

AMERICAN SAVINGS  
LIFE INSURANCE COMPANY



*Founded 1954*



**2024  
ANNUAL REPORT**

*We Are...*

# American Savings Life Insurance Company

## **Our Vision**

*We Are Becoming...*

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The preferred life insurance company  
commercial bridge loan provider

## **Our Purpose**

*Why We Exist...*

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We Help Build and Protect Legacies

## **Our Core Values**

*We Live These Values...*

- 
- |               |                   |
|---------------|-------------------|
| • Integrity   | • Consideration   |
| • Partnership | • Professionalism |
| • Stewardship | • Growth Mindset  |

## **Our Founder's Principles**

*We Were Built on These Principles...*

- 
- |                                    |                          |
|------------------------------------|--------------------------|
| ◆ Safe Investments                 | ◆ Dependable Dividends   |
| ◆ Mutual Respect                   | ◆ High Ethical Standards |
| ◆ Stewardship of Stockholder Funds | ◆ Prudent Growth         |
| ◆ Debt Avoidance                   | ◆ Availability of Funds  |

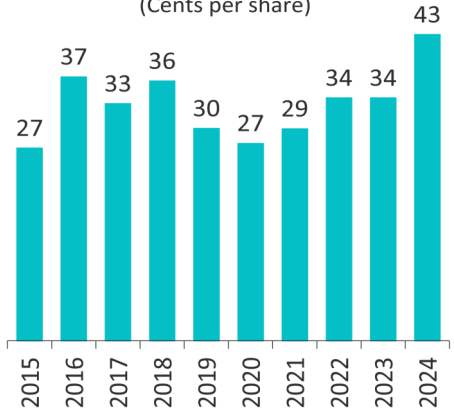
# Long-Term

# Performance

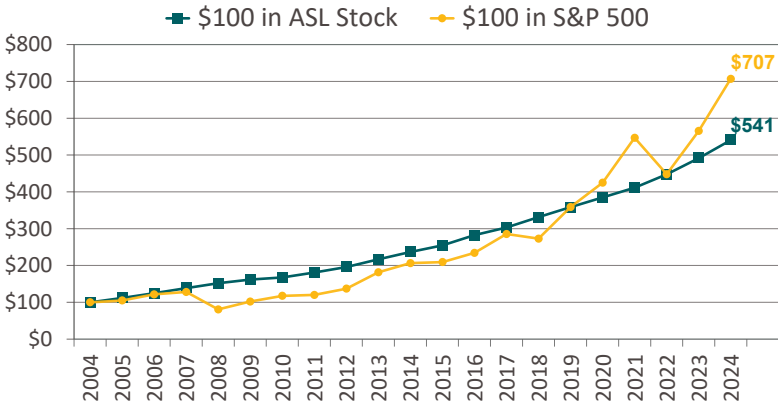
Stockholders Equity per Share



Annual Net Income per Share  
(Cents per share)



\$100 invested 20 Years Ago (12/31/2004)



Over the last 20 years, ASL's stock has increased 441% vs. 607% for the overall stock market (S&P 500 index).

*This comparison assumes reinvestment of cash dividends. Historical performance is no guarantee of future results and is not intended to forecast future performance. The same analysis performed over different time periods will produce different results.*

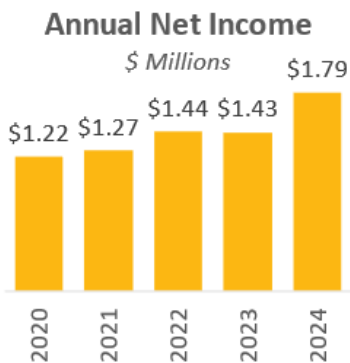
# Dear Fellow

# Shareholders,

The year 2024 was our 70th year in business and it was a year for the record books in many ways! Let's review some of them together.

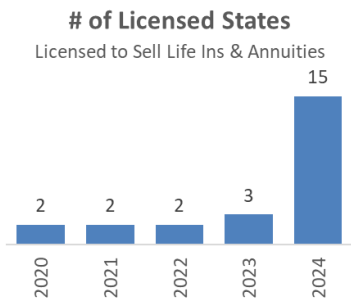
## Annual Net Income

The Company's annual net income for 2024 was **\$1,792,000**, a 25% increase over the prior year. This is a good indicator that our growth is profitable. The real test will be if profitability continues to grow in future years.

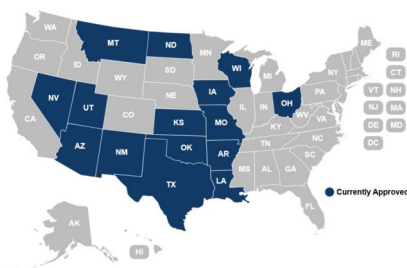


## State Insurance Licenses

Over the last two years, **Michael Frahm**, our Senior Vice President



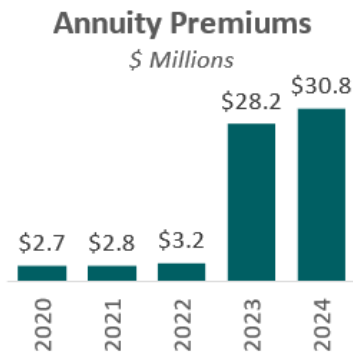
over Insurance & Annuities, has successfully led our expansion into **15 states** where we are now licensed to sell life insurance and annuities.



These additional states allow us to increase our sales force, which will make it easier for us to have a consistent flow of annuity premiums. Being admitted in more states increases the value of the Company and provides options for us to further grow our business.

## Annuity Premiums

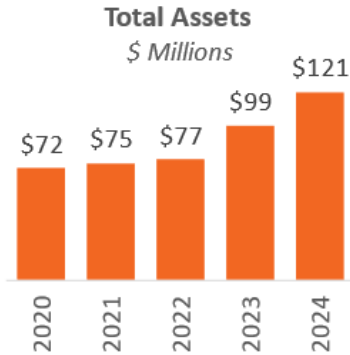
Also under Mr. Frahm's leadership, we sold **\$30.8 million** in annuity premiums last year.



This increase in annuity premiums is the primary driver of our asset growth.

### Total Assets

Total Assets grew to **\$121 million**; a 22% increase over the prior year.



This growth in assets provides the additional capital essential for expanding our mortgage lending business.

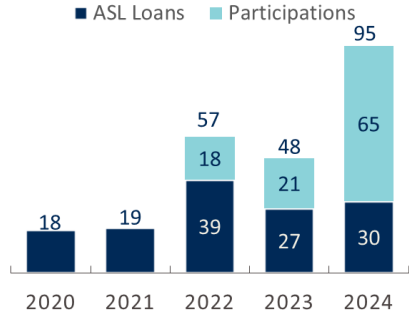
### New Loans Originated

In 2024, we originated **\$95 million** in new loans. This was nearly double the prior year’s total.

Our ability to make \$95 million in new loans is in large part due to the exceptional work of **Scott Emrich**, our Director of Loan Originations, and **Anthony Turdó**, Chief Operating Officer of our lending arm, American Life Financial.

Equally important are our loan participation partners who co-invest with us in our loans. We funded these new loans with \$30 million of Company assets and \$65 million from our loan participation partners.

### Total Annual Loan Originations (\$ Millions)



### Total Loan Portfolio

The record loan originations resulted in substantial growth in our total loan portfolio to **\$184 million** by year-end, comprised of \$89 million in Company assets and \$95 million in loan participation assets.

### Total Mortgage Loan Portfolio (\$ Millions)



### Report on 2024 Goals

In last year’s report we shared 5 goals for 2024. Here they are, together with the results for 2024:

- **GOAL 1:** Grow our total mortgage loan portfolio (Company + loan participations) from \$116 million to \$150 million or more.



**RESULTS:** Total loan portfolio grew to [\\$184 million](#).

- **GOAL 2:** Originate at least \$75 million in new loans.

✔ **RESULTS:** Loan originations totaled \$95 million.

- **GOAL 3:** Increase the number of states where we are licensed to sell insurance from three to 12 or more.

✔ **RESULTS:** Licensed states grew to 15 states.

- **GOAL 4:** Net Taxable Income Return on Equity (ROE)  $\geq$  11.6%.

97% **RESULTS:** Net Taxable Income ROE was 11.24%.

- **GOAL 5:** Total Shareholder Return (TSR) = 9.2% or more.

✔ **RESULTS:** TSR was 10.0%.

### Our Goals for 2025

We have set the following goals for 2025:

- **GOAL 1:** Grow total mortgage loan portfolio (Company + loan participations) from \$185 million to \$250 million.
- **GOAL 2:** Originate \$125 million in new loans.
- **GOAL 3:** Sell \$25 million in annuity premiums.
- **GOAL 4:** Net Taxable Income ROE = 12.0% or more.
- **GOAL 5:** Total Shareholder Return = 9.4%.

### 2024 Dividends & TSR

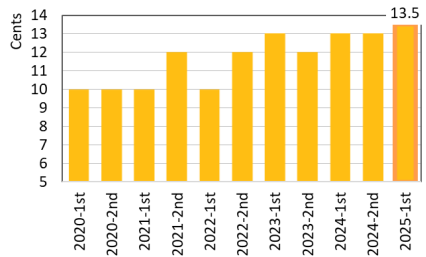
Shareholders received two cash dividends in 2024, totaling 26¢ per share, which equals a **5.4% dividend**

**yield**. Additionally, your stock's 2024 book value also increased 4.6%, for a combined **Total Shareholder Return (TSR) of 10.0%**.

### 2025 Cash Dividends

The Board of Directors has declared a **13.5¢ per share dividend** (up from 13.0¢) to be paid **on April 11, 2025**, to shareholders of record on March 31, 2025.

Semi-Annual Dividends per share  
Apr 2020 - Apr 2025



A second dividend is expected to be paid in October. The year 2025 will be **the 43rd consecutive year** we have paid cash dividends.

### Annual Shareholders Meeting

All shareholders are invited to attend the 2025 Annual Shareholders Meeting at **9:00 AM on Tuesday, April 22, 2025** at the Company's home office located at 935 E. Main St., Mesa, AZ. Please join us!



## Building on Our First 70 Years

2024—what a way to end the first 70 years of this great company’s legacy!

We are building on the foundation that has been developed the last 70 years by **leveraging our core strength of profitable mortgage lending and strategically combining it with annuity premiums and loan participations**. Here is a brief recap of how these have developed.

First, since 2013 we have expanded from lending almost exclusively in Arizona to lending nationwide. Accordingly, our loan originations grew from \$11 million in 2014 to \$95 million in 2024.

Second, we began selling annuities in 2009 in the states of Arizona and Utah. Since then, we have grown our annuity reserves to over \$75 million and are now developing a sales force in 15 states.

Third, we began offering loan participations to other life insurance companies in 2014 and have significantly expanded these offerings since 2022. We now have 20 loan participation partnerships and nearly \$100 million in participation capital invested in our loans.

**The combination of these three parts of our business will allow us to continue building upon the successes of the past 70 years.**

## A Team of MVPs

I am thankful for the privilege I have to work with such a talented and dedicated team led by **Paul Whetten**, our EVP & COO, and by **John Shirts**, our CFO. They excel at leading our team of professionals who work hard every day to provide exceptional service. As shareholders, we have been richly blessed by their efforts.

I also wish to express my gratitude to the members of our Board of Directors. They provide the invaluable leadership that has helped us achieve today’s successes and that will be crucial to the even greater achievements I expect in the upcoming years.

Sincerely,



Byron Frihoff Allen,  
President & CEO



# Celebrating 70 Years of Growth

## 3 Home Office Locations



### 1957-1973

3336 N. 7th St.  
Phoenix, AZ

### 1954-1957

For the first three years, the Company operated out of Frihoff Allen's home in Phoenix, AZ.



### 1973-1999

4750 E. Broadway Rd.  
Phoenix, AZ

### 1999-Present

935 E. Main Street  
Mesa, AZ



## 3 Generations of Leadership



Frihoff N. Allen  
1954-1977



David K. Allen  
1977-2006



Byron F. Allen  
2006-Present



# *& Attractive Shareholder Returns*

Cumulative Cash Dividends Paid

**\$36,769,000**

Cumulative Shares Repurchased

**\$8,544,000**

Retained Earnings Less Treasury Stock

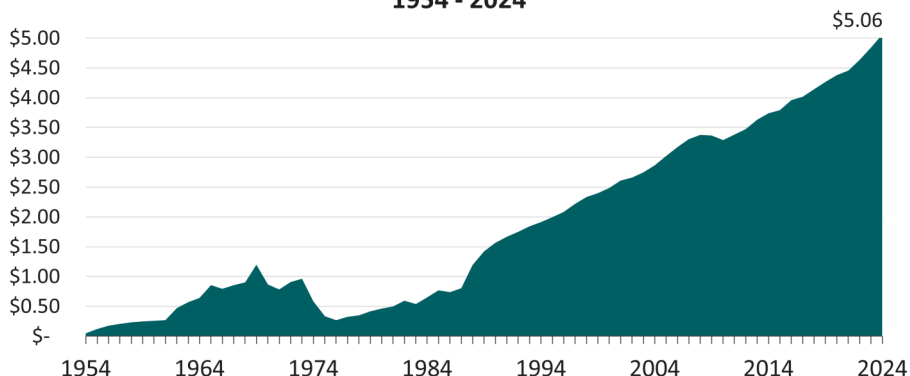
**\$17,520,000**

= Cumulative Shareholder Value Created

**\$62,833,000**

## Growth in Book Value per share

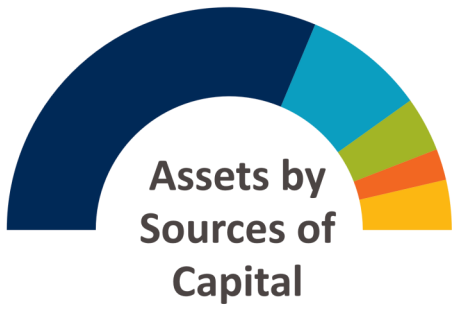
Book Value per Share  
1954 - 2024



# A Graphical Perspective of Our

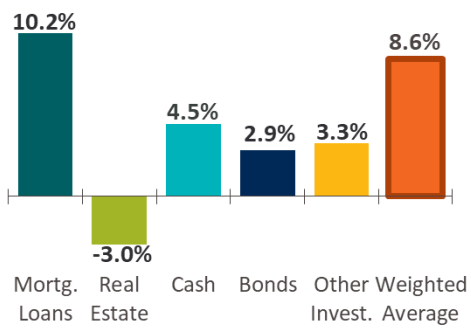
## Overall Business

- Mortgage Loans 75%
- Cash 16%
- Bonds 5%
- Real Estate 2%
- Other Assets 2%

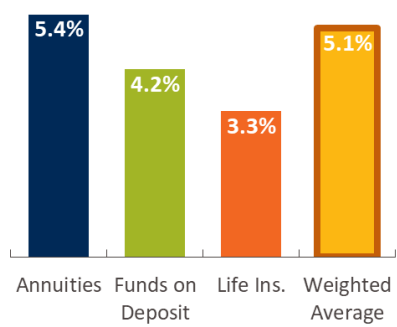


- Annuities 62%
- Stockholder Equity 18%
- Funds on Deposit 8%
- Life Insurance 4%
- Other Liabilities 8%

Yields on Investment by Type



Avg. Cost of Capital (Policyholder Reserves)



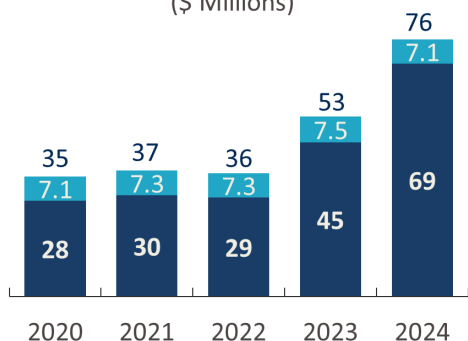
# A Graphical Perspective of Our

## Life Insurance & Annuities Business



- Deferred Annuities 75%
- Income Annuities 8%
- G.I.C. Accounts 7%
- Life Ins. Reserves 6%
- A.P.D. Accounts 4%

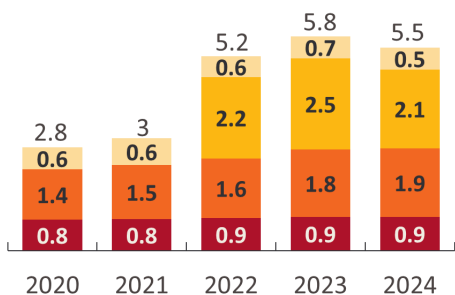
Annuity Reserves by Type  
(\$ Millions)



■ Deferred Annuities ■ Income Annuities

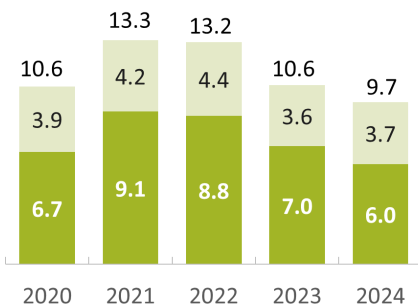
In 2023, upon the advice of our actuary, we made the strategic shift to focus our growth on short-term fixed annuities, since these are the best match with the duration of our mortgage loan investments. This is why there is declining life insurance reserves and increasing annuity reserves.

Life Insurance Reserves by Type  
(\$ Millions)



■ Youth Life ■ Grand Slam  
■ Remembrance SPWL ■ Other

Funds on Deposit by Type  
(\$ Millions)



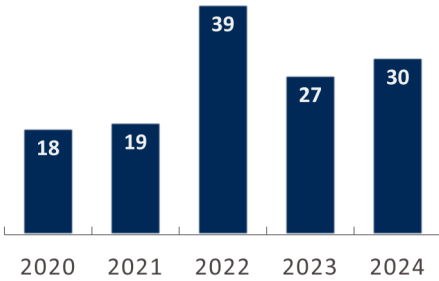
■ G.I.C. Accounts ■ A.P.D. Accounts  
G.I.C. – Guaranteed Interest Contract accounts  
A.P.D. – Advance Premium Deposit accounts

# A Graphical Perspective of Our

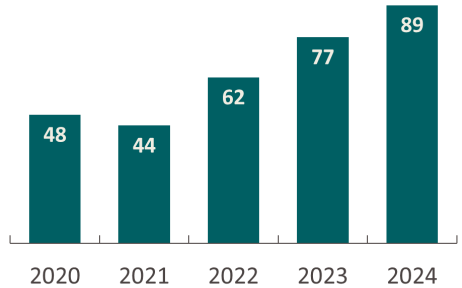
## Mortgage Lending Business

### (Company Assets Only)

Annual Loan Originations  
(\$ Millions)

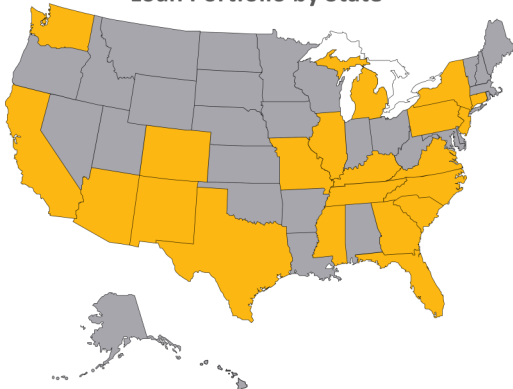


Total Loan Portfolio  
(\$ Millions)



- Retail/Mixed Use 44%
- Office 18%
- Multifamily/MHP 15%
- Industrial/Warehouse 17%
- Residential 1%
- Land 1%
- Other Commercial 4%

Loan Portfolio by State



- Top 5 States:
- AZ – 24.6%
  - TX – 13.5%
  - CA – 10.2%
  - CO – 6.9%
  - IL – 5.5%

# A Graphical Perspective of Our

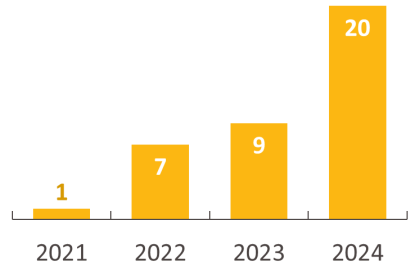
## Mortgage Lending Business

(Including Loan Participations)

**Total Mortgage Loan Portfolio**  
(\$ Millions)



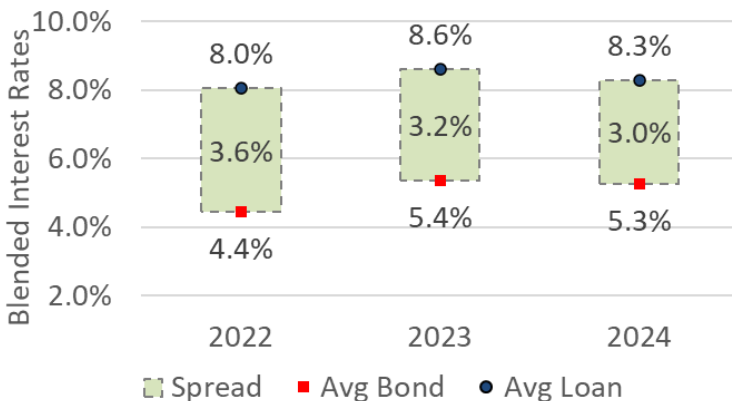
**Active Participation Partners**



The graph below illustrates the spread (difference) between the interest rates our Loan Participation Partners earned on all CM1 & CM2 participation loans vs. yields on similarly rated A- and BBB corporate bonds.



**Participant Yields vs. Corporate Bonds**



## Selected Financial Data—Five Year Comparison

FOR THE YEARS ENDED DECEMBER 31: 2024, 2023, 2022, 2021 &, 2020 (UNAUDITED)

	2024	2023	2022	2021	2020
<b>Statement of Operations Data</b>					
Total revenues	9,746,414	8,265,524	8,971,031	5,560,885	5,643,935
Total expenses	7,493,336	6,659,977	6,938,325	3,961,535	4,000,937
Net taxable income	2,253,078	1,605,547	2,032,706	1,599,349	1,642,997
Net income	1,791,545	1,433,104	1,441,645	1,268,349	1,215,727
<b>Statement of Financial Position Data</b>					
Total assets	120,877,813	99,364,790	77,321,255	75,039,776	71,765,999
Total reserves for life ins., annuities & deposits	90,882,316	69,440,624	54,983,313	53,505,777	48,930,214
Total liabilities	99,562,542	78,820,945	57,519,516	55,844,632	52,356,881
Total shareholders equity	21,315,272	20,543,845	19,801,739	19,195,144	19,409,118
<b>Per Share Data</b>					
Total shares outstanding	4,213,271	4,247,085	4,274,693	4,306,360	4,433,984
Net income per share	0.425	0.337	0.337	0.295	0.274
Dividends per share (DPS)	0.260	0.250	0.220	0.220	0.200
Book value (shareholders equity) per share (BV/PS)	5.059	4.837	4.632	4.457	4.377
<b>Key Performance Measurements</b>					
Dividend yield (DPS / prior yr. BV/PS)	5.38%	5.40%	4.94%	5.03%	4.69%
Investment yield (net inv. inc. / prior yr. assets)	9.34%	9.19%	8.28%	7.17%	7.51%
Return on equity (net income / prior yr. BV/PS)	8.79%	7.28%	7.57%	6.73%	6.43%
Total shareholder return (DPS + BV/PS incr. / prior yr. BV/PS)	9.97%	9.82%	8.86%	6.85%	7.35%

The Notes on pages 18-29 are an integral part of these financial statements.

# Consolidated Statement of Operations

FOR THE YEARS ENDED DEC. 31: 2024, 2023, & 2022 (UNAUDITED)

<b>REVENUES</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Premiums - Life insurance	169,564	539,103	2,495,738
Premiums - Life-contingent annuities	296,298	623,994	259,283
<u>Investment income net of expenses</u>			
Cash & cash equivalents	697,350	585,954	180,886
Mortgage loans	8,418,449	6,261,907	5,199,722
Real estate investments	-82,113	-69,937	-131,156
Bonds and common stock	171,327	196,307	152,484
Other investment income	-29,599	25,198	-5,653
Realized capital gains/(losses)	105,136	102,997	819,727
<b>TOTAL REVENUES</b>	<b>9,746,414</b>	<b>8,265,524</b>	<b>8,971,031</b>
<b>EXPENSES</b>			
Policyholder benefits	585,360	355,810	252,740
Increase in life reserves & loading	287,484	1,252,290	2,949,148
Policy acquisition costs	251,980	207,961	292,435
Interest on insurance and annuities	3,485,524	2,352,692	1,320,391
General expenses			
Salaries and wages	1,895,217	1,657,660	1,371,036
Employee benefits & taxes	373,248	302,683	250,927
Professional fees	300,231	276,860	238,692
Other expenses	314,291	221,564	181,385
<b>TOTAL EXPENSES</b>	<b>7,493,336</b>	<b>6,659,977</b>	<b>6,938,325</b>
<b>NET TAXABLE INCOME</b>	<b>2,253,078</b>	<b>1,605,547</b>	<b>2,032,706</b>
Federal income tax	-461,533	-172,443	-591,061
<b>NET INCOME</b>	<b>1,791,545</b>	<b>1,433,104</b>	<b>1,441,645</b>
Net income per share	\$0.425	\$0.337	\$0.337
<b>OTHER COMPREHENSIVE INCOME (OCI)</b>			
Unrealized gain/(loss) on common stock	203,034	376,867	-381,533
Federal income tax on OCI items	-42,637	-79,142	80,122
OCI, net of tax	160,397	297,725	-301,411
<b>COMPREHENSIVE INCOME</b>	<b>1,951,942</b>	<b>1,730,829</b>	<b>1,140,234</b>
Comprehensive income per share	\$0.463	\$0.408	\$0.267
Total shares outstanding	4,213,271	4,247,085	4,274,693

The Notes on pages 18-29 are an integral part of these financial statements.

# Consolidated Statement of Financial Position

AS OF DEC 31: 2024, 2023, & 2022 (UNAUDITED)

ASSETS	2024	2023	2022
Cash & cash equivalents	18,660,349	10,644,161	4,787,183
Bonds	5,569,064	5,428,626	5,707,605
Common stock	2,042,380	1,772,624	1,385,829
Policy loans	100,326	100,207	99,221
Mortgage loans	88,924,266	77,326,691	61,571,796
Real estate investments	2,536,977	1,718,361	2,011,007
<b>TOTAL CASH &amp; INVESTED ASSETS</b>	<b>117,833,362</b>	<b>96,990,669</b>	<b>75,562,640</b>
Accrued interest & deposits	627,878	576,958	532,939
Deferred policy acquisition asset	1,003,621	683,992	277,710
Land, building, & office equipment	391,673	404,131	316,014
Deferred tax asset	1,021,280	709,039	631,952
<b>TOTAL ASSETS</b>	<b>120,877,813</b>	<b>99,364,790</b>	<b>77,321,255</b>
LIABILITIES			
Reserve for life policies	5,568,345	5,860,210	5,345,519
Reserve for annuities	75,697,157	52,944,386	36,375,156
Funds on deposit	9,616,814	10,636,028	13,262,638
Expenses due & accrued and other	618,749	479,654	416,318
Amounts held for others	8,061,476	5,900,667	2,119,885
Loans payable (line of credit)	0	3,000,000	0
<b>TOTAL LIABILITIES</b>	<b>99,562,542</b>	<b>78,820,945</b>	<b>57,519,516</b>
SHAREHOLDERS EQUITY			
Capital stock	934,154	933,280	932,415
Capital stock in excess of par	2,861,434	2,820,590	2,781,625
Retained earnings	26,063,490	25,147,336	24,292,252
Less treasury stock	-8,543,806	-8,357,361	-8,204,554
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>21,315,272</b>	<b>20,543,845</b>	<b>19,801,739</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>120,877,813</b>	<b>99,364,790</b>	<b>77,321,255</b>
Shares Outstanding	4,213,271	4,247,085	4,274,693
Equity Value Per Share	\$ 5.059	\$ 4.837	\$ 4.632

The Notes on pages 18-29 are an integral part of these financial statements.



# Consolidated Statement of Cash Flow

FOR THE YEARS ENDED DEC 31: 2024, 2023, & 2022 (UNAUDITED)

<b>OPERATING ACTIVITIES</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<i>Operating cash inflows</i>			
Life and annuities premiums received	30,927,441	28,226,763	5,629,416
Net investment income	8,810,334	6,731,679	5,173,685
<b>Total operating cash inflows</b>	<b>39,737,775</b>	<b>34,958,442</b>	<b>10,803,101</b>
<i>Operating cash outflows</i>			
Policyholder benefits & claims paid	-11,905,179	-13,845,374	-5,747,295
General expenses & commissions paid	-2,826,143	-2,778,788	-1,891,551
Dividends paid to policyholders	-67,479	-63,851	-59,963
Federal income taxes paid	-752,050	-308,851	-633,476
<b>Total operating cash outflows</b>	<b>-15,550,851</b>	<b>-16,996,864</b>	<b>-8,332,285</b>
<b>Net cash provided from operations</b>	<b>24,186,924</b>	<b>17,961,578</b>	<b>2,470,816</b>
<b>INVESTING ACTIVITIES</b>			
<i>Investment cash inflows</i>			
Bonds	541,453	683,756	282,954
Common stocks	308,623	210,444	215,850
Mortgage loans	19,695,329	11,046,234	20,072,984
Real estate investments	0	370,610	2,827,902
<b>Total investment cash inflows</b>	<b>20,545,405</b>	<b>12,311,044</b>	<b>23,399,690</b>
<i>Investment cash outflows</i>			
Bonds	-773,484	-483,755	-1,616,334
Common stocks	-286,758	-220,041	-213,428
Mortgage loans	-31,297,268	-23,779,810	-38,090,618
Real estate investments	-833,376	-59,409	-40,583
<b>Total cost of investments acquired</b>	<b>-33,190,886</b>	<b>-24,543,015</b>	<b>-39,960,963</b>
Net change in policy loans	-118	-987	198,310
<b>Net cash provided by investment activities</b>	<b>-12,645,599</b>	<b>-12,232,958</b>	<b>-16,362,963</b>
<b>FINANCING ACTIVITIES</b>			
Capital issued less treasury stock repurchased	-144,727	-112,977	-127,410
Net change in loans payable (line of credit)	-3,011,041	3,000,000	0
Funds on deposit received (paid)	-1,409,294	-2,391,741	-104,667
Net change in amounts held for others	2,160,809	0	0
Cash dividends paid	-1,103,217	-1,064,903	-946,173
Other financing cash flows	-17,667	697,980	-98,875
<b>Net financing cash flows</b>	<b>-3,525,137</b>	<b>128,359</b>	<b>-1,277,125</b>
<b>Cash &amp; cash equivalents, increase (decrease)</b>	<b>8,016,188</b>	<b>5,856,979</b>	<b>-15,169,272</b>
Cash & cash equivalents, beg. of year	10,644,161	4,787,183	19,956,455
Cash & cash equivalents, end of year	18,660,349	10,644,161	4,787,183

The Notes on pages 18-29 are an integral part of these financial statements.

# Statement of Changes in Stockholders Equity

FOR THE YEARS ENDED DEC 31: 2024 AND 2023 (UNAUDITED)

	Capital Stock	Capital In Excess of Par	Retained Earnings	Treasury Stock	Total
<b>BALANCES, December 31, 2022</b>	<b>932,415</b>	<b>2,781,625</b>	<b>24,292,252</b>	<b>-8,204,554</b>	<b>19,801,739</b>
Comprehensive income			1,730,829		1,730,829
Dividends declared & accrued			-1,064,903		-1,064,903
Issue employee compensation in stock	866	38,965			39,830
Repurchased capital stock				-152,808	-152,808
Other adjustments to equity			189,158		189,158
<b>BALANCES, December 31, 2023</b>	<b>933,280</b>	<b>2,820,590</b>	<b>25,147,336</b>	<b>-8,357,361</b>	<b>20,543,845</b>
Comprehensive income			1,951,942		1,951,942
Dividends declared & accrued			-1,103,217		-1,103,217
Issue employee compensation in stock	874	40,843			41,718
Repurchased capital stock				-186,445	-186,445
Other adjustments to equity			67,429		67,429
<b>BALANCES, December 31, 2024</b>	<b>934,154</b>	<b>2,861,434</b>	<b>26,063,490</b>	<b>-8,543,806</b>	<b>21,315,272</b>

*The Notes on pages 18-29 are an integral part of these financial statements.*

# Notes to the Consolidated Financial Statements

## (1) ORGANIZATION

American Savings Life Insurance Company (“Company”), founded in 1954, is a registered capital stock life, health and accident insurance company licensed to conduct business in the states of Arizona, Arkansas, Iowa, Kansas, Louisiana, Missouri, Montana, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Texas, and Utah. The Company is currently engaged in the life insurance and annuity business. Although it is customary in the insurance industry for a portion of income to be derived from mortgage loans, a large percentage of the Company’s income is attributed to mortgage loans. Since the Company’s inception, mortgage loans have been its primary asset class.

**Basis of presentation** - The Company’s unaudited consolidated financial statements have been prepared in accordance with both its internal accounting policies and U.S. generally accepted accounting principles (US GAAP). These policies, along with the accompanying statements and notes, are designed to provide clarity, transparency, and consistency for shareholders. Where applicable, references to authoritative guidance from the Financial Accounting Standards Board (FASB) will include the relevant Accounting Standards Codification (ASC) number, such as ASC 305.

**Subsidiaries** - The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. American Savings Life Insurance Company owns 100% of ASL Financial Group, Inc., a holding company which owns 100% of American Life Financial Corporation, a licensed Arizona mortgage banker. American Life Financial exists primarily to market and originate mortgage loans for the Company’s investment portfolio. All material intercompany accounts and transactions have been eliminated in consolidation.

## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Estimates** - The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, thus affecting amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash & cash equivalents** - According to ASC 305, the Company considers all highly liquid investments with a maturity of three months or less at the time of reporting to be cash equivalents.

**Bonds** are stated at amortized cost, as they are expected to be held until maturity.

**Common stock** is carried at fair value with unrealized gains and losses, net of taxes, reflected in comprehensive income.

**Policy loans** are reported at their outstanding principal balance per ASC 310.

**Mortgage loans** consist of non-consumer commercial mortgage loans collateralized by real estate, and are reported at outstanding principal balance or amortized cost. In instances where payments are overdue by more than 180 days, the mortgage may be written down if adequate evidence exists that the property value is lower than the amortized cost of the loan. In the event of foreclosure, the

Company removes the original mortgage from its accounts and records the real estate acquired at the lower of the real estate's fair value or the loan's amortized cost plus the costs to foreclose.

**Real estate investments** are reported at lower of cost or fair market value at the time of acquisition with the related charge to realized loss if applicable.

**Deferred policy acquisition asset** - The Company incurs costs to acquire and renew insurance business, with certain direct expenses capitalized as deferred acquisition costs (DAC). DAC includes commissions, a portion of employee compensation related to sales and underwriting, other essential direct costs. Indirect costs such as general advertising, market research, agent training, and unsuccessful sales efforts are expensed as incurred. DAC is amortized over the expected term of the contracts in accordance with ASC 944.

**Reserve for life policies and annuities** - The Company establishes liabilities for future policy benefits on life and annuity contracts based on the present value of expected payments, using assumptions such as mortality, morbidity, lapse rates, investment returns, and expenses, in accordance with ASC 944 and actuarial standards. The Company regularly reviews and adjusts liabilities based on actual experience, impacting benefit expense.

**Funds on deposit** with the Company consist of Advance Premium Deposits (APDs), Guaranteed Interest Contracts (GICs) and Dividends on Deposit (DODs). Funds on deposit are amounts held on behalf of outside parties. These funds are recorded as liabilities on our balance sheet and are measured at their face value according to ASC 340. Interest credited to these accounts is recognized as an expense in the period incurred. Funds on deposit are renewed annually at the option of the Company and the terms of the contract can be changed by the Company with a 30-day notice.

**Reinsurance** - The Company had no agreements with nonaffiliated reinsurers or reinsured policies during the period covered by this report.

**Amounts held for others** - The Company holds funds on behalf of borrowers for three primary purposes: impounds, loan funds withheld, and other funds held including property insurance claim funds related to mortgage loan collateral. *Impounds* are collected for property taxes and insurance, held in escrow as a liability, and disbursed as needed. *Loan funds withheld* are contingent, classified as both an asset (included in mortgages) and a liability (released when borrowers meet conditions), and subject to borrower fees. *Property insurance claim funds* are held in trust and released only when borrowers satisfy specific requirements. All funds are maintained in interest-earning cash accounts.

**Life and life-contingent annuities premiums** from traditional participating life insurance policies and annuity contracts with life contingencies are recognized as revenue when due per ASC 944. The associated benefits and expenses are matched with revenue to result in the recognition of profits over the life of the policies and contracts.

**Annuity premiums** - Deferred annuities and fixed-period immediate annuities are accounted for in a manner consistent with accounting for interest bearing financial instruments in accordance with ASC 944. These annuity premium receipts are not reported as revenue, rather as deposit liabilities for annuity contracts.

**Mortgage loan revenue** - Interest income and servicing fees from mortgage loan assets are recognized on an accrual basis with offsetting allowances made for accounts deemed uncollectible. Interest income is reported net of participation. If a borrower's payment is over 180 days due, an allowance account increases such that interest income is no longer accrued. Non-interest income, such as origination, exit, and late fees are recognized as received. Servicing fees are accrued with interest revenue.

**Investment gains (losses)** are determined on a specific identification basis. Realized gains and losses are included in Net Income, while unrealized gains and losses are recorded in Comprehensive Income.

### (3) ASSETS

**Cash & cash equivalents** - The Company has maintained various accounts at several banks with amounts not exceeding \$250,000. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Company invests in money market funds that are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The money market funds utilized by the Company invest in short-term U.S. government and agency securities. Although a money market fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. The amount of cash & cash equivalents as of December 31 was as follows:

	2024	2023
FDIC-insured cash deposits	\$ 9,817,011	\$ 9,370,747
Non-insured cash deposits	364,666	54,549
Money market funds	8,478,672	1,218,865
Total cash & cash equivalents	\$ 18,660,349	\$ 10,644,161

**Bonds** - The amortized cost of bonds as of December 31, by investment grade are as follows:

	2024		2023	
	Amortized Cost	% of Total	Amortized Cost	% of Total
AAA - A	\$ 4,809,783	86%	\$ 4,592,386	85%
BBB	759,280	14%	836,240	15%
BB	0	0%	0	0%
B	0	0%	0	0%
Total bonds	\$ 5,569,063	100%	\$ 5,428,626	100%

## Notes to the Consolidated Financial Statements

The amortized cost, unrealized holding gains/losses, and fair value for all fixed income securities owned as of December 31, 2024 are as follows:

12/31/2024	Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses	
U.S. government bonds	\$ 2,582,014	\$ 0	\$ -120,381	\$ 2,461,633
Municipal bonds	336,878	0	-46,961	289,917
Corporate & misc. debt securities	2,650,172	0	-338,974	2,311,198
<b>Total</b>	<b>\$ 5,569,064</b>	<b>\$ 0</b>	<b>\$ -506,316</b>	<b>\$ 5,062,748</b>

12/31/2023	Amortized Cost	Gains	Losses	Fair Value
Municipal bonds	341,531	0	-43,802	297,729
Corporate & misc. debt securities	2,746,771	0	-307,697	2,439,074
<b>Total</b>	<b>\$ 5,428,626</b>	<b>\$ 0</b>	<b>\$ -500,611</b>	<b>\$ 4,928,015</b>

Insurance companies are required to hold bond deposits in trust with the state to ensure they have sufficient funds to cover claims and protect policyholders. These funds are set aside specifically to ensure that the insurance company can meet its obligations to policyholders and are usually subject to strict regulatory oversight. Restricted bonds had an aggregate value of \$1,462,486 at year end 2024 and \$341,531 at year end 2023.

**Mortgage loans** - The Company's lending policies allow for loans up to 65% of appraised values (LTV). The weighted average LTVs for new loans using the appraised property value in 2024 and 2023 were both 56%. The loans terms usually range from 2 to 5 years. The weighted average loan interest rates for loans originated during 2024 and 2023 were 8.6% and 9.0%, respectively. As of December 31, the distribution of the mortgage loan portfolio by property type were as follows:

<b>Property type</b>	2024		2023	
	Amount	% of Total	Amount	% of Total
Commercial	\$ 86,578,041	97.4%	\$ 73,117,817	94.6%
Residential	1,084,728	1.2%	1,452,820	1.9%
Land	1,261,497	1.4%	2,756,055	3.6%
<b>Total mortgage loans</b>	<b>\$ 88,924,266</b>	<b>100%</b>	<b>\$ 77,326,691</b>	<b>100%</b>

## Notes to the Consolidated Financial Statements

The following is the composition of the mortgage receivable aging at year-end:

<u>Aging</u>	2024		2023	
	<u>Amount</u>	<u>Value of Land and Buildings</u>	<u>Amount</u>	<u>Value of Land and Buildings</u>
In good standing	\$ 87,719,769	\$ 208,620,465	\$ 75,890,652	\$ 163,575,000
Greater than 90 days past due	0	0	239,804	425,000
In foreclosure, interest accruing	<u>1,204,497</u>	<u>2,875,000</u>	<u>1,196,235</u>	<u>2,075,000</u>
Total mortgage loans	<u>\$ 88,924,266</u>	<u>\$ 211,495,465</u>	\$ 77,326,691	\$ 166,075,000

The Company diversifies mortgage loan investments by geographic region and property type to reduce the risk of concentration. Mortgage loans are collateralized by properties located in 20 states in the U.S. The geographical distribution of our total net mortgage loan portfolios totaling \$88,924,266 at amortized cost as of December 31, 2024 by top state:

Rank	State	% of Net Balance
1	AZ	24.6%
2	TX	13.5%
3	CA	10.2%
4	CO	6.9%
5	IL	5.5%
6	GA	4.9%
7	FL	4.5%
8	SC	3.9%
9	CT	3.8%
10	NJ	3.6%

### Real estate investments

Real estate investments as of December 31 is shown in the following schedule:

	2024	2023
Land	\$ 1,348,013	\$ 1,261,476
Buildings	1,228,962	482,124
Accumulated depreciation	<u>-39,998</u>	<u>-25,239</u>
Net properties available for sale	<u>\$ 2,536,977</u>	\$ 1,718,361

**Land, building, and office equipment**

Land, building, and office equipment as of December 31 is summarized in the following schedule:

	<b>2024</b>	<u>2023</u>
Properties occupied by the Company	<b>\$ 809,439</b>	\$ 809,439
Accumulated depreciation	<b>-446,621</b>	-446,621
Net properties occupied by the Company	<b>\$ 362,818</b>	\$ 362,818
Other property and equipment	<b>\$ 99,926</b>	\$ 90,008
Accumulated depreciation	<b>-71,071</b>	-48,694
Net other property and equipment	<b>\$ 28,855</b>	\$ 41,314
Total property, plant, and equipment	<b>\$ 391,673</b>	\$ 404,131

The office occupied by the Company is located at 935 E. Main Street, Mesa, AZ. The home office is recorded at amortized cost. An appraisal for this property was done in February 2024 and it was appraised at a fair market value of \$1,270,000.

Total depreciation expense for the years ended December 31, 2024 and 2023 was \$37,135 and \$28,508, respectively.

**(4) LIABILITIES**

**Reserve for life policies**

The components of the reserve for life policies by policy type as of December 31 are as follows:

	<b>2024</b>	<u>2023</u>
Grand slam policies	<b>\$ 1,853,579</b>	\$ 1,819,205
Youth life policies	<b>910,868</b>	908,927
Remembrance policies	<b>2,130,838</b>	2,468,759
Other life insurance policies	<b>586,803</b>	581,228
Total reserve for life policies	<b>5,482,088</b>	5,778,119
Policy claims pending	<b>11,000</b>	11,000
Provision for policyholder's dividends	<b>72,389</b>	68,195
Premiums received in advance	<b>2,868</b>	2,896
Total net reserve for life policies	<b>\$ 5,568,345</b>	\$ 5,860,210



## Notes to the Consolidated Financial Statements

### Reserve for annuities

The components of the reserve for annuities as of December 31 are as follows:

	2024	2023
Life-contingent immediate annuities	\$ 4,785,638	\$ 4,852,871
Fixed period immediate annuities	2,285,382	2,655,638
Deferred annuities	68,626,137	45,435,877
Total reserve for annuities	\$ 75,697,157	\$ 52,944,386

### Funds on deposit

The components of funds on deposit as of December 31 are as follows:

	2024		2023	
	Amount	Interest Rate	Amount	Interest Rate
Advance Premium Deposits	\$ 3,650,813	4.9%	\$ 3,623,541	4.8%
Guaranteed Interest Contracts	5,769,228	4.9%	6,861,170	4.8%
Guaranteed Interest Accounts	183,803	4.9%	139,078	4.8%
Dividends on Deposit	12,970	3.9%	12,239	3.8%
Total Funds on deposit	\$ 9,616,814		\$ 10,636,028	

### Amounts held for others

The components of amounts held for others as of December 31 are as follows:

	2024	2023
Loan funds withheld	\$ 3,730,890	\$ 3,057,690
Impounds collected	3,306,417	2,350,852
Other	1,024,169	492,125
Total amounts held for others	\$ 8,061,476	\$ 5,900,667

### Loans payable (line of credit)

The Company has an unsecured line-of-credit agreement with a bank. The Board of Directors has approved the use of a line of credit up to \$10,000,000 for emergency liquidity and for short-term funding of investments. Borrowings under the line-of-credit agreement as of December 31, 2024 and 2023 amounted to \$0 and \$3,000,000, respectively.

**(5) STOCKHOLDERS' EQUITY**

State of Arizona insurance regulations require the Company to keep a minimum capital of \$300,000 and a minimum free surplus of \$150,000. The following is a summary of capital and free surplus as of December 31:

	<b>2024</b>	<u>2023</u>
Capital	<b>\$ 934,154</b>	\$ 933,280
Free surplus	<b>\$ 20,381,117</b>	\$ 19,610,565

In January 2017, the Board authorized the Company to purchase up to 300,000 shares of Company stock at 90% of the most recent available GAAP basis book value (adjusted for unpaid dividends), with this resolution to renew annually until revoked. The following is a summary of stock purchases for 2024 and 2023:

	<b>2024</b>	<u>2023</u>
# of shares purchased	<b>42,556</b>	36,264
Low price	<b>\$ 4.23</b>	\$ 4.17
High price	<b>\$ 4.42</b>	\$ 4.27

On February 25, 2025, the Board of Directors declared a cash dividend of 13.5 cents per share. The distribution will be made on April 11, 2025 to stockholders of record on March 31, 2025. A second semi-annual dividend is expected to be declared by the Board in August and paid in October.

Without prior approval of the Arizona state department of insurance, dividends to shareholders are limited to the lesser of (i) 10% of the Company's surplus as of December 31 of the preceding year or (ii) the net gain from operations for the twelve-month period ending on December 31 of the preceding year. The Company's dividend payments were not limited by these conditions in 2024. Ordinary dividends totaling \$1,103,217 were paid by the company in April and October 2024.

**(6) INCOME STATEMENT**

**Annuities premiums:**

For the years ended December 31, the components of annuities premiums were the following:

	<b>2024</b>	<u>2023</u>
Life-contingent annuities premiums	<b>\$ 296,298</b>	\$ 623,994
Deferred and fixed-period immediate annuities premiums	<b>30,454,991</b>	27,581,565
Total annuities premiums	<b>\$ 30,751,289</b>	\$ 28,205,559

## Notes to the Consolidated Financial Statements

### **Loan points & servicing fees:**

On any loan, the Company may earn two types of loan fees, sometimes called “points”: 1) origination fees: charged at closing. 2) exit fees: charged at payoff. Mortgage loans are routinely financed through participation (co-investors in the loan), where participants share in the cash flows of the loan *pari passu*, or in proportion to their investment. Participated loans represent a large and growing component of our mortgage loan portfolio and income. Participation loans have the added advantage of increasing the amount of fees earned from the participant’s portion of the loans, since the Company generally earns the origination and exit fees on the full loan.

In addition to the above fees, on participated loans, the Company earns: 3) servicing fees: a percentage earned over the life of the loan for servicing the participated portion.

For the years ended December 31, mortgage loan fees from points and servicing were the following:

<u>Earned on ASL Loans</u>	<u>2024</u>	<u>2023</u>
Origination fees	\$ 389,948	\$ 430,135
Exit fees (collected)	1,375	0
Total fees on ASL loans	\$ 391,323	\$ 430,135
<u>Earned on Participation Loans</u>	<u>2024</u>	<u>2023</u>
Origination fees	\$ 563,751	\$ 318,750
Exit fees (collected)	10,750	0
Servicing fees	271,290	85,121
Total fees on participant loans	\$ 845,791	\$ 403,871
Total points & servicing fees on all loans	\$ 1,237,115	\$ 834,006

In 2024, the Company expanded its use of charging exit fees. Exit fees that are not yet collected represent deferred income to be recognized in future years in our financial statements. As of December 31, 2024, deferred exit fees were as follows:

	<u>Year of Origination</u>			<u>Total</u>
	<u>2024</u>	<u>2023</u>	<u>Prior</u>	
Exit fees deferred	\$ 482,700	\$ 0	\$ 68,125	\$ 550,825

**Profit Sharing Plan** - In 1993, the Company began to sponsor a qualified profit sharing plan available to full-time employees who meet the plan's eligibility requirements. The terms of the plan call for annual discretionary contributions by the Company as determined by the Board of Directors. Plan contributions were \$153,685 for 2024 and \$114,407 for 2023.

## Notes to the Consolidated Financial Statements

**Stock Benefit Plan** - In October 2007, the Company began an employee compensation in stock benefit plan available to full-time employees and directors. The terms of the plan allows employees or directors to specify up to 100% of their total compensation to be taken as shares of company stock. The allocation price of the stock is 100% of the (non-audited) GAAP book value for the month preceding enrollment. During 2024, 8,742 shares of Company common stock were purchased under the plan for a total of \$41,718. The October 2024 enrollment stock price was \$4.818 and as of December 31, 2024, \$10,215 of employee and directors compensation had been set aside for stock purchase. The components of employee benefits and taxes for the years ended December 31 are as follows:

	2024	2023
Profit sharing plan	\$ 153,685	\$ 114,407
Employee welfare	77,574	59,918
Payroll taxes	141,989	128,358
Total employee benefits & taxes	\$ 373,248	\$ 302,683

### Income Tax

The insurance companies are taxed as life insurers in accordance with the provisions of the Internal Revenue Code. The insurance companies are subject to state premium taxes and, accordingly, are exempt from state income taxes. The Company's subsidiaries are subject to both federal and state income taxes. Income and premium taxes incurred for the years ended December 31 consist of the following major components:

	2024	2023
Federal income tax	\$ 490,128	\$ 248,091
State income tax	14,042	3,494
State premium tax	-58	2,996
Total income and premium tax expense	\$ 504,112	\$ 254,581

Management evaluates annually its tax positions related to unrelated business income, and if applicable adjusts its income tax provision accordingly as per ASC 740. As of December 31, 2024, no uncertain tax positions have been identified and accordingly, no provision has been made.

### **(7) RELATED PARTIES**

No related party transactions involving members of Company management and the Board of Directors have occurred during the years ended December 31, 2024 and 2023, other than ordinary compensation, expense reimbursements and similar items incurred in the ordinary course of business, except as follows:

- a) Byron F. Allen is the President of the Company and also the Administrator and Co-Trustee of the Company's Profit Sharing Plan.
- b) E. Paul Whetten is the Executive Vice President of the Company and also the Co-Trustee of the Company's Profit Sharing Plan.
- c) A member of the Board of Directors, Heber E. Allen, provided additional consulting services for the Company during the year, for which he received additional compensation.

There is an insignificant relationship between policyholders who are also stockholders and members of Company management and the Board of Directors. Life insurance premiums paid by Company officers and directors totaled 1.30% and 0.31% of total premiums paid in 2024 and 2023, respectively. Company officers and directors also owned 0.23% and 0.23% of total policy face value in 2024 and 2023, respectively.

### **(8) CLAIMS AND CONTINGENCIES**

The Company has various legal proceedings and claims pending that are common to its operations. While it is not possible to determine the ultimate outcome of these matters, it is the opinion of the Company's legal counsel and management that they will not result in monetary damages that in the aggregate would be material to the business or operations of the Company.

### **(9) SPECIAL NOTE - Statutory Financial Statements**

Each year, the Company files its financial statements with the Arizona Department of Insurance and the National Association of Insurance Commissioners (NAIC). They are prepared according to Standard Statutory Accounting Practices (SSAP) requirements, and are used by state regulators to review our Company's solvency and claims paying ability. We refer to these as the "statutory" financial statements, and they are audited each year by a qualified Certified Public Accounting firm. The statutory financial statements differ in several respects with the financial statements provided herein (referred to as the Stockholders Financial Statements). One significant additional reserves required in the Statutory Financial Statements include Asset Valuation Reserves (\$2.0 million).

## Notes to the Consolidated Financial Statements

The following table shows a comparison of the financial highlights of the Stockholders Financial Statements with the Statutory Financial Statements:

	2024 <u>Stockholders</u> Financial Statements	2024 <u>Statutory</u> Financial Statements
Total assets	\$ 120,877,813	\$ 118,336,537
Total liabilities	\$ 99,562,542	\$ 102,691,749
Total stockholders' equity	\$ 21,315,272	\$ 15,644,788
Equity per share	\$ 5.06	\$ 3.71
Net income	\$ 1,791,545	\$ 1,245,114
Net income per share	\$ 0.46	\$ 0.30

After May 31, 2025, the 2024 audited statutory financial statements will be available on the Company's website: [www.AmericanSavingsLife.com/stock](http://www.AmericanSavingsLife.com/stock).

### (10) SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 1, 2025, the date in which the financial statements were available to be issued. No events or transactions occurred after year-end that require additional disclosure or adjustment to the financial statements.

### (11) FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report are forward-looking statements. Examples of forward-looking statements include (i) projections of revenues, income or lost earnings or loss per share and other financial items, (ii) statements of plans and objectives of the Company or its management, and (iii) statements of future economic performance. Words such as "believe," "anticipates," "expects," "intends," "may," "will," and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying these statements.

**In addition, all statements other than statements of historical facts that address activities that the Company expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements involve risk and uncertainties, which may cause actual results to differ materially from those in such statements.**



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