CCSB

Financial Corp

2023 ANNUAL REPORT

Dear Stockholder:

This past year was challenging. Unfavorable significant events experienced this year include:

- The loss of the Kearney School District public unit funds of $21.5 million
- A loss of $220,604 related to a fraudulent cashier's check cashed by the bank (May 2023)

Public Unit Funds

In May 2023, the bank was informed that it did not win the bid for its renewal of its public unit fund account with the Kearney School District. At the time of the notice, the bank held $28.83 million of the Kearney School District's deposits. The public unit funds were subsequently withdrawn over a period of 120 days from July through October 2023.

Fraudulent Cashier's Check

In May 2023, an accountholder deposited a purported cashier's check in the sum of $220,604 into an account at the bank that was subsequently determined to be counterfeit. The funds were wired out and not recovered. As a result, during the fiscal year ended September 30, 2023, the bank had to recognize a loss for the unrecovered amount of $220,604. On October 1, 2023, a settlement, including a Confession of Judgment filed in the Circuit Court of Clay County, Missouri, was reached with the accountholder whereby the accountholder agreed to repay the bank $220,604, together with interest thereon at a rate of five percent per annum, over 60 months beginning on October 15, 2023. The bank will recognize as a recovery all amounts received pursuant to this settlement agreement as the funds are received.

Missouri Division of Finance

On May 9, 2023, the Missouri Division of Finance conducted their examination of the bank utilizing information as of March 31, 2023, and loan data as of April 21, 2023. The findings of the examination were disclosed in an exit meeting on June 1, 2023, with members of the Company's management and CCSB Financial Corporation Chairwoman DeAnn Totta.

Financial Operations and Book Value

The rapid increase in interest rates and the inverted yield curve that began mid-year of the prior fiscal year, which resulted in a significant unrealized loss in our securities portfolio, has contributed to the compression of the net interest margin due to locked-in yields on the investment portfolio and rising interest expense on deposits and borrowings. In addition, the subsidiary bank had to recognize a significant loss due to fraudulent activity on a customer account. As a result, the Company realized a net loss of $185,240, or $0.25 per share, for the fiscal year ended September 30, 2023, compared to net income of $328,140, or $0.44 per share, for the fiscal year ended September 30, 2022.

The net interest margin decreased $105,109 from $3,991,659 for the fiscal year ended September 30, 2022, to $3,886,550 for the fiscal year ended September 30, 2023. Interest income increased $1,128,525 but interest expense increased $1,233,634. Interest income benefited from higher interest rates and also from sizable loan growth. Net loans receivable increased $9.15 million, or 10.13%, from fiscal year ended September 30, 2022, to the fiscal year ended September 30, 2023. However, the Company has been unfavorably impacted by a low yield on the investment portfolio, which accounts for nearly 25% of assets. As noted last year, consistent with others in the banking sector, the subsidiary bank experienced growth in deposits during the fiscal year 2021. During the year ended September 30, 2022, management invested 86% or $33,673,246 of the bank's total September 30, 2021, cash and cash equivalents in marketable securities at a time when interest rates were at historical lows and the Federal Reserve Bank indicated that interest rates were going to remain at historical lows for an indefinite period of time. A significant portion of these securities were invested in securities with maturities greater than three years, so the impact of rising interest rates during the past 18 months has a significant negative impact on the investment portfolio.

In addition, the cost of funds has risen dramatically. During most of the fiscal year 2023, the subsidiary bank had a large public unit fund that was tied to the 90-day treasury bill and, as a result, the inverted yield curve negatively impacted the cost of the funds. As highlighted above, in July 2023, the bank lost the public unit funds deposit program with the Kearney School District in the amount of $26.4 million. The deposits were replaced with borrowings from the Federal Home Loan Bank at a higher cost. The subsidiary bank has implemented several strategies to minimize the impact of rising interest rates on its other sources of funds and to aid in mitigating the negative financial impact of the loss of this major depositor.

Noninterest income was also significantly lower this fiscal year as compared to prior fiscal years. Noninterest income totaled $445,924 for the fiscal year ended September 30, 2023, compared to $619,019 during the fiscal year ended September 30, 2022, and $683,904 during the fiscal year ended September 30, 2021. Fiscal year 2022 included approximately $117,000 from an earnings retention credit. Rising interest rates also negatively impacted secondary loan market activity. The profit on the sale of loans was only $11,530 during the fiscal year ended September 30, 2023, compared to $69,640 and $283,275 during the fiscal years ended September 30, 2022 and 2021, respectively.

As highlighted above, in May 2023, the subsidiary experienced an unexpected loss of $220,604 due to fraudulent activity on a customer account. Under generally accepted accounting principles, the subsidiary bank was required to recognize the loss immediately. Management was able to work out a settlement with the customer that we are hoping will result in full recovery, but this did not occur until after the fiscal year end and recovery will occur over a five-year period with the recovery recognized as payments are received. Excluding this loss, noninterest expense still increased $221,135, or 5.22%, from $4,236,475 for the fiscal year ended September 30, 2022, to $4,457,610 for the fiscal year ended September 30, 2023. Half of the increase in expenses can be attributed to an increase in compensation and benefits and the other half due to rising data processing costs, FDIC premiums and legal expenses.

Unfortunately, the significant events highlighted above in fiscal year end September 30, 2023, have negatively impacted the Company's book value of its stock. The following summarizes the decrease in the Company's book value of its stock over the last three (3) years:

CCSB - Per Audited Financial Statements	CCSB FYE 9/30/20 Ticker: CCFC	CCSB FYE 9/30/21 Ticker: CCFC	CCSB FYE 9/30/2022 Ticker: CCFC	CCSB FYE 9/30/2023 Ticker: CCFC	% Decrease in Book Value Prior Year	% Decrease in Book Value (2023 -2020)
Shares Outstanding	745,971	745,971	748,471	748,471		
Current Price	16.77	16.58	18.21	12.35		
Shareholder Equity	11,474,098	11,552,864	9,040,642	8,816,168		
Book Value	15.38	15.49	12.08	11.78	-2.48%	-23.41%
Price to Book Value	1.09	1.07	1.51	1.05		
Total Assets	128,528,134	151,555,853	151,283,005	155,277,061		
Total Liabilities	117,054,036	140,002,989	142,242,363	146,460,893		

In other matters, in August 2023, the Supreme Court of Delaware affirmed the Delaware Chancery Court's May 31, 2022, decision in favor of a shareholder group, which had filed lawsuits challenging the outcome of the results of the 2021 and 2022 annual election of directors. Please see Footnote 19 in the Annual Report for a detailed summary of the results from the litigation. The result of the Delaware Supreme Court opinion changed the composition of the Company's Board of Directors and, subsequently, the Board of Directors of the subsidiary bank. In addition, the Court ordered that the plaintiffs were entitled to their legal fees expended to file the actions.

In closing, we want to assure the shareholders that the Board will evaluate all options to improve the shareholders' investment in the bank. As the new year approaches, we will be discussing and evaluating operating strategies that will increase the bank's profitability for its shareholders. On a final note, Mr. Usera has announced his decision to retire from Clay County Savings Bank and the Company. In connection with this announcement, Mr. Usera said, "I have enjoyed my little over a quarter of a century with the Bank. I want to thank all who I have met along the way and look forward to the continued growth and prosperity of the Company and the subsidiary bank."

Chairwoman

President & Chief Executive Officer

COMPANY PROFILE
SYMBOL (OTC Pink Sheets) - CCFC

CCSB Financial Corp. (the "Company") is the parent company of Clay County Savings Bank (the "Bank"), a state-chartered bank. Common shares are publicly traded on the OTC Pink Sheets. The Company was formed in September 2002 to acquire the stock (through a mutual to stock conversion) of Clay County Savings Bank, a former mutual savings and loan association and previously known as Clay County Savings and Loan Association. In May 2015, the Bank converted to a state charter. The Bank was founded in 1922 as a state-chartered mutual savings and loan association with the name Clay County Building and Loan Association. Deposits of the Bank are insured by the Federal Deposit Insurance Corporation (the "FDIC"). The Company is regulated by the Federal Reserve Bank and the Bank is regulated by the FDIC and the Division of Finance for the State of Missouri.

The Bank primarily serves communities located in Clay and Platte Counties that are amongst the 15 counties in the metropolitan statistical area of Kansas City, Missouri. In addition to the main office in Liberty, it has branch offices in Kansas City north and Kearney. The Bank offers a variety of financial products and services to meet the needs of the communities it serves. The Bank was established primarily to serve the home financing needs of the public and now serves the expanded credit needs of area residents and businesses in its market area as a community bank, but with a focus on real estate lending.

The Bank's principal business consists of attracting retail deposits from the general public in the areas surrounding its branches and investing those deposits, together with funds generated from operations and borrowings, primarily in one- to four- family residential mortgage loans, construction loans, multi-family and commercial real estate loans, mortgage-related securities and various other securities. The Bank also invests in commercial business loans and consumer and other loans, including home equity and automobile loans. The Bank's revenues are derived principally from the interest on mortgage, commercial and consumer loans, securities, loan origination and servicing fees, and service charges and fees collected on deposit accounts. The primary sources of funds are deposits, borrowings, and principal and interest payments on loans and securities.

DIRECTORS & OFFICERS

Directors (CCSB Financial Corp.)

DeAnn M. Totta, Chairwoman
Kelli Alldredge
Bryan Collins
Eric Guetterman
Garrett Stutz

Directors (Clay County Savings Bank)

DeAnn M. Totta, Chairwoman
Bryan Collins
Eric Guetterman
Garrett Stutz
Mario Usera

Officers

Mario Usera	Jacqueline E. Murtha	Cristina Johnson	Pamela L. Crow
President	Senior Vice President	Vice President	Vice President

FORVIS

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Independent Auditor's Report

Audit Committee, Board of
Directors and Stockholders
CCSB Financial Corp.
Liberty, Missouri

Opinion

We have audited the consolidated financial statements of CCSB Financial Corp. (Company) and its subsidiary, which comprise the consolidated balance sheets as of September 30, 2023 and 2022, and the related consolidated statements of operations and comprehensive income (loss), stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiary as of September 30, 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 auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated 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 consolidated financial statements are available to be issued or within one year after the date that these consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the 2023 Annual Report Information but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS, LLP

St. Louis, Missouri
December 12, 2023

CCSB FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
September 30, 2023 and 2022

	2023	2022
ASSETS:		
Cash and due from banks	$ 1,854,454	$ 1,633,263
Interest-bearing demand deposits in banks	3,537,056	7,707,907
Total cash and cash equivalents	5,391,510	9,341,170
Interest-bearing time deposits in banks	2,975,000	4,940,000
Available-for-sale securities	30,077,617	30,481,051
Held-to-maturiity securities	5,679,390	5,715,858
Federal Home Loan Bank stock	1,223,800	167,600
Loans, net of allowance for loan losses of $1,123,323 and $1,247,102 at September 30, 2023 and 2022, respectively	99,491,259	90,336,679
Premises and equipment, net	3,801,075	3,939,711
Interest receivable	541,469	466,163
Bank-owned life insurance - cash surrender value	4,541,425	4,427,044
Deferred income taxes	1,297,416	1,186,175
Other assets	257,100	281,554
TOTAL ASSETS	$ 155,277,061	$ 151,283,005
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Deposits		
Demand	$ 22,351,820	$ 22,734,751
Public unit funds	3,050,351	16,778,509
Interest-bearing checking, savings, and money market	78,533,012	86,781,670
Time	14,007,411	13,292,377
Total deposits	117,942,594	139,587,307
Federal Home Loan Bank advances	26,000,000	-
Other borrowings	960,000	738,000
Advances from borrowers for taxes and insurance	1,033,097	1,054,029
Interest payable and other liabilities	525,202	863,027
TOTAL LIABILITIES	146,460,893	142,242,363
Commitments and contingencies	-	-
Preferred stock, $0.01 par value; 500,000 shares authorized; none issued	-	-
Common stock, $0.01 par value; 2,500,000 shares authorized; 978,650 shares issued	9,787	9,787
Additional paid-in capital	9,384,178	9,384,178
Treasury stock, at cost, 230,179 at September 30, 2023 and 2022	(3,278,132)	(3,278,132)
Retained earnings	5,098,039	5,507,820
Accumulated other comprehensive loss	(2,397,704)	(2,583,011)
TOTAL STOCKHOLDERS' EQUITY	8,816,168	9,040,642
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 155,277,061	$ 151,283,005

See accompanying notes to consolidated financial statements.

CCSB FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended September 30, 2023 and 2022

	2023	2022
INTEREST AND DIVIDEND INCOME:		
Loans	$ 4,416,361	$ 3,763,948
Investment and mortgage-backed securities	681,710	380,784
Federal Home Loan Bank stock	7,179	5,300
Other income	408,394	235,087
TOTAL INTEREST AND DIVIDEND INCOME	5,513,644	4,385,119
INTEREST EXPENSE:		
Deposits	1,229,064	357,908
Borrowings	398,030	35,552
TOTAL INTEREST EXPENSE	1,627,094	393,460
NET INTEREST INCOME	3,886,550	3,991,659
Provision for loan losses	-	-
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	3,886,550	3,991,659
NONINTEREST INCOME:		
Charges and other fees on loans	117,317	120,800
Charges and other fees on deposit accounts	234,841	275,883
Amortization of mortgage-servicing rights	(46,110)	(73,795)
Net gain on sale of loans	11,530	69,640
Increase in cash surrender value of bank-owned life insurance	114,382	88,151
Other	13,964	138,340
TOTAL NONINTEREST INCOME	445,924	619,019
NONINTEREST EXPENSE:		
Compensation and benefits	2,610,911	2,497,308
Occupancy and equipment	446,722	456,117
Data processing	515,029	461,400
Federal Deposit Insurance Corporation insurance premium	112,477	85,796
Legal fees	102,476	75,741
Audit and other professional services	122,810	104,437
Advertising and marketing	62,658	66,458
Correspondent banking service charges	6,686	16,850
Insurance and surety bond premiums	83,038	78,542
Loss on fraudulent banking activity	220,604	-
Other	394,803	393,826
TOTAL NONINTEREST EXPENSE	4,678,214	4,236,475
INCOME (LOSS) BEFORE INCOME TAXES	(345,740)	374,203
PROVISON (CREDIT) FOR INCOME TAXES	(160,500)	46,063
NET INCOME (LOSS)	$ (185,240)	$ 328,140
BASIC AND DILUTED NET INCOME (LOSS) PER SHARE	$ (0.25)	$ 0.44

See accompanying notes to consolidated financial statements.

CCSB FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Years Ended September 30, 2023 and 2022

	2023	2022
Net income (loss)	$ (185,240)	$ 328,140
Other comprehensive income (loss):		
Unrealized appreciation (depreciation) on available-for-sale securities, net of taxes (credit) for taxes of $49,258 and ($687,351), for 2023 and 2022, respectively	185,307	(2,585,750)
Comprehensive income (loss)	$ 67	$ (2,257,610)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended September 30, 2023 and 2022

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net of Taxes	Total Stockholders' Equity
Balance at September 30, 2021	$ 9,787	$ 9,384,178	$ (3,322,158)	$ 5,478,318	$ 2,739	$ 11,552,864
Net income	-	-	-	328,140	-	328,140
Other comprehensive loss	-	-	-	-	(2,585,750)	(2,585,750)
Dividends, $0.40 per share				(298,638)		(298,638)
Purchase from stock issuance, net (2,500 shares)			44,026			44,026
Balance at September 30, 2022	9,787	9,384,178	(3,278,132)	5,507,820	(2,583,011)	9,040,642
Net loss	-	-	-	(185,240)	-	(185,240)
Other comprehensive income	-	-	-	-	185,307	185,307
Dividends, $0.30 per share				(224,541)		(224,541)
Balance at September 30, 2023	$ 9,787	$ 9,384,178	$ (3,278,132)	$ 5,098,039	$ (2,397,704)	$ 8,816,168

See accompanying notes to consolidated financial statements.

CCSB FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended September 30, 2023 and 2022

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (185,240)	$ 328,140
Items not requiring (providing) cash:		
Depreciation	184,911	181,768
Provision for loan losses	-	-
Amortization (accretion) of premiums and discounts on securities	231,180	252,375
Amortization of mortgage-servicing rights	46,110	73,795
Compensation related to ESOP	-	26,273
Deferred loans fees, net	(8,612)	(10,585)
Increase in cash surrender value of bank-owned life insurance	(114,382)	(88,151)
Originations of mortgage loans held for sale	(557,500)	(2,840,080)
Proceeds from the sale of mortgage loans	569,030	2,909,720
Net realized gains on loans sold	(11,530)	(69,640)
Changes in:		
Accrued interest receivable	(75,306)	(168,111)
Other assets	(21,656)	(28,232)
Deferred income taxes	(160,500)	46,063
Interest payable and other liabilities	(337,825)	378,113
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(441,320)	991,448
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of available-for-sale securities	(526,182)	(28,696,263)
Repayment of principal on and proceeds from sales, maturity or call of available-for-sale securities	969,470	2,316,119
Purchases of held-to-maturity debt securities	-	(4,976,983)
Investment in interest-bearing time deposits	-	(1,500,000)
Proceeds from maturity of interest-bearing time deposits	1,965,000	3,736,013
Purchase of FHLB stock	(1,056,200)	3,200
Net change in loans	(9,145,967)	(2,442,226)
Net purchase of premises and equipment	(46,275)	(397,231)
NET CASH USED IN INVESTING ACTIVITIES	(7,840,154)	(31,957,371)
CASH FROM FINANCING ACTIVITIES:		
Net increase (decrease) in deposits	(21,644,713)	1,896,727
Proceeds from advances from FHLB	89,472,000	-
Repayments of advances from FHLB	(63,472,000)	-
Proceeds from other borrowings	382,000	445,000
Repayments from other borrowings	(160,000)	(450,000)
Purchase of stock	-	17,753
Net change in advances from borrowers for taxes and insurance	(20,932)	(30,466)
Cash dividends	(224,541)	(298,638)
NET CASH PROVIDED BY FINANCING ACTIVITIES	4,331,814	1,580,376
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,949,660)	(29,385,547)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,341,170	38,726,717
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,391,510	$ 9,341,170
Supplemental cash flow information:		
Interest paid	**$ 1,565,889**	**$ 390,087**
Contribution of stock to ESOP	**-**	**26,273**

See accompanying notes to consolidated financial statements.

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

CCSB Financial Corp. (the "Company"), a Delaware corporation incorporated in September 2002, is a financial holding company whose principal activity is the ownership and management of its wholly owned subsidiary, Clay County Savings Bank (the "Bank"). The Bank is primarily engaged in providing a full range of banking and financial services to individual and corporate customers in the northern part of metropolitan Kansas City, Missouri. The Bank is subject to competition from other financial institutions. The Company and the Bank are subject to the regulation of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and the Bank. All significant intercompany accounts and transactions have been eliminated in consolidation.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (the "U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and 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 relate to the determination of the allowance for loan losses, valuation of deferred tax assets, and fair value of financial instruments.

CASH EQUIVALENTS

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At both September 30, 2023 and 2022, cash equivalents consisted of cash and accounts, noninterest-bearing and interest-bearing, with banks including the Federal Home Loan Bank and the Federal Reserve.

At September 30, 2023, the Company's cash accounts exceeded federally insured limits by approximately $3,740,000, including 2,063,000 on deposit at the Federal Reserve Bank. The Bank is required to maintain reserve funds in cash and/or on deposit with the Federal Reserve Bank. There was no reserve requirement at September 30, 2023.

INTEREST-BEARING TIME DEPOSITS

Interest-bearing time deposits range in maturity from within one year to six years and are carried at cost, which approximates fair value. At September 30, 2023, the Company's interest-bearing time deposit accounts exceeded federally insured limits by approximately $500,000.

DEBT INVESTMENTS

Debt securities held by the Company generally are classified and recorded in the consolidated financial statements as follows:

Classified as		Description	Recorded at
Held to maturity (HTM)		Certain debt securities that management has the positive intent and ability to hold to maturity	Amortized cost
Available for sale (AFS)	Securities not classified as HTM or trading	Securities that are bought and held principally for the purpose of selling in the near term and, therefore, held for only a short period of time	Fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

When the fair value of securities is below the amortized cost, the Company's accounting treatment for an other-than-temporary impairment (OTTI) is as follows:

	Accounting Treatment for OTTI Components	
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 in earnings	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	

For held-to-maturity debt securities, the amount of OTTI recorded in other comprehensive income for the noncredit portion of a previous OTTI is amortized prospectively over the remaining life of the security on the basis of the timing of future estimated cash flows of the security.

When a credit loss component is separately recognized in earnings, the amount is identified as the total of principal cash flows not expected to be received over the remaining term of the security, as projected based on cash flow projections.

LOANS

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balance adjusted for unearned income, charge-offs, the allowance for loan losses, any unamortized deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and amortized as a level yield adjustment over the respective term of the loan.

The accrual of interest on mortgage and commercial loans is discounted at the time the loan is 90 days past due unless the credit is well-secured and in collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual status or charged off at an earlier date if collection of principal and interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual status or charged off are reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Discounts and premiums on purchased residential real estate loans are amortized to income using the interest method over the remaining period to contractual maturity, adjusted for anticipated prepayments. Discounts and premiums on purchased consumer loans are recognized over the expected lives of the loans using methods that approximate the interest method.

In March 2020, the CARES Act was signed into law, creating a forbearance program for federally-backed mortgage loans, protecting borrowers from negative credit reporting due to loan accommodations related to the COVID-19 pandemic, and providing financial institutions the option to temporarily suspend certain requirements under U.S. GAAP related to troubled debt restructurings (TDR) regarding certain loan modifications for a limited period of time to account for the effects of the COVID-19. The Company elected to use this option and did not apply Accounting Standards Codification ("ASC") Subtopic 310-40 for loans eligible under the CARES Act, based on modifications to such loans (1) in relation to the COVID-19 pandemic, (2) executed for a loan that was not more than 30-days past due as of December 31, 2019, and (3) executed between March 1, 2020, and the earlier of the date that falls 60 days following the termination of the national emergency declared relating to the COVID-19 pandemic, or January 1, 2022.

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to income. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical charge-off experience and expected loss given default derived from the Company's internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent.

Groups of loans with similar risk characteristics are collectively evaluated for impairment based on the group's historical loss experience adjusted for changes in trends, conditions and other relevant factors that affect repayment of the loans. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment measurements, unless such loans are the subject of a restructuring agreement due to financial difficulties of the borrower.

PREMISES 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 premises and equipment are as follows:

Building and improvements	30-40 Years
Furniture, fixtures and equipment (non-computer related)	3-10 Years
Computer related equipment and software	2-5 Years

BANK STOCK

Federal Home Loan Bank stock is a required investment for institutions that are members of the Federal Home Loan Bank system. The required investment is based on a predetermined formula, carried at cost and evaluated for impairment. The Company also has $50,000 in Midwest Independent Bank stock which is recorded in Other Assets on the balance sheet. Bank stock is measured under the practicability exception and the Company performs a qualitative assessment for the stock considering impairment indicators to evaluate whether an impairment exists. If an impairment exists, the Company will recognize a loss based on the difference between carrying value and fair value.

FORECLOSED ASSETS HELD FOR SALE

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in net income or expense from foreclosed assets.

BANK-OWNED LIFE INSURANCE

The Company has purchased life insurance policies on certain current and former key executives. Bank-owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

MORTGAGE SERVICING RIGHTS

Mortgage servicing assets are recognized separately when rights are acquired through purchase or through sale of financial assets. Under the servicing assets and liabilities accounting guidance (ASC 860-50), servicing rights resulting from the sale or securitization of loans originated by the Bank are initially measured at fair value at the date of transfer. The Bank subsequently measures each class of servicing asset using the amortization method. Amortized mortgage servicing rights include commercial mortgage servicing rights. Under the amortization method, servicing rights are amortized in proportion to and over the period of estimated net servicing income. The amortized assets are assessed for impairment or increased obligation based on fair value at each reporting date.

Each class of separately recognized servicing assets subsequently measured using the amortization method are evaluated and measured for impairment. Impairment is determined by stratifying rights into tranches based on predominant characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual tranche, to the extent that fair value is less than the carrying amount of the servicing assets for that tranche. The valuation allowance is adjusted to reflect changes in the measurement of impairment after the initial measurement of impairment. There was no impairment, and resulting valuation allowances, in the years ended September 30, 2023 and 2022. Fair value in excess of the carrying amount of servicing assets for that stratum is not recognized. Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage servicing rights is reported in non-interest income, where loan servicing fee income is reported.

EMPLOYEE STOCK OWNERSHIP PLAN

The Company accounts for its employee stock ownership plan (ESOP) in accordance with ASC 718-40. The cost of shares issued to the ESOP but not yet allocated to participants is presented in the consolidated balance sheet as a reduction of stockholders' equity. Compensation expense is recorded based on the market price of the shares as they are committed to be released for allocation to participant accounts. The difference between the market price and the cost of shares committed to be released is recorded as an adjustment to additional paid-in capital. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings; dividends on unallocated ESOP shares are reflected as a reduction of debt.

Shares are considered outstanding for earnings per share calculations when they are committed to be released; unallocated shares are not considered outstanding.

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.

TRANSFERS OF FINANCIAL ASSETS

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy of other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

INCOME TAXES

The Company accounts for income taxes in accordance with income tax accounting guidance (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 bases 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 percent; 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 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not 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 the management's judgment. With a few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2020.

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

The Company files consolidated income tax returns with its subsidiary.

EARNINGS PER SHARE

Basic earnings per share represents income available to common stockholders divided by the weighted-average number of common shares outstanding during each period. Diluted earnings per share reflects additional potential common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate solely to outstanding stock options and are determined using the treasury stock method.

Treasury stock shares are not deemed outstanding for earnings per share calculations.

COMPREHENSIVE INCOME (LOSS)

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

NOTE 2: SECURITIES

Amounts related to securities, including the amortized cost and approximate fair values, together with gross unrealized gains and losses and any other-than-temporary impairments (OTTI) recognized in accumulated other comprehensive income (AOCI), are as follows:

	September 30, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
Available-for-sale securities				
U.S. Government and federal agency	$ 9,765,764	$ -	$ (798,725)	$ 8,967,039
U.S. Government - sponsored enterprises (GSEs)	13,417,083	-	(1,167,731)	12,249,352
Municipal securities	9,929,837	-	(1,068,612)	8,861,226
	$ 33,112,684	$ -	$ (3,035,068)	$ 30,077,617

	September 30, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
Available-for-sale securities				
U.S. Government and federal agency	$ 9,891,956	$ -	$ (880,763)	$ 9,011,193
U.S. Government - sponsored enterprises (GSEs)	13,510,999	-	(1,331,620)	12,179,379
Municipal securities	10,347,729	-	(1,057,250)	9,290,479
	$ 33,750,684	$ -	$ (3,269,633)	$ 30,481,051

	September 30, 2023					
	Amortized Cost	Total OTTI Recognized in AOCI	Adjusted Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Held-to-maturity securities						
Municipal securities	$ 4,929,390	$ -	4,929,390	$ -	$ (278,335)	$ 4,651,055
Corporate	750,000	-	750,000	-	(78,119)	671,881
	$ 5,679,390	$ -	$ 5,679,390	$ -	$ (356,454)	$ 5,322,936

	September 30, 2022					
	Amortized Cost	Total OTTI Recognized in AOCI	Adjusted Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Municipal securities	$ 4,965,858	$ -	4,965,858	$ -	$ (234,257)	$ 4,731,601
Corporate	750,000	-	750,000	-	(23,520)	726,480
	$ 5,715,858	$ -	$ 5,715,858	$ -	$ (257,777)	$ 5,458,081

The amortized cost and fair value of available-for-sale and held-to-maturity securities at September 30, 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.

	2023	
	Amortized Cost	Fair Value
Available-for-sale securities		
U.S. Government and federal agency		
Less than one year	$ 1,006,480	$ 989,903
One to five years	8,759,284	7,977,136
U.S. Government - sponsored enterprises (GSEs)		
Less than one year	1,000,000	984,854
One to five years	12,417,083	11,264,498
Municipal securities		
Less than one year	750,503	738,875
One to five years	1,974,516	1,788,752
Over five years	7,204,818	6,333,599
	$ 33,112,684	$ 30,077,617

	2023	
	Amortized Cost	Fair Value
Held-to-maturity securities		
Municpal securities		
One to five years	$ 603,958	$ 580,993
Over five years	4,325,432	4,070,062
Corporate		
Over five years	750,000	671,881
	$ 5,679,390	$ 5,322,936

The carrying value of securities pledged as collateral, to secure public deposits and for other purposes, was $35,400,553 and $19,556,492 on September 30, 2023 and 2022, respectively. There were no sales of available-for-sale securities in fiscal years 2023 or 2022.

As of September 30, 2023 and 2022, all debt securities are reported in the consolidated financial statements at an amount less than their historical cost. This is primarily the result of an increase in market interest rates from the time these securities were purchased. Based on an evaluation of available evidence, including recent changes in market interest rates and credit rating information obtained from regulatory filings, management believes the declines in fair value for these securities are temporary.

The following table shows the gross unrealized losses of the Company's investments and the fair value of the Company's investments with unrealized losses that are not 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 as of the dates indicated:

	September 30, 2023					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale securities						
U.S. Government and federal agency			$ 8,967,039	$ (798,725)	$ 8,967,039	$ (798,725)
U.S. Government - sponsored enterprises (GSEs)			12,249,352	(1,167,731)	12,249,352	(1,167,731)
Municipal securities			8,861,226	(1,068,612)	8,861,226	(1,068,612)
Total temporarily-impaired securities	$ -	$ -	$ 30,077,617	$ (3,035,068)	$ 30,077,617	$ (3,035,068)

	September 30, 2022					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale securities						
U.S. Government and federal agency			$ 9,011,193	$ (880,763)	$ 9,011,193	$ (880,763)
U.S. Government - sponsored enterprises (GSEs)			12,179,379	(1,331,620)	12,179,379	(1,331,620)
Municipal securities	301,665	(2,947)	8,988,814	(1,054,303)	9,290,479	(1,057,250)
Total temporarily-impaired securities	$ 301,665	$ (2,947)	$ 30,179,386	$ (3,266,686)	$ 30,481,051	$ (3,269,633)

	September 30, 2023					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Held-to-maturity securities						
Municipal securities			$ 4,651,055	$ (278,335)	$ 4,651,055	$ (278,335)
Corporate			671,881	(78,119)	671,881	(78,119)
Total temporarily-impaired securities	$ -	$ -	$ 5,322,936	$ (356,454)	$ 5,322,936	$ (356,454)

	September 30, 2022					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Held-to-maturity securities						
Municipal securities	$ 4,731,601	$ (234,257)			$ 4,731,601	$ (234,257)
Corporate	726,480	(23,520)			726,480	(23,520)
Total temporarily-impaired securities	$ 5,458,081	$ (257,777)	$ -	$ -	$ 5,458,081	$ (257,777)

U.S. Government and Federal Agency

The unrealized losses on the Company's investments in direct obligations of U.S. government agencies were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases 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 bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2023.

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 securities at a price less than the amortized cost bases 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 bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2023.

Municipal Securities

The unrealized losses on the Company’s investments in securities of state and political subdivisions were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases 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 its amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2023.

Other-than-temporary Impairment

Upon acquisition of a security, the Company decides whether it is within the scope of the accounting guidance for beneficial interests in securitized financial assets or will be evaluated for impairment under the accounting guidance for investments in debt securities.

The accounting guidance for beneficial interests in securitized financial assets provides incremental impairment guidance for a subset of the debt securities within the scope of the guidance for investments in debt and equity securities. For securities where the security is a beneficial interest in securitized financial assets, the Company uses the beneficial interests in securitized financial asset impairment model. For securities where the security is not a beneficial interest in securitized financial assets, the Company uses the debt and equity securities impairment model.

The Company routinely conducts periodic reviews to identify and evaluate each investment security to determine whether an other-than-temporary impairment has occurred. Economic models are used to determine whether an other-than-temporary impairment has occurred on these securities. Various inputs to the economic models are used to determine if an unrealized loss is other-than-temporary. The most significant inputs are default rate and severity. Other inputs may include the actual collateral attributes, which include geographic concentrations, credit ratings and other performance indicators of the underlying asset. To determine if the unrealized loss for securities is other-than-temporary, the Company projects total estimated defaults of the underlying assets and multiples that calculated amount by an estimate of realizable value upon sale in the marketplace (severity) in order to determine the projected collateral loss. The Company also evaluates the current credit enhancement underlying the bond to determine the impact on cash flows. If the Company determines that a given security position will be subject to a write-down or loss, the Company records the expected credit loss as a charge to net income.

NOTE 3: LOANS AND ALLOWANCE FOR LOAN LOSSES

Classes of loans at September 30, 2023 and 2022 include:

	2023	2022
Real estate loans:		
Single-family, 1-4 units	$ 37,548,447	$ 33,541,605
Multi-family, 5 or more units	7,417,093	6,194,618
Construction, land & land development	20,555,466	27,208,271
Commercial	29,158,651	30,449,936
Consumer loans	2,170,147	1,512,426
Commercial non-real estate loans	6,792,353	4,706,663
Loans secured by deposits	221,941	187,718
	103,864,098	103,801,237
Allowance for losses	(1,123,323)	(1,247,102)
Loans in process	(3,241,712)	(12,201,040)
Deferred loan fees, net	(7,804)	(16,416)
	$ 99,491,259	$ 90,336,679

The following tables present the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method as of September 30, 2023 and 2022:

	2023										
	Single-family, 1-4 units					Consumer loans					
	Owner-Occupied	Nonowner-Occupied	Multi-family, 5 or more units	Construction, land & land development	Commercial real estate	Home equity	Other consumer	Commercial non-real estate	Loans secured by deposits	Unallocated	Total Loans
Allowance for loan losses:											
Balance, beginning of year	$ 117,874	$ 59,338	$ 61,946	$ 218,465	$ 753,749	$ 3,164	$ 617	$ 20,874	$ -	$ 11,075	$ 1,247,102
Provision (credit) for loan losses	(79,841)	(45,134)	(25,771)	(24,354)	(263,661)	2,799	(145)	336,565	-	99,542	-
Loans charged off	-	-	-	-	-	-	-	(123,779)	-	-	(123,779)
Recoveries	-	-	-	-	-	-	-	-	-	-	-
Balance, end of year	$ 38,033	$ 14,204	$ 36,175	$ 194,111	$ 490,088	$ 5,963	$ 472	$ 233,660	$ -	$ 110,617	$ 1,123,323
Ending balance: individually evaluated for impairment	$ 2,235	$ -	$ -	$ -	$ 280,890	$ -	$ -	$ 116,840	$ -	$ -	$ 399,965
Ending balance: collectively evaluated for impairment	$ 35,798	$ 14,204	$ 36,175	$ 194,111	$ 209,198	$ 5,963	$ 472	$ 116,820	$ -	$ 110,617	$ 723,358
Loans:											
Ending balance	$ 31,866,994	$ 5,681,453	$ 7,417,093	$ 20,555,466	$ 29,158,651	$ 1,981,435	$ 188,712	$ 6,792,353	$ 221,941		$ 103,864,098
Ending balance: individually evaluated for impairment	$ 22,349	$ -	$ -	$ -	$ 1,123,558	$ -	$ -	$ 149,776	$ -		$ 1,295,683
Ending balance: collectively evaluated for impairment	$ 31,844,645	$ 5,681,453	$ 7,417,093	$ 20,555,466	$ 28,035,093	$ 1,981,435	$ 188,712	$ 6,642,577	$ 221,941		$ 102,568,415

	2022										
	Single-family, 1-4 units					Consumer loans					
	Owner-Occupied	Nonowner-Occupied	Multi-family, 5 or more units	Construction, land & land development	Commercial real estate	Home equity	Other consumer	Commercial non-real estate	Loans secured by deposits	Unallocated	Total Loans
Allowance for loan losses:											
Balance, beginning of year	$ 71,981	$ 69,747	$ 72,623	$ 196,642	$ 723,072	$ 3,730	$ 545	$ 24,885	$ -	$ 63,724	$ 1,226,949
Provision (credit) for loan losses	45,893	(30,562)	(10,677)	21,823	30,677	(566)	72	(4,011)	-	(52,649)	-
Loans charged off	-	-	-	-	-	-	-	-	-	-	-
Recoveries	-	20,153	-	-	-	-	-	-	-	-	20,153
Balance, end of year	$ 117,874	$ 59,338	$ 61,946	$ 218,465	$ 753,749	$ 3,164	$ 617	$ 20,874	$ -	$ 11,075	$ 1,247,102
Ending balance: individually evaluated for impairment	$ 43,647	$ -	$ -	$ -	$ 290,684	$ -	$ -	$ -	$ -	$ -	$ 334,331
Ending balance: collectively evaluated for impairment	$ 74,227	$ 59,338	$ 61,946	$ 218,465	$ 463,065	$ 3,164	$ 617	$ 20,874	$ -	$ 239,693	$ 1,141,389
Loans:											
Ending balance	$ 27,630,856	$ 5,910,749	$ 6,194,618	$ 27,208,271	$ 30,449,936	$ 1,265,651	$ 246,775	$ 4,706,663	$ 187,718		$ 103,801,237
Ending balance: individually evaluated for impairment	$ 174,587	$ 15,549	$ -	$ -	$ 1,162,737	$ -	$ -	$ -	$ -		$ 1,352,873
Ending balance: collectively evaluated for impairment	$ 27,456,269	$ 5,895,200	$ 6,194,618	$ 27,208,271	$ 29,287,199	$ 1,265,651	$ 246,775	$ 4,706,663	$ 187,718		$ 102,448,364

Internal Risk Categories

In general, classification of loans is to reflect the risk of non-repayment. In addition to the adoption of the interagency regulatory classifications of Special Mention, Substandard, Doubtful, and Loss, the Company has established an internal grading system for the loan portfolio. Loans are assigned grades from 1 through 10. Grades 1 through 4 are considered satisfactory grades and are categorized as Pass. The grade of 5, or Watch, means the loan is being monitored closely. Grade 6, or Special Mention, represents loans that have a material documentation or credit weakness that, if goes uncorrected, will result in an adverse classification. The grades of 7 and 8 have been assigned to loans classified as Substandard and a loan grade of 9 is assigned to loans that are classified as Doubtful. A loan grade of 10 is classified as a Loss and the loan is charged off. The use and application of these grades by the Company will be uniform and shall conform to the Company's policy.

The interagency regulatory classifications are defined as follows:

Special Mention: A Special Mention asset does not warrant adverse classification, but does possess credit deficiencies or potential weaknesses deserving management's close attention. If not corrected, the deficiency or weakness could weaken the asset and increase risk in the future.

Substandard: Substandard assets are inadequately protected by the current net worth and paying capacity of the obligor or by the collateral pledged. Assets so defined must have a well-defined weakness or weaknesses. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. An asset should not be classified as Substandard if successful collection of all debt is probable or if liquidation of the collateral at the asset's book value is expected in a reasonable time frame.

Doubtful: Assets classified as Doubtful have all the weaknesses inherent in Substandard assets. In addition, these weaknesses make collection or liquidation in full highly questionable and improbable based on existing circumstances.

Loss: Any portion of any asset that is classified as Loss is considered uncollectible and of little value. A Loss classification does not mean that portion of the asset has no recovery or salvage value, but it is not practical or desirable to defer writing off or reserving all or a portion of the asset, even though partial recovery may be affected in the future.

The loan portfolio is mainly comprised of real estate loans. This includes primarily permanent and construction financing of single-family homes and the permanent financing of other one- to four-family, multi-family and nonresidential real estate. In addition, the Company originates consumer loans (primarily home equity term loans and lines of credit) and commercial non-real estate loans. In order to reduce interest-rate risk by making the loan portfolio more interest-rate sensitive, the Bank originates primarily adjustable-rate, balloon and short- and medium-term, fixed-rate loans for the loan portfolio. Generally, loans are collateralized by assets of the borrower and guaranteed by the principals of the borrowing entity. The primary lending market is within Clay and Platte Counties of the Kansas City Metropolitan Statistical Area.

The Company maintains lending policies and procedures designed to focus lending efforts on the type, location, duration and risk of loans most appropriate for its business model and markets. The Board of Directors reviews and approves the Company's lending policies on, at least, an annual basis. The Board reviews the allowance for loan losses quarterly and reviews reports related to loan production, loan quality, concentrations of credit, loan delinquencies and non-performing and potential problem loans on a monthly basis.

The Company does not accrue interest on any asset which is maintained on a cash basis because of deterioration in the financial position of the borrower, any asset for which payment in full of interest or principal is not expected, or any asset upon which principal or interest has been in default for a period of ninety days or more unless it is both well secured and in the process of collection. A non-accrual asset may be restored to an accrual status when none of its principal and interest is due and unpaid, or when it otherwise becomes well secured and in the process of collection.

Periodic independent loan reviews of outstanding loans are performed by either a third party or an independent loan review officer. The primary objective of the independent loan review function is to ensure the maintenance of a quality loan portfolio and minimize the potential for loan losses. The loan review also determines compliance with internal policies and procedures. In addition to reviewing loans for compliance, loan review analyzes the appropriateness and timeliness of risk grading and problem loan identification by loan officers, the identification of individually impaired loans, the measurement of estimated loan impairment and timeliness of charge-offs, and overall adequacy of the allowance for loan losses.

Risk characteristics applicable to each segment of the loan portfolio are described as follows:

One-to-Four Family Residential Mortgage Loans

The Company's loan portfolio consists primarily of permanent financing of one-to-four family, residential real estate loans, secured by properties located in its market area. The large majority of these loans are secured by owner-occupied properties. One-to-four family real estate loans are offered with terms up to 30 years with adjustable or fixed interest rates. The adjustable-rate loans are intended for retention in the Bank's loan portfolio. In recent years there has been an increased demand for long-term fixed-rate loans, as market rates dropped and remained near historic lows. Most fixed-rate loans are sold in the secondary market directly to the Federal Home Loan Mortgage Corporation (FHLMC); however, the Company has retained a portion of fixed-rate, single-family residential mortgage loans with terms of 15 years or less. In addition, the Bank offers loans with a balloon feature, generally five years or less. It is the Bank's policy to retain servicing on all loans sold. All one-to-four family real estate loans are typically originated in conformity with FHLMC guidelines, regardless of whether the loan is sold or retained in the loan portfolio.

Construction, Land and Land Development Loans

The Company originates three types of residential construction loans: (1) construction/speculative loans, (2) construction/custom loans, and (3) construction/permanent loans. The Company also originates construction loans on multi-family or nonresidential properties, land development loans to area homebuilders that are secured by individual unimproved or improved residential building lots, and loans secured by land held for future development or speculative purposes.

Construction/speculative loans are made to area homebuilders who do not have, at the time the loan is originated, a signed contract with a homebuyer who has a commitment for permanent financing with either the Bank or another lender. The builder may enter into a purchase and sale contract with the homebuyer either during or after the construction period. These loans have the risk that the builder will have to make interest and principal payments on the loan and finance real estate taxes and other holding costs of the completed home for a significant time after the completion of construction. Funds are disbursed in phases as construction is completed. All construction/speculative loans require personal individual guarantees of the principals of the builder-borrower.

Construction/custom loans are made to either an individual who has contracted with a builder to construct their personal residence, or to a builder who has a signed contract to build a new home for the homeowner. The terms of construction/custom loans are similar to those of construction/speculative loans, except that the Bank may offer extended commitments to originate permanent financing on the construction/custom loans that are originated. These extended commitments are typically honored for terms up to one year, and are at interest rates 50 basis points above the prevailing interest rate at the time of the commitment. The Company offers construction/permanent financing to these individuals as well.

Commercial Real Estate and Multi-Family Real Estate Loans

Commercial real estate mortgage loans are primarily secured by owner-occupied commercial buildings, office buildings, strip shopping centers, restaurants, storage facilities and motels. In underwriting commercial real estate loans and multi-family real estate loans, the Company considers a number of factors which include the projected net cash flow to the loan's debt service requirement, the age and condition of the collateral, the financial resources and income level of the borrower and the borrower's experience in owning or managing similar properties. Personal guarantees are typically obtained from commercial real estate and multi-family real estate borrowers. In addition, the borrower's financial information on such loans is monitored on an ongoing basis by requiring periodic financial statement updates. The repayment of these loans is primarily dependent on the cash flows of the underlying property; however, the commercial real estate loan generally must be supported by an adequate underlying collateral value. The performance and the value of the underlying property may be adversely affected by economic factors or geographical and/or industry specific factors. These loans are subject to other industry guidelines that are closely monitored by the Company.

Commercial Business Loans

The Company originates commercial non-mortgage business (term) loans and adjustable lines of credit. These loans are generally originated to small and medium sized companies in the Company's primary market area. Commercial business loans are generally used for working capital purposes or for acquiring equipment, inventory or furniture, and are primarily secured by business assets other than real estate, such as business equipment and inventory, accounts receivable or stock.

The commercial business loan portfolio consists primarily of secured loans. When making commercial business loans, the Company considers the financial statements, lending history and debt service capabilities of the borrower, the projected cash flows of the business and the value of collateral. The cash flows of the underlying borrower, however, may not perform consistent with historical or projected information. Further, the collateral securing the loans may fluctuate in value due to individual economic or other factors. Virtually all loans are guaranteed by the principals of the borrower. The Company has established minimum standards and underwriting guidelines for all commercial loan types.

Consumer Loans

In addition to traditional one-to-four family residential mortgage loans, the Company offers home equity term loans and home equity lines of credit that are secured by the borrower's primary or secondary residence. Home equity term loans and lines of credit are generally underwritten using the same criteria used to underwrite one-to-four family residential mortgage loans, but are considered consumer loans. As underwriting is subject to specific regulations, the Company typically underwrites its home equity term loans and lines of credit to conform to widely accepted standards. Several factors are considered in underwriting, including the value of the underlying real estate and the debt to income and credit history of the borrower.

Other consumer loans consist of installment loans to individuals, including automotive loans. These loans are centrally underwritten utilizing the borrower's financial history, including the Fair Isaac Corporation ("FICO") credit scoring and information as to the underlying collateral. Repayment is expected from the cash flow of the borrower. Consumer loans may be underwritten with terms up to six years, fully amortized. Unsecured loans are limited to twenty-four months. Loan-to-value ratios vary based on the type of collateral. The Company has established minimum standards and underwriting guidelines for all consumer loan types.

The following table presents the credit risk profile of the Company's loan portfolio based on internal rating category and payment activity as of September 30, 2023 and 2022:

	2023							
	Single-family, 1-4 units	Multi-family, 5 or more units	Construction, land & land development	Commercial real estate	Consumer Loans	Commercial non-real estate	Loans secured by deposits	Total
Grade								
Pass	$ 37,361,377	$ 7,417,093	$ 18,307,566	$ 28,035,093	$ 2,170,147	$ 6,602,390	$ 221,941	$ 100,115,607
Watch	164,721	-	2,247,900	-	-	40,187	-	2,452,808
Special Mention	-	-	-	-	-	-	-	-
Substandard	22,349	-	-	1,123,558	-	149,776	-	1,295,683
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	$ 37,548,447	$ 7,417,093	$ 20,555,466	$ 29,158,651	$ 2,170,147	$ 6,792,353	$ 221,941	$ 103,864,098

	2022							
	Single-family, 1-4 units	Multi-family, 5 or more units	Construction, land & land development	Commercial real estate	Consumer Loans	Commercial non-real estate	Loans secured by deposits	Total
Grade								
Pass	$ 33,103,371	$ 6,194,618	$ 27,208,271	$ 26,911,500	$ 1,512,426	$ 4,629,494	$ 187,718	$ 99,747,398
Watch	263,647	-	-	2,375,699	-	77,169	-	2,716,515
Special Mention	-	-	-	-	-	-	-	-
Substandard	174,587	-	-	1,162,737	-	-	-	1,337,324
Doubtful	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-
Total	$ 33,541,605	$ 6,194,618	$ 27,208,271	$ 30,449,936	$ 1,512,426	$ 4,706,663	$ 187,718	$ 103,801,237

The Company evaluates the loan risk rating system definitions and allowance for loan loss methodology on an ongoing basis. The general component of the allowance for loan loss calculations is based on historical loan losses and qualitative factors such as portfolio composition, trends, concentrations, economic conditions, and the adequacy of staffing and loan review. No significant changes were made to the loan risk grading system definitions and allowance for loan loss methodology during the past year.

The following tables present the Company's loan portfolio aging analysis of the recorded investment in loans as of September 30, 2023 and 2022:

	2023						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Total Loans > 90 Days & Accruing
Real estate loans:							
Single-family, 1-4 units	$ 46,121	$ 119,869	$ -	$ 165,990	$ 37,382,457	$ 37,548,447	$ -
Multi-family, 5 or more units	-	-	-	-	7,417,093	7,417,093	-
Construction, land & land development	-	-	-	-	20,555,466	20,555,466	-
Commercial	-	-	-	-	29,158,651	29,158,651	-
Consumer loans	-	-	-	-	2,170,147	2,170,147	-
Commercial non-real estate loans	40,187	-	149,776	189,963	6,602,390	6,792,353	-
Loans secured by deposits	-	-	-	-	221,941	221,941	-
Total	$ 86,308	$ 119,869	$ 149,776	$ 355,953	$ 103,508,145	$ 103,864,098	$ -

	2022						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Total Loans > 90 Days & Accruing
Real estate loans:							
Single-family, 1-4 units	$ -	$ 49,637	$ -	$ 49,637	$ 33,491,968	$ 33,541,605	$ -
Multi-family, 5 or more units	-	-	-	-	6,194,618	6,194,618	-
Construction, land & land development	-	-	-	-	27,208,271	27,208,271	-
Commercial	-	-	-	-	30,449,936	30,449,936	-
Consumer loans	-	-	-	-	1,512,426	1,512,426	-
Commercial non-real estate loans	-	-	-	-	4,706,663	4,706,663	-
Loans secured by deposits	-	-	-	-	187,718	187,718	-
Total	$ -	$ 49,637	$ -	$ 49,637	$ 103,751,600	$ 103,801,237	$ -

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming loans, nonaccrual loans and loans in which a partial charge off has been taken.

The following table presents impaired loans for the years ended September 30, 2023 and 2022:

	2023					
	Unpaid Principal Balance	Recorded Balance	Allocated Allowance for Loan Loss	Average Investment in Impaired Loans	Interest Income Recognized	Interest Income Recognized Cash Basis
Loans without a specific valuation allowance						
Real estate loans:						
Single-family, 1-4 units	$ -	$ -	$ -	$ -	$ -	$ -
Multi-family, 5 or more units	-	-	-	-	-	-
Construction, land & land development	-	-	-	-	-	-
Commercial	-	-	-	-	-	-
Consumer	-	-	-	-	-	-
Commercial non-real estate	-	-	-	-	-	-
Loans with a specific valuation allowance						
Real estate loans:						
Single-family, 1-4 units	22,349	22,349	2,235	23,005	686	636
Multi-family, 5 or more units	-	-	-	-	-	-
Construction, land & land development	-	-	-	-	-	-
Commercial	1,123,558	1,123,558	280,890	1,144,809	84,160	82,159
Consumer	-	-	-	-	-	-
Commercial non-real estate	149,776	149,776	116,840	141,734	8,834	5,800
Total:						
Real estate loans	1,145,907	1,145,907	283,125	1,167,814	84,846	82,795
Consumer loans	-	-	-	-	-	-
Commercial non-real estate loans	149,776	149,776	116,840	141,734	8,834	5,800
Total impaired loans	$ 1,295,683	$ 1,295,683	$ 399,965	$ 1,309,548	$ 93,680	$ 88,595

	2022					
	Unpaid Principal Balance	Recorded Balance	Allocated Allowance for Loan Loss	Average Investment in Impaired Loans	Interest Income Recognized	Interest Income Recognized Cash Basis
Loans without a specific valuation allowance						
Real estate loans:						
Single-family, 1-4 units	$ 211,850	$ 190,136	$ 43,647	$ 199,168	$ 9,108	$ 8,498
Multi-family, 5 or more units	-	-	-	-	-	-
Construction, land & land development	-	-	-	-	-	-
Commercial	-	-	-	-	-	-
Consumer	-	-	-	-	-	-
Commercial non-real estate	-	-	-	-	-	-
Loans with a specific valuation allowance						
Real estate loans:						
Single-family, 1-4 units	-	-	-	-	-	-
Multi-family, 5 or more units	-	-	-	-	-	-
Construction, land & land development	-	-	-	-	-	-
Commercial	1,162,737	1,162,737	290,684	1,180,072	78,327	71,399
Consumer	-	-	-	-	-	-
Commercial non-real estate	-	-	-	-	-	-
Total:						
Real estate loans	1,374,587	1,352,873	334,331	1,379,240	87,435	79,897
Consumer loans	-	-	-	-	-	-
Commercial non-real estate loans	-	-	-	-	-	-
Total impaired loans	$ 1,374,587	$ 1,352,873	$ 334,331	$ 1,379,240	$ 87,435	$ 79,897

At September 30, 2023, the Company had two commercial non-real estate loans totaling $149,776 on nonaccrual. As of September 30, 2022, the Company had no loans on nonaccrual.

At September 30, 2023 and 2022, the Company had no loans that were modified in troubled debt restructurings and impaired. There were no troubled debt restructurings that were on nonaccrual at September 30, 2023 and 2022. There were no newly classified troubled debt restructurings in fiscal year 2023 or in fiscal year 2022.

NOTE 4: PREMISES AND EQUIPMENT

Major classifications of premises and equipment, stated at cost, are as follows:

	2023	2022
Land	$ 1,838,126	$ 1,838,126
Buildings and improvements	4,268,767	4,269,617
Equipment	1,418,574	1,375,600
Automobiles	40,431	40,431
	7,565,898	7,523,774
Less accumulated depreciation	3,764,823	3,584,063
Net premises and equipment	$ 3,801,075	$ 3,939,711

NOTE 5: LOAN SERVICING

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The risks inherent in mortgage servicing assets relate primarily to changes in prepayments that result from shifts in mortgage interest rates. The unpaid principal balances of mortgage loans serviced for others were $26,340,241 and $29,546,173 at September 30, 2023 and 2022, respectively.

Custodial escrow balances maintained in connection with the foregoing loan servicing, and included in demand deposits, were $442,313 and $480,989 at September 30, 2023 and 2022, respectively.

NOTE 6: INTEREST-BEARING DEPOSITS

Interest-bearing deposits in denominations of $250,000 or more at September 30, 2023 and 2022, were $26,927,972 and $46,235,601, respectively.

At September 30, 2023, the scheduled maturities of time deposits are as follows:

October 1, 2023 to September 30, 2024	$	7,863,639
October 1, 2024 to September 30, 2025		2,355,128
October 1, 2025 to September 30, 2026		1,585,450
October 1, 2026 to September 30, 2027		885,266
October 1, 2027 to September 30, 2028		1,279,729
October 1, 2032 to September 30, 2033		38,199
	$	14,007,411

NOTE 7: FEDERAL HOME LOAN BANK ADVANCES

Federal Home Loan Bank (FHLB) advances totaled $26,000,000, bearing a weighted average yield of 5.14%, at September 30, 2023. The Bank had no FHLB advances or other indebtedness to the FHLB as of September 30, 2022. Borrowings or other indebtedness via the FHLB are typically secured by loans, totaling $71,121,915 at September 30, 2023, held by the Company. Collateralization requirements are based on a loan-to-value percentage, which varies depending on the type of loan pledged as collateral. At September 30, 2023, the Company, through its subsidiary bank, has a borrowing capacity of $46,452,172 based on the amount of collateral pledged with a maximum credit capacity of $76,343,400.

Federal Home Loan Bank advances are summarized by maturity at September 30, 2023, as follows:

October 1, 2023 to September 30, 2024		11,500,000
October 1, 2024 to September 30, 2025		7,000,000
October 1, 2025 to September 30, 2026		2,500,000
October 1, 2026 to September 30, 2027		2,500,000
October 1, 2027 to September 30, 2028		2,500,000
	$	26,000,000

NOTE 8: OTHER BORROWINGS

As of September 30, 2023, the Company has a line of credit in the amount of $1,500,000 from Missouri Independent Bank, Jefferson City, Missouri, (“MIB”) with a maturity date of December 20, 2023. The line of credit carries an interest rate of prime with a floor of 3.75% and is secured by the common stock of the Bank. Interest is due quarterly on certain dates, with all unpaid interest due at maturity of December 20, 2023. On December 20, 2022, the line of credit was renewed to its current maturity date. As of September 30, 2023, the amount drawn on the line of credit, was $960,000 at an interest rate of 8.5%. As of September 30, 2022, the amount drawn on the line of credit, was $738,000 at an interest rate of 6.75%. The line of credit agreement contains a requirement for tracking of certain covenants. The Company did not meet the return on average assets requirement, based on a rolling 4 quarters, as required to be tracked under the agreement. Management has had discussions with the lender and at the date of this report, understands the lender would be willing to extend the note upon maturity; however, interest rate may be adversely impacted.

The Bank also has an unsecured line of credit with MIB that settles daily to disburse federal funds purchased up to $5,000,000. As of September 30, 2023, the amount outstanding was zero but the Bank did obtain advances periodically during the fiscal year. The Bank did not borrow funds against this line of credit during 2022.

NOTE 9: INCOME TAXES

The Company or its subsidiary files income tax returns in the U.S. federal jurisdiction and the state of Missouri. For fiscal years ended September 30, 2023 and 2022, the Company nor its subsidiary had any income taxes currently payable nor had an income tax credit. As of September 30, 2023, the Company had $1,632,225 of net operating loss carryforwards available to offset future income taxes. The carryforwards begin to expire in 2032.

The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

	2023	2022
Deferred tax assets:		
Allowance for loan losses	$ 271,000	$ 301,000
Net operating loss carryforward	394,000	204,000
Unrealized loss on securities available for sale	637,364	686,623
Other	2,052	12,552
Total deferred tax assets	1,304,416	1,204,175
Deferred tax liabilities:		
Mortgage-servicing rights	7,000	18,000
Total deferred tax liabilities	7,000	18,000
Net deferred tax asset	$ 1,297,416	$ 1,186,175
Amount of NOL carryforwards	$ 1,632,225	$ 844,087

A reconciliation of income tax at the statutory rate to the Company's actual income tax credit is shown below:

	2023	2022
Computed at the statutory rate	$ (85,531)	$ 90,407
Increase (decrease) resulting from:		
Tax-exempt income	(113,325)	(55,879)
Other	38,356	11,535
Actual tax provision (credit)	$ (160,500)	$ 46,063

NOTE 10: STOCKHOLDERS' EQUITY AND REGULATORY MATTERS

The Company is a Delaware holding company formed to acquire the Bank in 2002 as a result of the Bank's conversion from mutual to stock form. Deposit account holders and borrowers do not have voting rights in the Bank. Voting rights are vested exclusively with stockholders of the holding company. Deposit account holders are insured by the Federal Deposit Insurance Corporation. The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated under U.S. GAAP, regulatory reporting requirements and regulatory capital standards. The Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Furthermore, the Bank's regulators could require adjustments to regulatory capital not reflected in these consolidated financial statements.

Quantitative measures established by regulatory reporting standards to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table that follows). As of September 30, 2023 and 2022, pursuant to Part 324 of the FDIC Rules and Regulations, the Bank was categorized as well capitalized under the framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, common equity Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table that follows. The Bank is required to maintain a Tier 1 Leverage Ratio (Tier 1 Capital to adjusted assets) at or above 7.49%. The Bank is subject to certain restrictions on dividends it may declare without prior regulatory approval.

The Bank's actual capital amounts and ratios are also presented in the table.

	Actual		Minimum Required for Capital Adequacy		Minimum Required to be "Well Capitalized"	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in Thousands)			
AS OF SEPTEMBER 30, 2023:						
Total risk-based capital to risk-weighted assets	$ 12,980	12.21%	$ 8,506	8.00%	$ 10,633	10.00%
Tier 1 capital to risk-weighted assets	$ 11,857	11.15%	$ 6,380	6.00%	$ 8,506	8.00%
Common equity Tier 1 risk-based	$ 11,857	11.15%	$ 4,785	4.50%	$ 6,911	6.50%
Tier 1 capital to adjusted total assets	$ 11,857	7.74%	$ 6,127	4.00%	$ 7,659	5.00%
AS OF SEPTEMBER 30, 2022:						
Total risk-based capital to risk-weighted assets	$ 13,276	15.06%	$ 7,055	8.00%	$ 8,818	10.00%
Tier 1 capital to risk-weighted assets	$ 12,172	13.80%	$ 5,291	6.00%	$ 7,055	8.00%
Common equity Tier 1 risk-based	$ 12,172	13.80%	$ 3,968	4.50%	$ 5,732	6.50%
Tier 1 capital to adjusted total assets	$ 12,172	7.85%	$ 6,202	4.00%	$ 7,752	5.00%

During the fiscal year ended September 30, 2023, the Bank paid cash dividends of $250,000 to the Company. During the fiscal year ended September 30, 2022, the Bank paid cash dividends of $500,000 to the Company.

NOTE 11: RELATED PARTY TRANSACTIONS

Loans

At September 30, 2023 and 2022, the Bank had loans outstanding to executive officers, directors, significant stockholders of the Company and their associates (related parties), in the amount of $73,267 and $1,662,372, respectively. Deposits from related parties held by the Bank at September 30, 2023 and 2022, totaled $42,048 and $795,970, respectively. In management's opinion, such loans and other extensions of credit and deposits were made in the ordinary course of business and were made on substantially the same terms (including interest and collateral) as those prevailing at the time for comparable transactions with other persons. Further, in management's opinion, these loans did not involve more than normal risk of collectability or present other unfavorable features.

NOTE 12: EMPLOYEE BENEFITS

The Bank has a defined contribution pension plan, which covers substantially all employees. Participants can contribute up to 100% of their salary, subject to certain restrictions imposed by Internal Revenue Code, which the Bank will match 50% of the employee contribution, up to a maximum employee contribution of 6% of salary. Pension plan expense was $47,065 and $42,548 for the years ended September 30, 2023 and 2022, respectively.

Within the defined contribution pension plan, one of the eligible funds for the participants is an Employer Stock Fund that invests in the common stock of the Company. The stock is allocated pro-rata within the fund based on the amount invested in the fund by the participant. As of both September 30, 2023 and 2022, the Employer Stock Fund owned 78,047 shares of the Company. The Employer Stock Fund purchased 2,500 shares directly from the Company during the fiscal year ended September 30, 2022.

The Company has an ESOP covering substantially all employees. The ESOP acquired 78,292 shares of Company common stock at $10 per share at the initial public offering with funds provided by a loan from the Company. The cost of the ESOP shares acquired was shown as a reduction of stockholders' equity. Shares were released to participants proportionately as the loan was repaid. The loan was paid off during the fiscal year ended September 30, 2016, with all remaining shares acquired at the initial public offering being allocated to participants at December 31, 2015.

During the fiscal year ended September 30, 2023, the ESOP re-purchased 1,191 shares at $14.20 per share from employees eligible for diversification. A total of 1,191 shares will be subject to allocation to participants at December 31, 2023. During the fiscal year ended September 30, 2022, the ESOP re-purchased 1,723 shares at $16.95 per share from employees eligible for diversification or who had terminated employment and another 7,129 shares were transferred out of the plan by employees who terminated employment. The Company also contributed 1,550 shares to the ESOP during the fiscal year ended September 30, 2022. A total of 3,273 shares were subject to allocation to participants at December 31, 2022.

As of September 30, 2023 and 2022, there remained 43,046 shares of Company common stock in the ESOP after distributions to employees no longer with the Company or due to diversifications. Compensation expense is recorded when cash contributions are made to the plan or when contributions of stock are made in an amount equal to the fair market value of the stock. The fair market value of stock is determined annually, at December 31, and is based on an independent third party valuation. ESOP compensation expense was $9,257 and $33,765 for the years ended September 30, 2023 and 2022, respectively.

	2023	2022
Allocated shares	41,855	39,773
Shares ratably released for allocation	1,191	3,273
Unallocated shares	-	-
Total ESOP shares	43,046	43,046
Fair value of unreleased shares	$ -	$ -

The Bank is obligated at the option of each beneficiary to repurchase shares of the ESOP upon the beneficiary's termination or after retirement. At September 30, 2023, the fair value of the 41,885 allocated shares held by the ESOP was $594,341. In addition, there were 7,776 shares held by former employees that were subject to an ESOP-related repurchase option. The fair value of all shares subject to repurchase obligation was $110,414. At September 30, 2022, the fair value of the 39,773 allocated shares held by the ESOP is $674,152. There were no shares held by former employees that will be subject to an ESOP-related repurchase option.

Compensation Arrangement

On May 23, 2022, the Bank purportedly entered into an employment agreement with Mario Usera, the Bank's President and Chief Executive Officer. The purported agreement provides for an initial term of two years commencing on April 30, 2022, subject to additional automatic one-year extensions unless terminated in accordance with the terms of the agreement. The purported agreement provides Mr. Usera with an annual salary of $170,000, certain fringe benefits and certain severance payments and other benefits in the event the agreement is terminated by the Bank without cause (as such term is defined in the agreement). The Company believes that the Bank's entry into the agreement may have been prohibited pursuant to a status quo order issued by the Delaware Chancery Court in connection with the Delaware litigation disclosed in Note 15 (Significant Estimates and Concentrations, Legal Proceedings). In addition, the agreement was executed on behalf of the Bank by a director of the Company who was ultimately determined by a court to have not been validly elected by the Company's stockholders as further described in Note 15 (Significant Estimates and Concentrations, Legal Proceedings). The Company is continuing to assess the validity of the purported agreement, the Bank's obligations (if any) under the purported agreement and the Bank's potential legal claims or other recourse relating to the purported agreement.

NOTE 13: EARNINGS (LOSS) PER SHARE

For the year ended September 30, 2023, the Company had a loss, basic and diluted, per share of ($0.25) based upon weighted-average shares outstanding of 748,471. For the year ended September 30, 2022, earnings, basic and diluted, per share was $0.44 based upon weighted-average shares outstanding of 746,800. There were no outstanding options to purchase shares of common stock at September 30, 2023 and 2022.

NOTE 14: DISCLOSURES ABOUT FAIR VALUE OF ASSETS

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

Level 1 Quoted prices in active markets for identical assets or liabilities
Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; 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 or liabilities
Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying consolidated 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 September 30, 2023 and 2022:

	September 30, 2023			
		Fair Value Measurements Using		
	Fair Value	Quoting Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Signficant Unobservable Inputs (Level 3)
U.S. Government and federal agency	$ 8,967,039	$ -	$ 8,967,039	$ -
U.S. Government - sponsored enterprises (GSEs)	12,249,352	-	12,249,352	-
Municipal securities	8,861,226	-	8,861,226	-

	September 30, 2022			
		Fair Value Measurements Using		
	Fair Value	Quoting Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Signficant Unobservable Inputs (Level 3)
U.S. Government and federal agency	$ 9,011,193	$ -	$ 9,011,193	$ -
U.S. Government - sponsored enterprises (GSEs)	12,179,379	-	12,179,379	-
Municipal securities	9,290,479		9,290,479	-

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, 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 September 30, 2023.

Available-for-sale 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 securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced 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, securities are classified within Level 3 of the hierarchy. At both September 30, 2023 and 2022, there were no securities classified within Level 1 or Level 3.

Nonrecurring Measurements

The following table presents the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2023 and 2022:

	Fair Value at 9/30/2023	Valuation Technique	Unobservable Inputs	Range
Collateral-dependent impaired loans	$ 908,141	Internal or third party appraisal	Discount to reflect realizable value	0 - 25%

	Fair Value at 9/30/2023	Valuation Technique	Unobservable Inputs	Range
Collateral-dependent impaired loans	$ 1,018,542	Internal or third party appraisal	Discount to reflect realizable value	0 - 25%

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Collateral-dependent Impaired Loans, Net of ALLL

The estimated fair value of collateral-dependent impaired loans is based on the appraised fair value of the collateral, less estimated cost to sell. Collateral-dependent impaired loans are classified within Level 3 of the fair value hierarchy.

The Company considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be collateral-dependent and subsequently as deemed necessary by management. Appraisals are reviewed for accuracy and consistency by management. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by management by comparison to historical results.

Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in recurring and nonrecurring Level 3 fair value measurements.

	Fair Value at 9/30/2023	Valuation Technique	Unobservable Inputs	Range
Collateral-dependent impaired loans	$ 908,141	Internal or third party appraisal	Discount to reflect realizable value	0 - 25%

	Fair Value at 9/30/2023	Valuation Technique	Unobservable Inputs	Range
Collateral-dependent impaired loans	$ 1,018,542	Internal or third party appraisal	Discount to reflect realizable value	0 - 25%

Fair Value of Financial Instruments

The following table presents estimated fair values of the Company’s financial instruments at September 30, 2023 and 2022:

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
FINANCIAL ASSETS				
Cash and cash equivalents	$ 5,391,510	$ 5,391,510	$ 9,341,170	$ 9,341,170
Interest-bearing time deposits	2,975,000	2,735,056	4,940,000	4,751,230
Held-to-maturity debt securities	5,679,390	5,322,937	5,715,858	5,458,081
Loans, net of allowance for loan losses	99,491,259	87,410,486	90,336,679	87,015,775
Federal Home Loan Bank stock	1,223,800	1,223,800	167,600	167,600
Accrued interest receivable	541,469	541,469	466,163	466,163
FINANCIAL LIABILITIES				
Deposits	$ 117,942,594	$ 105,651,598	$ 139,587,307	$ 138,742,931
Interest payable	68,593	68,593	8,055	8,055
FHLB advances	26,000,000	27,738,141	-	-
Other borrowings	960,000	960,000	738,000	738,000
Advances from borrowers for taxes and insurance	1,033,097	1,033,097	1,054,029	1,054,029

The following table presents estimated fair values of the Company’s financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2023 and 2022:

September 30, 2023	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FINANCIAL ASSETS				
Cash and cash equivalents	$ 5,391,510	$ 5,391,510	$ -	$ -
Interest-bearing time deposits	2,975,000	-	2,735,056	-
Held-to-maturity debt securities	5,679,390	-	5,322,937	-
Loans, net of allowance for loan losses	99,491,259	-	86,502,345	908,141
Federal Home Loan Bank stock	1,223,800	-	1,223,800	-
Accrued interest receivable	541,469	-	541,469	-
FINANCIAL LIABILITIES				
Deposits	$ 117,942,594	$ -	$ 105,651,598	$ -
Interest payable	68,593	-	68,593	-
FHLB advances	26,000,000		27,738,141	
Other borrowings	960,000	-	960,000	-
Advances from borrowers for taxes and insurance	1,033,097	-	1,033,097	-

September 30, 2022	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FINANCIAL ASSETS				
Cash and cash equivalents	$ 9,341,170	$ 9,341,170	$ -	$ -
Interest-bearing time deposits	4,940,000	-	4,751,230	-
Held-to-maturity debt securities	5,715,858	-	5,458,081	-
Loans, net of allowance for loan losses	90,336,679	-	85,997,233	1,018,542
Federal Home Loan Bank stock	167,600	-	167,600	-
Accrued interest receivable	466,163	-	466,163	-
FINANCIAL LIABILITIES				
Deposits	$ 139,587,307	$ -	$ 138,742,831	$ -
Interest payable	8,055	-	8,055	-
Other borrowings	738,000	-	738,000	-
Advances from borrowers for taxes and insurance	1,054,029	-	1,054,029	-

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets in amounts other than fair value.

Cash and Cash Equivalents and Interest-Bearing Deposits in Banks

The carrying amount approximates fair value.

Interest-Bearing Time Deposits

Fair value is estimated using a discounted cash flow calculation that applies rates currently offered for deposits of similar remaining maturities.

Held-to-Maturity Debt Securities

Fair value is based on quoted market prices, if available. If quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Loans, net of allowance for loan losses

Fair value is estimated by discounting the future cash flows using the market rates at which similar notes would be made to borrowers with similar credit ratings and for the same remaining maturities. The market rates used are based on current rates the Banks would impose for similar loans and reflect a market participant assumption about risks associated with nonperformance, illiquidity, and the structure and term of the loans along with local economic and market conditions.

Federal Home Loan Bank stock

Fair value is estimated at book value due to restrictions that limit the sale or transfer of such securities.

Accrued Interest Receivable, Interest Payable, Other Borrowings and Advances from Borrowers for Taxes and Insurance

The carrying amount approximates fair value. The carrying amount is determined using the interest rate, balance and last payment date.

Deposits

Fair value of term deposits is estimated by discounting the future cash flows using rates of similar deposits with similar maturities. The estimated fair value of demand, interest-bearing checking, savings and money market deposits is the book value since rates are regularly adjusted to market rates and amounts are payable on demand at the reporting date.

Federal Home Loan Bank advances

Fair value is estimated by discounting the future cash flows using rates of similar advances with similar maturities. These rates were obtained from current rates offered by FHLB.

NOTE 15: 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. Estimates related to the allowance for loan losses are reflected in the footnote regarding loans. Estimates related to deferred tax assets are reflected in the footnote on income taxes. Current vulnerabilities due to certain concentrations of credit risk are discussed in the footnote on commitments and credit risk. Other significant estimates and concentrations not discussed in those footnotes include:

Investments

The Company invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated balance sheet.

NOTE 16: COMMITMENTS AND CREDIT RISK

LETTERS OF CREDIT - In the normal course of business, the Bank issues various financial standby, performance standby and commercial letters of credit for its customers. As consideration for the letters of credit, the institution charges letter of credit fees based on the face amount of the letters and creditworthiness of the counterparties. These letters of credit are stand-alone agreements, and are unrelated to any obligation the depositor has to the Bank.

Standby letters of credit are irrevocable conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Financial standby letters of credit are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing and similar transactions. Performance standby letters of credit are issued to guarantee performance of certain customers under non-financial contractual obligations. The credit risk involved in issuing standby letters of credit is essentially the same as the risk that is involved in extending loans to customers.

The Bank had no outstanding standby letters of credit at September 30, 2023 and 2022.

LINES OF CREDIT - Lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Lines of credit generally have fixed expiration dates. Since a portion of the line may expire without being drawn upon, the total unused lines do not necessarily represent future cash requirements. Each customer’s creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management’s credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate. Management uses the same credit policies in granting lines of credit as it does for on-balance-sheet instruments.

At September 30, 2023, unused lines of credit aggregated $4,994,000, consisting of $2,019,000 secured by 1-4 family real estate (including home equity lines of credit), $1,052,000 secured by other real estate, $1,913,000 in commercial lines of credit and $10,000 in other consumer lines of credit. At September 30, 2022, unused lines of credit aggregated $4,240,000, consisting of $2,110,000 secured by 1-4 family real estate (including home equity lines of credit), $440,000 secured by commercial real estate, $1,620,000 in commercial lines of credit and $70,000 in other consumer lines of credit.

COMMITMENTS – Commitments to originate loans are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate.

At September 30, 2023, the Company had outstanding commitments to originate loans aggregating approximately $1,662,000, including a single-family real estate loan for $99,000, a commercial real estate loan for $1,395,000 and a home equity line of credit for $168,000. At September 30, 2022, the Company had outstanding commitments to originate loans aggregating approximately $2,207,000, including five single-family real estate loans totaling $1,369,000, two secured commercial line of credit for $582,000, three home equity loans totaling $227,000 and one consumer loan for $29,000. The commitments were extended over varying periods of time with all to be disbursed within 90 days. At September 30, 2023, loans in process totaled $3,241,000, including $3,176,000 with fixed rates between 3.75% and 6.375% and $66,000 at a variable rate tied to prime plus 0.5%. In addition, at September 30, 2022, loans in process totaled $12,201,000 with fixed rates between 2.50% and 7.75%.

Mortgage loans in the process of origination represent amounts that the Company plans to fund within a normal period of 60 to 90 days, which includes loans intended for sale to investors in the secondary market. The Company had no loans held for sale at September 30, 2023 and 2022**.**

NOTE 17: CONDENSED FINANCIAL INFORMATION (PARENT COMPANY ONLY)

Presented below is condensed financial information as to financial position, results of operations and cash flows of the Company as of and for the years ended September 30, 2023 and 2022:

CONDENSED BALANCE SHEETS
September 30, 2023 and 2022

	2023	2022
ASSETS:		
Noninterest-bearing deposit in subsidiary bank	$ 5,281	$ 9,561
Interest-bearing deposits in banks	-	-
Total cash and cash equivalents	5,281	9,561
Investment in subsidiary bank	9,571,800	9,588,431
Other assets	264,719	205,911
TOTAL ASSETS	$ 9,841,800	$ 9,803,903
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Total liabilities	$ 1,025,632	$ 763,261
Stockholders' equity	8,816,168	9,040,642
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 9,841,800	$ 9,803,903

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Years Ended September 30, 2023 and 2022

	2023	2022
Interest income	$ -	$ 1
Interest expense	(69,598)	(31,839)
Noninterest expense	(222,304)	(215,724)
Credit for income taxes	58,600	23,036
Net loss before dividends and share in undistributed income of the subsidiary bank	(233,302)	(224,526)
Dividends from subsidiary bank	250,000	500,000
Share of undistributed income (loss) of the subsidiary bank	(201,938)	52,667
Net income	(185,240)	328,141
Other comprehensive income (loss)	185,307	(2,585,750)
Comprehensive income (loss)	$ 67	$ (2,257,609)

CONDENSED STATEMENTS OF CASH FLOWS
Years Ended September 30, 2023 and 2022

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	$ (185,240)	$ 328,141
Cash dividends	(224,541)	(298,638)
Items not requiring cash:		
Share of undistributed income of the subsidiary bank	201,938	(52,667)
Other	(18,437)	53,029
Net cash provided by (used in) operating activities	(226,280)	29,865
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from other borrowings	382,000	445,000
Repayments from other borrowings	(160,000)	(450,000)
Issuance (net) of common stock	-	26,273
Acquisition (net) of Treasury Stock	-	17,753
Net cash provided by financing activities	222,000	39,026
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,280)	(9,161)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,561	18,722
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,281	$ 9,561

NOTE: 18: FUTURE CHANGES IN ACCOUNTING PRINCIPLES

Accounting for Financial Instruments – Credit Losses

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2017-13, Financial Instruments—Credit Losses (Topic 326). The ASU introduces a new credit loss model, the current expected credit loss model (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk.

The CECL model utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity debt securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. For available for-sale debt securities where fair value is less than cost, credit-related impairment, if any, will be recognized in an allowance for credit losses and adjusted each period for changes in expected credit risk. This model replaces the multiple existing impairment models, which generally require that a loss be incurred before it is recognized.

The CECL model represents a significant change from existing practice and may result in material changes to the Company's accounting for financial instruments. The new standard was effective for the Company on October 1, 2023. The Company has prepared an initial estimate of the impact from adopting the standard and believes there is no significant change.

NOTE 19: CONTINGENCIES

Legal Proceedings

The Company, certain of its former directors and certain of its former and existing officers are, and have been in the past, subject to various legal proceedings, claims and investigations related to matters of governance. Potential material contingencies relating to these matters are discussed below. In addition, the discussion below addresses the outcome of the litigation in the Court of Chancery of the State of Delaware regarding prior election of the Company's board of directors. At this time, based upon current information, the Company does not expect the outcome of these matters will have a material effect on its financial position, results of operations, or cash flows except as noted below. In addition to these matters, 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 consolidated financial position, results of operations and cash flows of the Company.

Delaware Actions

On February 26, 2021, DeAnn Totta, Laurie Morrissey and Chase Watson (collectively, the "2021 Director Candidates") and Park G.P., Inc. ("Park GP") filed a complaint in the Court of Chancery of the State of Delaware (the "Chancery Court") against the Company under Section 225 of the Delaware General Corporation Law seeking to invalidate the reported results of an election of the Company's directors at the Company's annual meeting of stockholders held on January 28, 2021 (the "2021 Action"). Specifically, the 2021 Director Candidates and Park GP alleged that the then-serving members of the Company's board of directors (the "Prior Board") improperly applied a provision in the Company's charter disallowing a stockholder from exercising more than 10% of the Company's voting power in an election of directors (the "Voting Limitation") in order to prevent the 2021 Director Candidates from being elected to the Company's board. Absent application of the Voting Limitation, the 2021 Director Candidates nominated by Park GP would have been elected to the board instead of the Prior Board's incumbent director nominees. On May 31, 2022, the Chancery Court issued its opinion in the 2021 Action ruling in favor of the 2021 Director Candidates and Park GP and finding that the Prior Board improperly applied the aggregation principles of the Voting Limitation to disenfranchise the plaintiffs. The Chancery Court further concluded that the Prior Board's conduct was invalid under equitable principles. On November 4, 2022, the Chancery Court issued an order awarding reimbursement of attorneys' fees and expenses in favor of the 2021 Director Candidates and Park GP in connection with the 2021 Action. The Company subsequently appealed the decision of the Chancery Court with the Supreme Court of the State of Delaware (the "Delaware Supreme Court").

On July 28, 2022, Bryan Collins and Eric Guettermann (collectively, the "2022 Director Candidates") and Park GP filed a complaint in the Chancery Court against the Company under Section 225 of the Delaware General Corporation Law seeking to invalidate the reported results of an election of the Company's directors at the Company's annual meeting of stockholders held on January 27, 2022 (the "2022 Action"). The parties to the 2022 Action acknowledged that the 2022 Action involved the same or similar questions of law and fact as the 2021 Action described above and agreed that the resolution of the 2021 Action should control the resolution of the 202 Action. As a result, on September 22, 2022, the Chancery Court entered a stipulation and order staying the 2022 Action pending resolution of the 2021 Action described above.

On July 19, 2023, the Delaware Supreme Court issued its opinion affirming the Chancery Court's opinion in the 2021 Action, including the fee decision in the 2021 Action. The Delaware Supreme Court also concluded in its opinion that the plaintiffs in the 2021 Action proved that the Prior Board breached its duty of loyalty in improperly applying the Voting Limitation to disenfranchise the plaintiffs and noted the charter provision at issue cannot be used to exculpate the Prior Board from a breach of the duty of loyalty.

On August 1, 2023, the Chancery Court issued an order entering final judgment in favor of the 2022 Director Candidates and Park GP in the 2022 Action. As a result of this order and the July 2023 Delaware Supreme Court opinion, the members of the Prior Board elected at the annual meetings subject to the 2021 Action and 2022 Action were held not to be members of the Company's board of directors, and the 2021 Candidates and 2022 Candidates were immediately seated as members of the Company's board of directors.

For the above Delaware actions, the Company was defended by counsel appointed by its directors' and officers' insurance policy carrier. The insurance coverage policy limit for professional liability claims under this policy is $2.0 million. The above actions were aggregated and filed under one claim. According to a loss run summary dated October 30, 2023, the insurer has spent approximately $1.1 million defending the claims referenced above. The insurer's claims adjustor has communicated the total loss of these claims to be $1.9 million, which is inclusive of the cost of the Company's defense and the payment of the legal fees awarded to the plaintiffs. The Company's expense was the payment of it's deductible under the policy in the amount of $75,000.

Missouri Circuit Court Complaints

In March 2020, DeAnn Totta filed a complaint in the Circuit Court of Clay County, Missouri against the Company and members of the Prior Board. The complaint alleges that the Company published false and defamatory statements about Ms. Totta in connection with the annual stockholder meeting subject to the 2021 Action. The court granted the Company's motion for summary judgment. On June 2, 2023, the plaintiff filed a Notice of Appeal with the Missouri Western District Court of Appeals. The appellants, DeAnn Totta, Park G.P., and Jefferson Acquisition, LLC filed their brief to the Missouri District Court of Appeals on December 6, 2023.

In July 2020, David L. Johnson filed a complaint in the Circuit Court of Clay County, Missouri against Mr. Usera. The complaint alleges that Mr. Usera published false and defamatory statements about Mr. Johnson and his affiliates in connection with the annual stockholder meeting subject to the 2021 Action and, therefore, breached a contract between Mr. Johnson and Mr. Usera. The court granted Mr. Usera's motion for summary judgment. On June 2, 2023, the plaintiff filed a Notice of Appeal with the Missouri Western District Court of Appeals.

The above claims filed with the Circuit Court of Clay County, Missouri (the "MO Claims") are being defended by counsel appointed by the Company's general liability insurance policy carrier. This policy is an occurrence policy and not a claims made policy; therefore, the MO Claims are treated as separate claims and have not been aggregated under the policy. The insurance coverage policy limit for these claims is $1,000,000 per occurrence, and the Company has excess coverage in an umbrella policy for $3,000,000. According to a loss run summary dated October 30, 2023, the insurer has spent approximately $465,836 defending the MO Claims.

NOTE 20: SUBSEQUENT EVENTS

Missouri Division of Finance

On May 9, 2023, the Missouri Division of Finance conducted their examination utilizing information as of March 31, 2023, and loan data as of April 21, 2023. The findings of the examination were disclosed in an exit meeting on June 1, 2023, with members of the Company's management and CCSB Financial Corporation Chairwoman DeAnn Totta.

Financial Fraud

In May 2023, an accountholder deposited a purported cashier's check in the sum of $220,604 into an account at the Bank that was subsequently determined to be counterfeit. The funds in the deposit account were subsequently wired out and not recovered. As a result, during the fiscal year ended September 30, 2023, the Bank had to recognize a loss for an amount equivalent to the unrecovered amount of $220,604. On October 1, 2023, a settlement, including a Confession of Judgment filed in the Circuit Court of Clay County, Missouri, was reached with the accountholder whereby the accountholder agreed to repay the Bank $220,604, together with interest thereon at a rate of five percent per annum, over 60 months beginning on October 15, 2023. The Bank will recognize as a recovery all amounts received pursuant to this settlement agreement as the funds are received.

Subsequent events have been evaluated through December 12, 2023, which is the date the financial statements were available to be issued.

CCSB

Financial Corp.

Clay County Savings Bank

Locations

1178 West Kansas Street
Liberty, Missouri

303 South Jefferson Street
Kearney, Missouri

8140 North Brighton Avenue
Kansas City (North), Missouri

claycountysavings.com