
Total Liabilities and Stockholders' Equity	$ 21,877,501	$ 20,090,960

See Notes to Financial Statements

TI-Trust, Inc.
Statements of Income and Comprehensive Income
Years Ended December 31, 2024 and 2023

	2024	2023
Revenues		
Annual trust fees, net	$ 12,088,939	$ 11,052,362
Transaction fees	2,956,870	1,743,441
Distribution fees	391,380	504,044
Interest income		
Taxable debt securities	403,226	210,343
Other	306,557	290,145
Other		
Net realized loss on sale of available-for-sale debt securities	(1,981)	(290,001)
Unrealized and realized gains on equity securities	3,913	55,456
Other	16,441	17,013
Total Revenues	16,165,345	13,582,803
Expenses		
Salaries and employee benefits	8,420,384	7,713,066
Occupancy	382,681	415,840
Depreciation	244,506	238,586
Professional fees	559,218	567,981
Computer processing	537,622	439,930
General and administrative	1,252,380	1,244,740
Other	41,889	44,257
Total Expenses	11,438,680	10,664,400
Income Before Income Taxes	4,726,665	2,918,403
Provision for Income Taxes	1,336,034	704,498
Net Income	3,390,631	2,213,905
Other Comprehensive Income		
Unrealized appreciation on available-for-sale debt securities	13,638	109,837
Reclassification adjustment for realized losses on available-for-available-for-sale debt securities	1,981	290,001
Income tax impact	(4,451)	(113,954)
Other comprehensive income	11,168	285,884
Comprehensive Income	$ 3,401,799	$ 2,499,789

See Notes to Financial Statements

TI-Trust, Inc.
Statements of Changes in Stockholders' Equity
Years Ended December 31, 2024 and 2023

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance, January 1, 2023	$ 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
Net income	-	-	3,390,631	-	-	3,390,631
Dividends paid ($0.65 per share)	-	-	(1,860,294)	-	-	(1,860,294)
Purchase of treasury stock - 9,837 shares	-	-	-	-	(73,027)	(73,027)
Contributions of treasury stock to ESOP - 30,007 shares - see Note 7	-	51,312	-	-	180,042	231,354
Other comprehensive gain	-	-	-	11,168	-	11,168
Balance, December 31, 2024	$ 30,898	$ 3,528,534	$ 15,025,381	$ (148,851)	$ (1,330,880)	$ 17,105,082

See Notes to Financial Statements

TI-Trust, Inc.
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Activities		
Net income	$ 3,390,631	$ 2,213,905
Items not requiring cash		
Depreciation on property and equipment	244,506	238,586
Amortization on debt securities, net of accretion	12,811	22,051
Provision for uncollectible account expense	23,500	-
Loss (gain) on asset disposal	2,609	(2,500)
Net realized loss on sales of available-for-sale debt securities	1,981	290,001
Unrealized and realized gains on equity securities	(3,913)	(55,456)
Noncash operating lease expense	195,638	192,923
Changes in		
Fee income receivable, net	(81,130)	20,212
Interest receivable	(9,640)	(29,216)
Other assets	174,117	(135,694)
Deferred tax asset and liability	77,102	(32,400)
Trust deferred fee income	78,984	393,656
Payroll and benefits accrued expenses	(115,716)	62,820
Operating lease liability	(195,659)	(190,007)
Accounts payable and other accrued expenses	237,547	28,899
Net Cash Provided by Operating Activities	4,033,368	3,017,780
Investing Activities		
Net change in interest-bearing time deposits	472,000	(820,000)
Proceeds from sale of premises and equipment	-	2,500
Purchases of property and equipment	(2,020,302)	(74,888)
Purchases of available-for-sale debt securities	(3,225,000)	(5,000,533)
Proceeds from sales of available-for-sale debt securities	948,019	2,010,544
Proceeds from maturities or calls on available-for-sale	1,550,000	850,000
Proceeds from sales of equity securities	333,052	350,237
Net Cash Used in Investing Activities	(1,942,231)	(2,682,140)
Financing Activities		
Dividends paid	(1,860,294)	(342,456)
Purchase of treasury stock	(73,027)	(21,991)
Contribution of treasury stock to ESOP	231,354	-
Net Cash Used in Financing Activities	(1,701,967)	(364,447)
Increase (Decrease) in Cash and Cash Equivalents	389,170	(28,807)
Cash and Cash Equivalents, Beginning of Year	1,850,419	1,879,226
Cash and Cash Equivalents, End of Year	$ 2,239,589	$ 1,850,419
Supplemental Cash Flows Information		
Income taxes paid	$ 738,410	$ 1,120,537

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. Client account administration is conducted at the Company headquarters in Quincy, Illinois and the branch offices located in Oakbrook, Illinois and St. Peters, Missouri. 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 $19,968,200,613 and $17,536,831,440 as of December 31, 2024 and 2023, 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, 2024, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit. At December 31, 2024, the Company's cash accounts exceeded federally insured limits by approximately $1,577,000.

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. 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.

	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.

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, 2024 or 2023, 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, net of applicable income taxes. Other comprehensive income includes unrealized appreciation on available-for-sale securities, a reclassification adjustment from realized losses, and the related tax impact.

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, 2024 and 2023, 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 2023 consolidated financial statements have been reclassified to conform to the 2024 presentation.

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, 2024				
U.S. government-sponsored enterprises (GSEs)	$ 11,188,348	$ -	$ (208,183)	$ 10,980,165
Total	$ 11,188,348	$ -	$ (208,183)	$ 10,980,165
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

The amortized cost and fair value of available-for-sale debt securities at December 31, 2024, 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	$ 1,501,236	$ 1,494,348
One to five years	6,693,878	6,529,749
Five to 10 years	2,993,234	2,956,068
Total	$ 11,188,348	$ 10,980,165

The fair value of securities pledged as collateral to various state regulatory agencies for trust operations was $2,049,886 and $2,000,000 at December 31, 2024 and 2023, respectively. At December 31, 2024 and 2023, the Company also had $125,000 and $110,000 of money market funds pledged, respectively.

There were no gross gains on sales of available-for-sale debt securities as of the years ended December 31, 2024 or 2023. Gross losses on sales of available-for-sale debt securities totaled $1,981 and $290,001 for the years ended December 31, 2024 and 2023, respectively.

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, 2024 and 2023:

	December 31, 2024					
	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)	$ 6,662,708	$ (57,791)	$ 4,317,457	$ (150,392)	$ 10,980,165	$ (208,183)
Total temporarily impaired securities	$ 6,662,708	$ (57,791)	$ 4,317,457	$ (150,392)	$ 10,980,165	$ (208,183)

	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)

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, 2024.

Note 3. Property and Equipment

Major classifications of property and equipment, stated at cost as of December 31, 2024 and 2023, are as follows:

	2024	2023
Land	$ 157,470	$ 98,470
Building and improvements	3,112,803	1,609,648
Furniture and equipment	1,550,258	1,951,104
Construction in process	429,261	-
Total cost	5,249,792	3,659,222
Accumulated depreciation	(2,003,384)	(2,186,001)
Net property and equipment	$ 3,246,408	$ 1,473,221

Construction in process at December 31, 2024 relates to remaining construction on a new building to be used for operations in Quincy, Illinois and certain equipment not yet placed in service. Remaining commitments on the building were nominal at December 31, 2024.

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 2025, with a three year renewal period option through 2028. 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 2024 for amounts included in the measurement of the lease liability associated with the operating lease was approximately $201,000. Operating lease costs were approximately $8,000 for 2024. Weight-average remaining lease term of operating lease liabilities was 1.94 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, 2024, are as follows:

Years Ending December 31,		
2025	$	201,298
2026		82,840
2027		23,736
2028		23,736
Total future undiscounted lease payment		331,610
Less interest		6,198
Total lease liabilities	$	325,412

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, 2024 and 2023:

	2024	2023
Taxes currently payable	$ 1,343,674	$ 736,898
Deferred income taxes	(7,640)	(32,400)
Income tax expense	$ 1,336,034	$ 704,498

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense as of December 31, 2024 and 2023, is shown below:

	2024	2023
Computed at the statutory rate (21%)	$ 992,600	$ 614,545
Increase (decrease) resulting from		
Non-deductible expenses	5,170	3,906
State income taxes	322,914	117,025
Other	15,350	(30,978)
Actual tax expense	$ 1,336,034	$ 704,498

The tax effects of temporary differences related to deferred taxes shown on the balance sheet was as follows as of December 31, 2024 and 2023. As of December 31, 2024 and 2023, net deferred tax liability is recorded within accounts payable and other accrued expenses on the balance sheet.

	2024	2023
Deferred tax assets		
Payroll and benefits accrued expenses	$ 78,100	$ 80,000
Unrealized losses on equity securities	63,800	70,000
Unrealized losses on available-for-sale debt	59,332	67,784
Right of use liability	92,700	149,000
Other	13,400	400
Deferred tax asset	307,332	367,184
Deferred tax liability		
Prepaid expenses	(129,800)	(111,000)
Depreciation	(106,000)	(119,000)
Right of use asset	(90,500)	(147,000)
Deferred tax liability	(326,300)	(377,000)
Net deferred tax liability	$ (18,968)	$ (9,816)

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, 2024 and 2023.

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 $2,069,141 at December 31, 2024.

Other states may also require a capital requirement in order to do business in the state. As of December 31, 2024, these requirements totaled $100,000. The Company has appropriately met these requirements as of December 31, 2024, with $105,745 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, 2024 and 2023, 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 $368,535 and $346,416 for the years ended December 31, 2024 and 2023, respectively.

Effective January 1, 2022, the Company formed an ESOP. The Company-sponsored ESOP covers substantially all employees of the Company. The Plan held 43,037 and 14,000 shares of the Company's common stock at December 31, 2024 and 2023, respectively. This represents 1.50% and 0.49% of outstanding shares at December 31, 2024 and 2023. 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. During the year ended December 31, 2024, the plan received 30,007 shares from treasury stock of the Company. 2024's contribution of 16,000 shares resulted in a contribution and related expense of $123,360 for the year ended December 31, 2024 and was based on the latest value of $7.71 per share. Also during 2024, 970 ESOP shares were distributed to retiring employees. The remaining 14,007 shares contributed in 2024 were captured into equity based on the $7.71 share value with expense accrued as of December 31, 2023.

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 $474,526 and $351,705 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023:

		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, 2024				
Assets				
Available-for-sale debt securities				
U.S. GSEs	$ 10,980,165	$ 1,540,851	$ 9,439,314	$ -
Equity securities	$ 1,676,021	$ 1,676,021	$ -	$ -
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	$ -	$ -

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, 2024.

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 years ended December 31, 2024 and 2023, totaled $3,913 and $55,456, 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, 2024 and 2023, 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, 2024 and 2023, the funding provided during the year is sufficient to cover the estimated liability as of December 31, 2024 and 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, 2024 and 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 $829,000 and $857,000 during 2024 and 2023, 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 7, 2025, which is the date the financial statements were available to be issued.

Notes

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