2023 | ANNUAL REPORT

OJAI OIL

COMPANY

Dear Shareholders,

It is with pleasure that I present to you our annual report for 2023, a year of growth and resilience for Ojai Oil Company. With similar revenue and expenses to the previous year, we have maintained our position as a quality provider of self-storage and continued our work in the crude oil and communication tower businesses.

Throughout 2023, West Texas Intermediate (WTI) oil prices averaged approximately 18% lower than those of 2022. In January 2023 the price was around $80 per barrel and ended in December around $74, with a short peak at $90, and an average price around $78. Reuters News attributes this to weak global growth and ongoing geopolitical tensions which led to minimal new production. For the majority of our oil assets, we observed a reduction in production during the year.

In our core business of self-storage, we continued to deliver strong performance despite a national decrease in self-storage occupancy. From 2020-2022 there was change in people's lifestyles which led to moving and the need for self storage. As these life changes slowed and with high interest rates, there were fewer people moving than previous years and thus a reduction in the need for storage. In early 2023, we implemented new sophisticated pricing software and thus despite an average decrease in unit occupancy by 2-3%, our self-storage rental income increased by 15%. We maintained a similar increase in expenses to previous years and thus our net operating income remained about the same as 2022.

We have spent much of our effort in 2023 working on two large construction projects, both 3 story self storage buildings: one in Summerlin, Las Vegas, Nevada and the other in Santa Fe Springs. Due to national shortages in industrial electric equipment, both projects were delayed, but eventually both opened before the end of the year. We also purchased land in central Oregon and hope to start construction on a facility there this year.

In closing, I would like to express my gratitude to our dedicated employees, loyal customers, our knowledgeable board of directors and supportive shareholders for their unwavering commitment to Ojai Oil Company's success. Together, we will continue to pursue excellence and seize opportunities for growth in the years ahead.

Our accountant, Mayer Hoffman McCann P.C., as signed on the Review Report, is an independent CPA firm that provides audit, review, and other services and works closely with CBIZ, a business consulting, tax, and financial services provider. MHM and CBIZ together, and in particular Andrew Kiefer and his staff, provide the accounting services for your Company. We would like to thank them for knowing our business and helping us through each step of our Annual Report.

Sincerely,

C. Douglas Off, President

Corporate Office
4081 Mission Oaks Boulevard, Suite A
Camarillo, California 93012
(805) 388-5858

Transfer Agent
The Company acts as its own transfer agent and registrar.

Stock Symbol
OJOC

Accountants
Andrew Keifer
CBIZ, MHM, LLC
30870 Russell Ranch Road, #380
Westlake Village, CA 91362
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Lowthorp Richards
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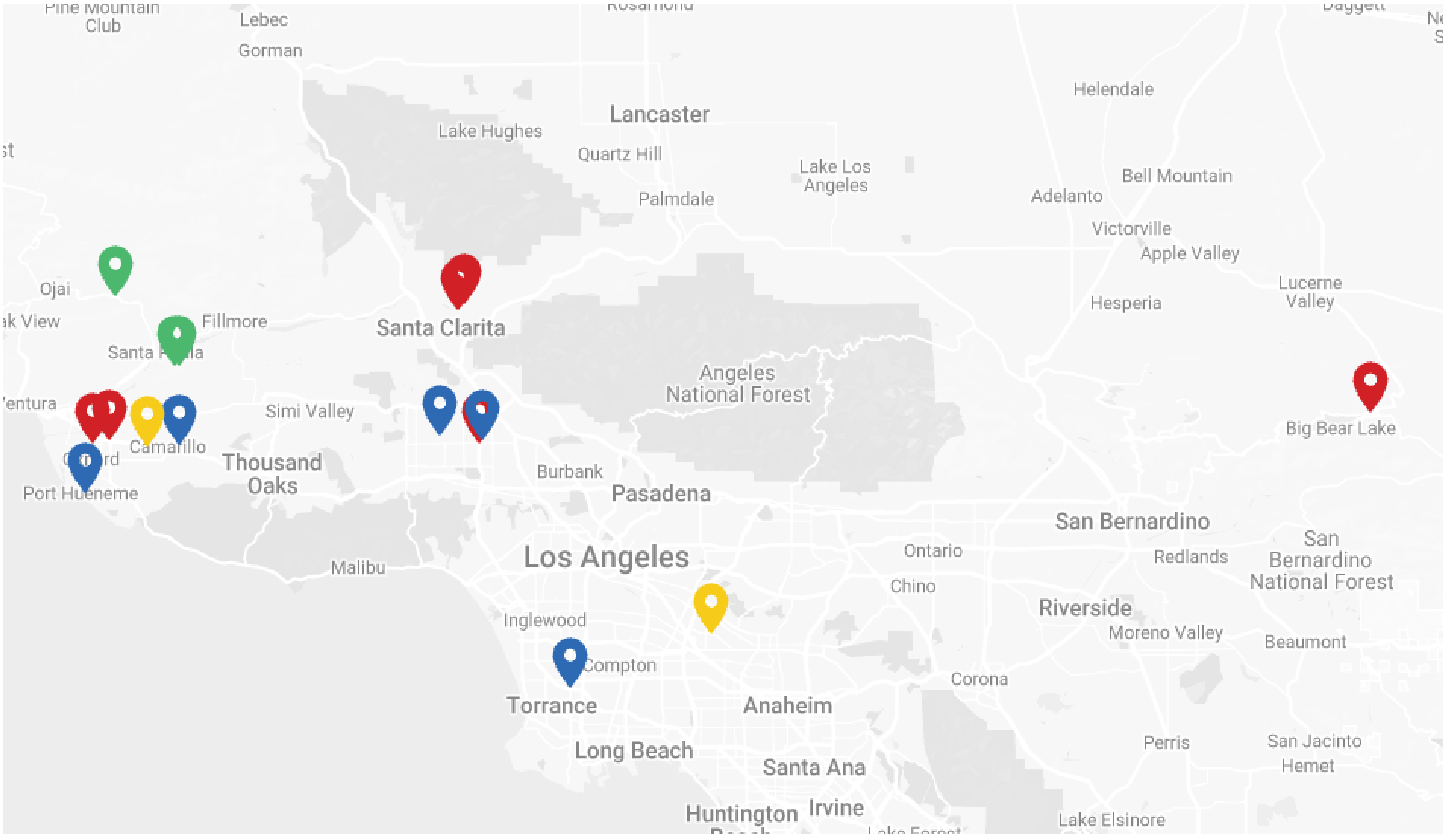
Oxnard, California 93036
(805) 981-8555

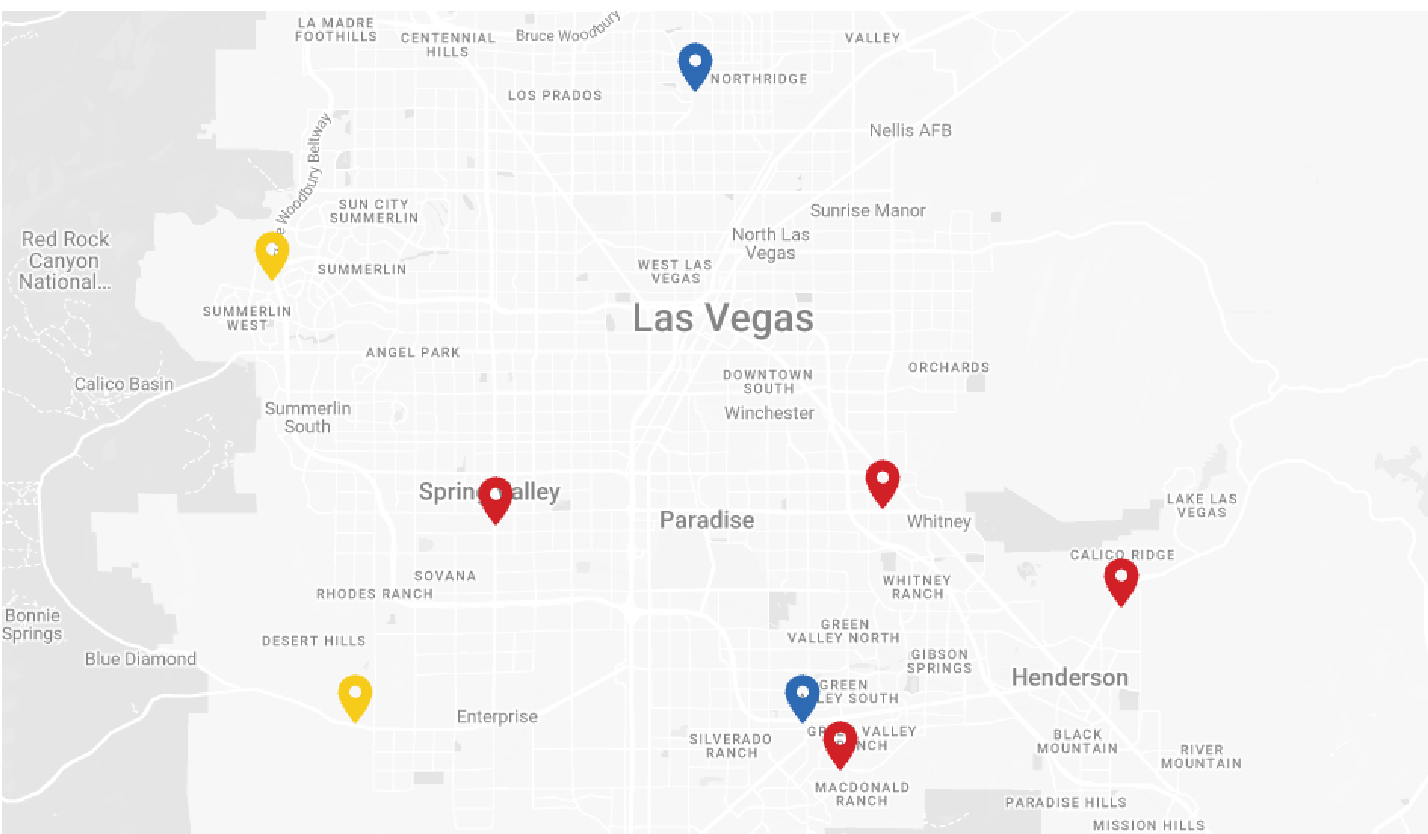
Officers
C. Douglas Off - Chairman of the Board, President, and Director
David C. Edward - Executive Vice President, Treasurer, and Director
Ryan D. Off – Senior Vice President, Secretary, and Director
Tracy A. Off – Senior Vice President, Assistant Secretary, and Director
Sarah Monroe-Allen – Vice President, Assistant Secretary-Treasurer
Shawn McPherson - Assistant Secretary-Treasurer
Shelly Walters - Assistant Secretary-Treasurer

Other Directors
Frank McEnulty - President, Meghan Matthews, Inc.
Laureston McLellan - President, Windward Asset Management, Inc.
Dudley Muth – Real Estate and Securities Attorney/Consultant
Steve Richardson - Richardson Consulting, Inc., California Professional Geologist

Storage Facility Locations

Red pins are 100% owned by the company. Yellow pins are partially owned in partnerships. Blue pins are managed only, the company has no ownership. Green pins are the company oil fields.





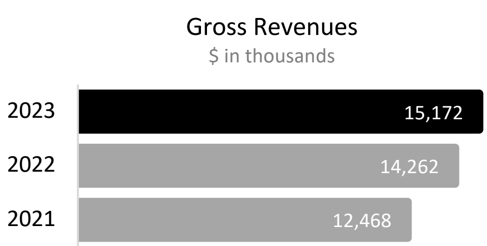
Forward Looking Statements

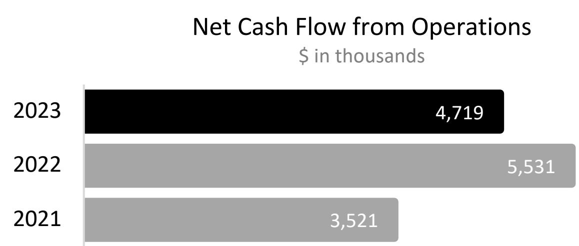
Certain statements in this Annual Report may constitute forward-looking statements within the meaning of the federal securities laws, and often contain words such as “plan”, “anticipate”, “expect”, “believe” or similar expressions. Forward looking-statements are based on the Company’s current assumptions regarding future business and financial performance. Such statements involve known and unknown risks and other factors which may cause actual results to be materially different from those expressed in forward-looking statements. We do not undertake to update our forward-looking statements. You should use caution in relying on any forward-looking statements to anticipate future results.

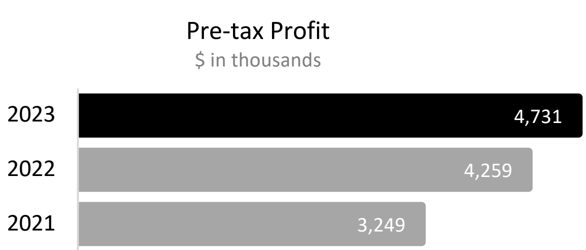
Five-Year Summary of Selected Financial Data

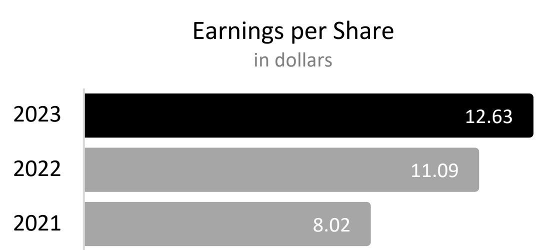
Dollar amounts in thousands, except for per-share amounts and shares outstanding

For the years ended December 31	2023	2022	2021	2020	2019
RESULTS OF OPERATIONS					
Revenues	$15,172	$14,262	$12,468	$10,845	$10,726
Expenses	10,114	8,380	8,370	7,692	8,166
Operating Income	5,058	5,882	4,098	3,153	2,560
Net Income	3,570	3,182	2,300	1,864	1,053
Earnings per common share	12.63	11.09	8.02	6.50	3.66
FINANCIAL POSITION					
Total assets	79,644	71,540	61,068	54,421	52,411
Long-term debt	41,337	36,807	26,881	27,133	27,852
Stockholders' equity	32,491	29,078	27,851	24,372	21,434
DIVIDENDS PER SHARE	3.65	3.17	2.15	1.65	1.65
SHARES OUTSTANDING	280,100	286,804	286,804	286,804	286,804





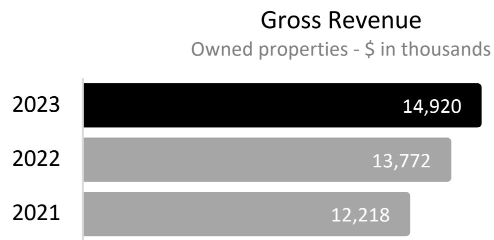


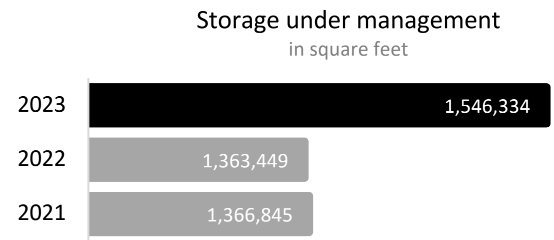


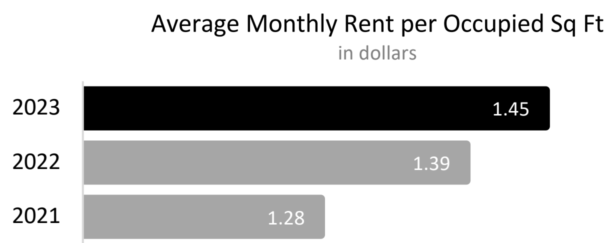
OPERATING RESULTS BY DIVISION *(amounts in thousands)*

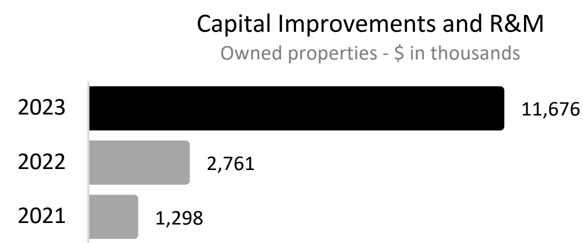
Self Storage Operations

	2023	2022	2021
Revenues	$14,920	$13,772	$12,218
Operating expenses	6,332	5,387	5,217
Income from self-storage operations	$8,588	$ 8,385	$7,001









This business unit of owned or partially owned facilities remained at 14. One half owned asset was traded out of the group and a half owned asset was traded in, to avoid an incoming Los Angeles County property transfer tax. This reduced the pool to 13 properties briefly, until the new facility (GSS RED) in Summerlin, West Las Vegas opened in December.

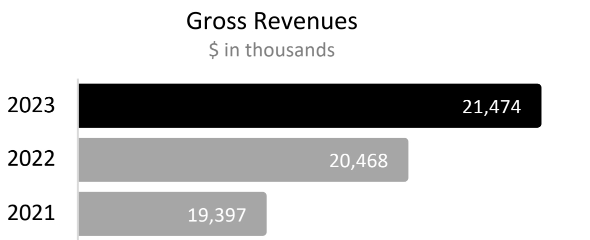
During the course of the year, move in activity slowed. Disposable incomes for many families fell as inflation outpaced incomes, while residential rent increases continued. Demand was also curtailed as high interest rates curtailed much house buying and thus moving. Many unit types experienced downward move in pricing, particularly driven by the REITS. Most of the increase in revenue came from existing customers, driven by the new dynamic and predictive pricing software we employed at the end of Q1.

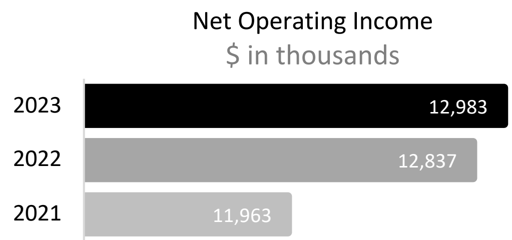
The new call center opened in Q4 and was 50% staffed by year end using the reservation software, Call Potential. December showed an unseasonal uptick in rental activity.

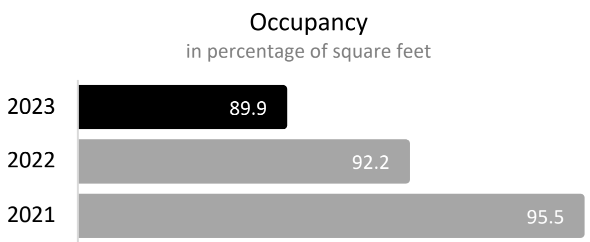
Capital improvements reflects the expenditure on GSS RED and half of the partnership property in Santa Fe Springs, GSS SFS. Older properties received some larger R&M expenditure, while the unusually heavy winter rains exposed some roofing and drainage issues.

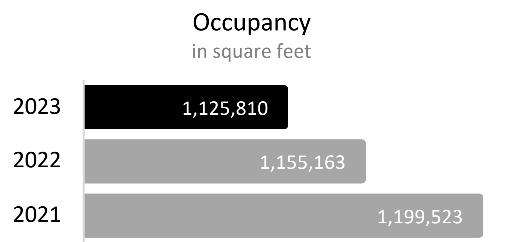
Same Store Data – 3 Year Comparison

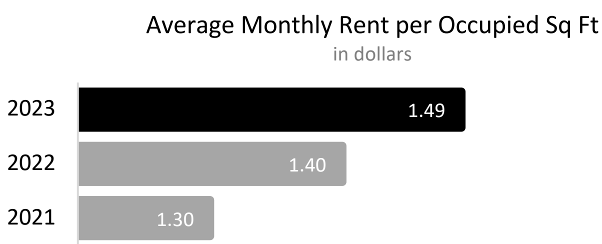
Based on 17 self storage facilities in California and Nevada that are currently active, and the Company has managed for the past 3 years. This includes facilities both owned and not owned by Ojai Oil Company.





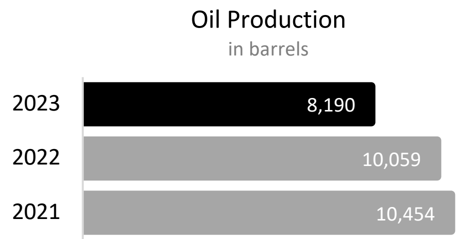


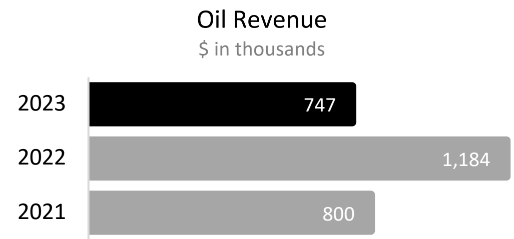




Oil Operations

	2023	2022	2021
Revenues	$747	$1,184	$800
Operating expenses	819	465	295
Income from oil operations	$ -72	$ 719	$505



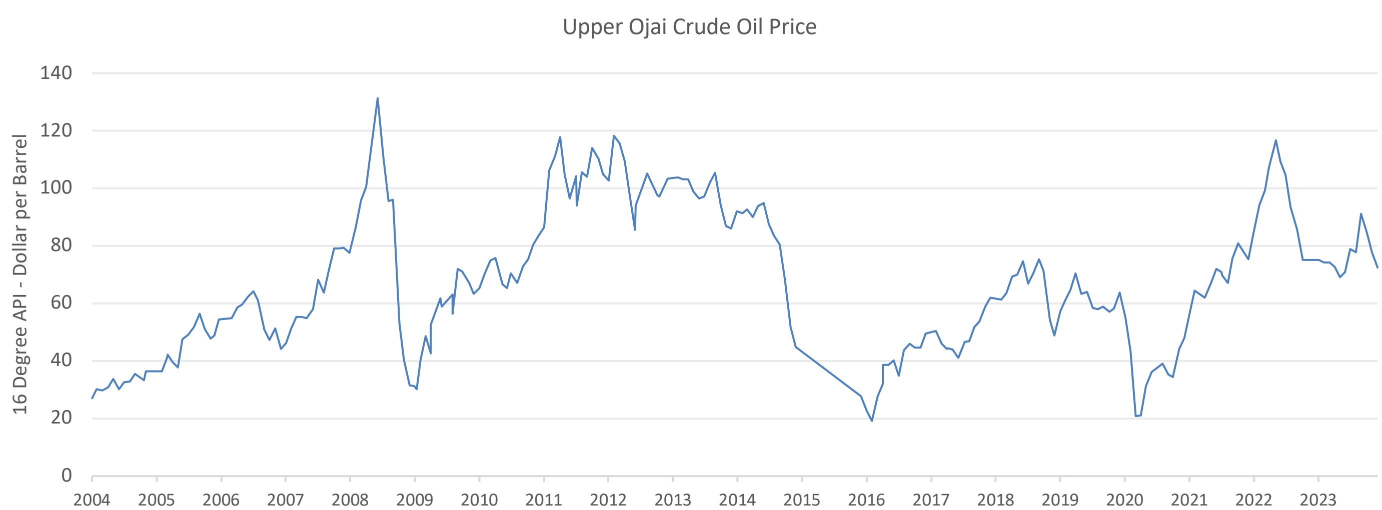


The financial data for the Company's oil and gas operations include those on South Mountain and Upper Ojai California. Royalty income, as included in the above revenue data, is paid to Ojai Oil Company from CalNRG (California Natural Resource Group) and SM&O (a partnership with Homeland Oil & Gas and Ojai Oil) operations on South Mountain, plus other mineral right holdings in California and out of state (primarily Texas). Net Income from oil and gas operations substantially decreased for the year 2023 over 2022 due to higher than normal operating expenses, a price decrease of crude oil and natural gas, lower production, and an abandonment of our Upper Ojai Well #2 drilled in 1911 ($246,000)..

Communication towers located on the South Mountain property in Ventura County increased slightly in revenue over 2022 to $231,840 in 2023. American Tower Corporation operates and leases two sites with towers on the ridge of the mountain, with Site Server, an internet provider, leasing a small area.

The State of California's government has developed a stringent low carbon legislation, affecting most industries in the state. This year Ventura County has likewise imposed restrictions on production close to buildings. Ballot measures in 2024 may ban new oil well drilling or workovers within 3100' feet of any residence or buildings accessible by the public.

Our Board of Directors has discussed this impending issue and recommended that your Company reduce its carbon footprint and environmental liability. As a result, this year the Company has sold an oil operation in Ventura County, and will continue this direction towards well abandonment and divestiture of oil properties in future years.



Managed Self Storage Properties Fee Income

	2023	2022	2021
Revenues	**$675**	**$545**	**$537**

“Managed properties” now includes six self-storage facilities in which Ojai Oil Company has no equity ownership, and the management of two small mineral trusts. Management income from the mineral trusts fell as their own income declined due to lower prices and lower production in the oil fields in the trusts (it has boomed elsewhere in the country, with US production November reaching an all time high).

The higher growth in managed properties income, mineral trust income notwithstanding, reflects the transfer of a half owned facility to the managed group. The growth in existing customer revenue seen elsewhere in the company due to the recently adopted pricing software translated into higher management fee income. One managed asset is completing construction on a significant expansion in good but competitive market, while a second asset is expected to convert some lower rent parking into higher rent storage.

General and Administrative Expenses

	2023	2022	2021
Expenses	**$2,250**	**$1,977**	**$1,965**

General and Administrative Expenses, not including depreciation or a provision for income taxes, for 2023 rose from the previous year. These expenses include office staff wages, professional services, medical and workers’ compensation expenses, office rent, director fees, profit share 401(k) costs, and other costs associated with managing our properties. The increased expenses were mostly in professional services due to restructuring, salaries, medical, and software.

Acquisitions and Development

The Company completed two construction projects in late 2023. Our construction project in Summerlin, Las Vegas, Nevada opened around Thanksgiving 2023. Our project in Santa Fe Springs, California opened just before Christmas 2023. Both of these facilities have been renting up well through the winter.

In 2023, we purchased land entitled for self-storage in Redmond, Oregon. We are currently reworking the site plan with hopes to increase the total rentable square footage. We hope to start construction in late 2024 or early 2025 with the facility opening a year and a half or so later. We will also be working with a local developer on other self-storage projects in central Oregon.

Besides these properties in central Oregon, we continue to look for self-storage opportunities in California, Nevada, Oregon, Washington, Arizona, or New Mexico and also invest in other self-storage syndications or partnerships. Ojai Oil Company also continues to consider other investments in commercial real estate, private equity, and venture capital.

Redpoint Storage - Construction completed

Santa Fe Springs Redevelopment - Construction Completed

OJAI OIL COMPANY AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Ojai Oil Company
Camarillo, California

We have reviewed the accompanying consolidated financial statements of Ojai Oil Company (a California corporation) and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income and comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

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

Accountants' Responsibility
Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Ojai Oil Company and subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountants' Conclusion
Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Restriction on Use of Report
This report is intended solely for the information and use of the current stockholders and management of Ojai Oil Company and its banks, and is not intended to be, and should not be, used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Westlake Village, California
March 29, 2024

Mayer Hoffman McCann P.C.
30870 Russell Ranch Rd, Suite 380
Westlake Village, CA 91362

Phone: 805.988.3222
Fax: 805.988.3220
mhmcpa.com

OJAI OIL COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2023 and 2022

	2023	2022
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	$ 5,620,889	$ 4,124,315
Marketable securities, available-for-sale	2,746,371	8,995,769
Rent and other receivables, net	167,944	179,387
Prepaid expenses and refundable income taxes	159,552	993,895
TOTAL CURRENT ASSETS	8,694,756	14,293,366
INVESTMENTS		
General partnerships & LLCs, equity method investments	6,920,572	1,720,026
Other investments, at cost	595,368	596,631
TOTAL INVESTMENTS	7,515,940	2,316,657
LAND, BUILDING AND EQUIPMENT, net	63,167,224	54,569,710
RIGHT OF USE ASSETS - operating leases	232,505	326,763
OTHER ASSETS	33,556	33,556
TOTAL ASSETS	$ 79,643,981	$ 71,540,052
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,228,076	$ 1,513,039
Deferred revenue	289,305	208,154
Current portion of long-term debt, net	990,708	907,525
Current portion of long-term lease liability	97,889	89,807
TOTAL CURRENT LIABILITIES	2,605,978	2,718,525
LONG TERM LIABILITIES		
Long-term debt, net, less current portion above	41,336,650	36,806,784
Long-term lease liability, less current portion above	146,244	244,133
Abandonment retirement obligation	2,185,118	1,720,778
Deferred income tax liabilities	878,598	971,559
TOTAL LONG TERM LIABILITIES	44,546,610	39,743,254
TOTAL LIABILITIES	47,152,588	42,461,779
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
E Q U I T Y		
CAPITAL CONTRIBUTED		
Capital stock-stated value, 750,000 shares authorized; shares issued and outstanding: 280,100 and 286,804 shares, respectively	195,854	195,854
RETAINED EARNINGS	27,006,119	26,481,656
ACCUMULATED OTHER COMPREHENSIVE LOSS	(3,465)	(7,411)
TOTAL OJAI OIL COMPANY STOCKHOLDERS' EQUITY	27,198,508	26,670,099
NON-CONTROLLING INTEREST	5,292,885	2,408,174
TOTAL EQUITY	32,491,393	29,078,273
TOTAL LIABILITIES AND EQUITY	$ 79,643,981	$ 71,540,052

See Notes to Consolidated Financial Statements

See Independent Accountants’ Review Report.

OJAI OIL COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Years Ended December 31, 2023 and 2022

	2023	2022
REVENUES		
Rental income from self storage facilities	$ 13,067,627	$ 11,359,367
Oil and gas sales and royalties	746,594	1,184,314
Management fee income	674,533	545,495
Equity income from self storage partnerships	488,262	1,002,701
Other income - houses and cell tower leases	195,385	170,687
TOTAL REVENUES	15,172,401	14,262,564
OPERATING EXPENSES		
Self storage operating expenses	4,967,845	3,976,589
General and administrative expenses	2,249,985	1,977,105
Depreciation, depletion, amortization and accretion expense	1,979,089	1,864,870
Oil and gas operating expenses	818,945	465,428
Other operating expenses	97,740	96,334
TOTAL OPERATING EXPENSES	10,113,604	8,380,326
OPERATING INCOME	5,058,797	5,882,238
OTHER INCOME (EXPENSE)		
Interest expense	(1,544,830)	(1,408,627)
Gain on sale of partial equity in Redpoint Storage, LLC	600,000	-
Interest and dividend income	301,269	88,350
Unrealized holding gain (loss) on marketable securities	266,268	(369,105)
Gain on sale of oil and gas properties	45,607	-
Gain on sale of other investments, at cost	5,758	-
Realized (loss) gain on sale of marketable securities	(1,379)	66,332
TOTAL OTHER EXPENSE, net	(327,307)	(1,623,050)
INCOME BEFORE INCOME TAXES	4,731,490	4,259,188
INCOME TAX EXPENSE	1,180,989	1,004,129
NET INCOME	3,550,501	3,255,059
NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(19,929)	73,464
NET INCOME ATTRIBUTABLE TO OJAI OIL COMPANY	3,570,430	3,181,595
OTHER COMPREHENSIVE INCOME		
Unrealized holding gain (loss) on marketable securities arising during the year (net of deferred taxes of $0)	3,946	(9,530)
COMPREHENSIVE INCOME	$ 3,574,376	$ 3,172,065
BASIC EARNINGS PER SHARE ON NET INCOME ATTRIBUTABLE TO OJAI OIL COMPANY	$ 12.63	$ 11.09

See Notes to Consolidated Financial Statements

See Independent Accountants' Review Report.

OJAI OIL COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended December 31, 2023 and 2022

	Capital Stock						
	Number of Shares	Stated Value	Retained Earnings	Accumulated Other Comprehensive Income	Total Ojai Oil Company Stockholders' Equity	Non-Controlling Interest Equity	Total Equity
Balance, December 31, 2021	286,804	$ 195,854	$ 24,209,230	$ 2,119	$ 24,407,203	$ 3,444,183	$ 27,851,386
Net income (loss)	-	-	3,181,595	-	3,181,595	73,464	3,255,059
Unrealized holding loss on marketable securities, net of deferred income taxes of $0	-	-	-	(9,530)	(9,530)	-	(9,530)
Dividends/Distributions	-	-	(909,169)	-	(909,169)	(1,109,473)	(2,018,642)
Balance, December 31, 2022	286,804	195,854	26,481,656	(7,411)	26,670,099	2,408,174	29,078,273
Net income (loss)	-	-	3,570,430	-	3,570,430	(19,929)	3,550,501
Unrealized holding gain on marketable securities, net of deferred income taxes of $0	-	-	-	3,946	3,946	-	3,946
Transfer of equity to non-controlling interest	-	-	-	-	-	3,000,000	3,000,000
Redemption of stock	(6,704)	-	(2,020,194)	-	(2,020,194)	-	(2,020,194)
Dividends/Distributions	-	-	(1,025,773)	-	(1,025,773)	(95,360)	(1,121,133)
Balance, December 31, 2023	280,100	$ 195,854	$ 27,006,119	$ (3,465)	$ 27,198,508	$ 5,292,885	$ 32,491,393

See Notes to Consolidated Financial Statements

See Independent Accountants’ Review Report.

OJAI OIL COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 3,550,501	$ 3,255,059
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation, depletion, amortization, and accretion expense	1,979,089	1,864,870
Amortization of debt issuance costs	42,348	41,757
Amortization expense/non-cash lease expense	94,258	93,648
Deferred income tax expense (benefit)	(92,961)	(164,732)
Change in allowance for doubtful accounts	(6,348)	(26,596)
Income from equity method investments	(489,995)	(859,602)
(Gain) loss on sale of partial equity in Redpoint Storage, LLC	(600,000)	-
Unrealized holding (gain) loss on marketable securities	(266,268)	369,105
(Gain) loss on sale of oil and gas properties	(45,607)	-
(Gain) loss on sale of other investments, at cost	(5,758)	
(Gain) loss on sale of marketable securities	1,379	(66,332)
Decrease (increase) in operating assets:		
Rent and other receivables	17,791	(11,214)
Prepaid expenses and refundable income taxes	834,343	100,924
Increase (decrease) in operating liabilities		
Accounts payable and accrued liabilities	(284,963)	959,257
Operating lease liabilties	(89,807)	(86,471)
Deferred revenue	81,151	61,320
NET CASH FLOWS FROM OPERATING ACTIVITIES	4,719,153	5,530,993
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of marketable securities	(12,845,421)	(7,760,772)
Proceeds from sale of marketable securities	19,363,655	3,520,438
Proceeds from sale of partial equity in Redpoint Storage, LLC	3,600,000	-
Proceeds from sale of oil and gas properties	45,607	-
Distributions received from general partnerships and LLCs	502,304	842,690
Contributions to general partnerships and LLCs	(5,529,750)	-
Collections received from other investments	7,021	4,036
Purchase of land, building, and equipment	(4,283,175)	(2,206,652)
NET CASH FLOWS FROM INVESTING ACTIVITES	860,241	(5,600,260)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in line of credit	-	(2,220,000)
Proceeds received from borrowings on long term debt	-	5,964,527
Principal payments on long-term debt	(941,493)	(1,310,505)
Dividends on common stock	(1,025,773)	(909,169)
Distributions to non-controlling interests	(95,360)	(1,109,473)
Redemption of common stock	(2,020,194)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	(4,082,820)	415,380
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,496,574	346,113
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,124,315	3,778,202
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,620,889	$ 4,124,315

See Notes to Consolidated Financial Statements

See Independent Accountants' Review Report.

OJAI OIL COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended December 31, 2023 and 2022

Supplemental Cash Flow Information:

	2023	2022
Cash paid:		
Interest	$ 1,502,482	$ 1,363,914
Income taxes	$ 647,500	$ 1,055,229

Noncash investing and financing activities:

2023:

Land, buildings, and equipment increased by $76,110 due to revisions made in the asset retirement obligation.

Land, buildings, and equipment increased by $316,896 due to the transfer of assets from the Company's equity investment in Golden State Storage to the newly formed wholly owned subsidiary, GSS Roscoe LLC. See Notes 1 and 4.

Land, buildings, and equipment increased by $5,512,196 due to borrowings on long-term debt.

2022:

Land, buildings, and equipment increased by $44,358 due to revisions made in the asset retirement obligation.

Land, buildings, and equipment increased by $5,375,400 due to borrowings on long-term debt.

(1) Summary of significant accounting policies

Nature of operations – Ojai Oil Company (Ojai) operations include the production and sale of oil and gas, income derived from oil royalties, securities investments, the operation and management of self-storage facilities, commercial and residential buildings, participation in partnerships engaged in the operation of self-storage facilities and communication towers. Ojai's major business activities are located primarily in Southern California and Southern Nevada.

Principles of consolidation – The accompanying consolidated financial statements include the accounts of Ojai, Golden State Storage One, LLC (GSS One), GSS Horizon Ridge, LLC (GSS Horizon), GSS Oxnard LP (GSS Oxnard), GSS Management, LLC (GSS Management), GSS Roscoe LLC (GSS Roscoe), SM&O, LLC (SM&O), GSS Blue Diamond, LLC (GSS Blue), and Redpoint Storage, LLC (GSS Red).

GSS One, GSS Horizon, GSS Management and GSS Roscoe, are separately formed limited liability companies. Ojai is the sole member of these four LLCs. GSS Oxnard is a limited partnership owned by GSS Management and Ojai.

SM&O, is a separate limited liability company of which Ojai owns 70%. GSS Blue, is a separate limited liability company of which Ojai owns 72%. GSS Red is a separate limited liability company of which Ojai owns 40% as of December 31, 2023 and owned 80% as of December 31,2022. Despite owning less than 50% of GSS Red, Ojai continues to consolidate this entity as it maintains the power to direct the activities of GSS Red that most significantly impact its economic performance. The Company recognizes noncontrolling interests for the percent not owned. All significant intercompany balances and transactions have been eliminated in consolidation.

Ojai and its subsidiaries, GSS One, GSS Horizon, GSS Oxnard, GSS Management, GSS Roscoe, GSS Blue, SM&O, and GSS Red are collectively referred to herein as the "Company."

Oil and gas property and equipment – The Company follows the successful efforts method of accounting for its oil and gas exploration costs. Under this method, all costs for development wells, support equipment and facilities, proved mineral interests in oil and gas properties and asset retirement obligation are capitalized. Geological and geophysical costs are expensed when incurred. Costs of exploratory wells are capitalized as Exploratory Well Costs pending determination of whether the wells find proved oil and gas reserves. Exploration costs capitalized in respect of exploration wells are written off unless (a) proved reserves are booked or (b) they have found commercially producible quantities of reserves, and they are subject to further exploration or appraisal activity in that either drilling of additional exploration wells is underway or firmly planned for the near future. Proved oil and gas reserves can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, under existing economic conditions, operating methods and governmental regulations. Existing economic conditions include prices and costs at which economic production from a reservoir is to be determined.

(1) **Summary of significant accounting policies (continued)**

Oil and gas property and equipment (continued) – Long-lived assets to be held and used, including proved crude oil and natural gas properties, are assessed for possible impairment by comparing their carrying values with their associated undiscounted, future net before-tax cash flows. Events that can trigger assessments for possible impairments include write-downs of proved reserves based on field performance, significant decreases in the market value of an asset (including changes to the commodity price forecast), significant change in the extent or manner of use of or a physical change in an asset, and a more-likely-than-not expectation that a long-lived asset or asset group will be sold or otherwise disposed of significantly sooner than the end of its previously estimated useful life. Impaired assets are written down to their estimated fair values, generally their discounted, future net before-tax cash flows.

For proved crude oil and natural gas properties, the Company assessed that there was no impairment in the carrying value in 2023 or 2022.

Oil and gas properties, including all capitalized costs of proved crude oil and gas producing properties, are depreciated and depleted using a unit of production method by individual field as the proved reserves are produced. The cost of producing the well and future abandonment costs are amortized over proved developed reserves. The unit of production rate for the amortization takes into account expenditures incurred to date, together with future capital expenditure expected to be incurred in relation to these common facilities and excluding future drilling costs.

The capitalized costs of all other plant and equipment are depreciated or amortized over their estimated useful lives. In general, the declining-balance and straight-line method are used to depreciate plant and equipment. Gains or losses are not recognized for normal retirements of properties, plant, and equipment subject to composite group amortization or depreciation. Gains or losses from abnormal retirements are recorded as expenses, and from sales as "Other income."

Expenditures for maintenance (including those for planned major maintenance projects), repairs and minor renewals to maintain facilities in operating condition are generally expensed as incurred. Major replacements and renewals are capitalized.

Revenue recognition – The Company primarily derives its revenues from three sources: rental of properties, oil and gas sales and royalties, and business management services.

The primary source of revenue for the Company is the lease of its self-storage, commercial and residential properties with the occupants, which range from month-to-month to multiple years. The Company has determined that its operating lease agreements qualify as a "lease" as defined under ASC 842. The agreement is deemed a lease because the right to substantially all of the economic benefits and the direct use of the facility is transferred to the tenant over a defined period of time for consideration. Upon entering into the operating lease agreement, the Company considers, among other items, asset specification, purchase options if applicable, and operating rights and control over the facility during the lease period, including extensions. Revenue is recognized on a straight-line basis over the term of the lease. The straight-line rental revenue commences when the tenant assumes control of the facility.

(1) Summary of significant accounting policies (continued)

Revenue recognition (continued) – The Company's lease agreements include termination and extension clauses. Termination options allow either party to terminate the lease prior to the end of the agreed upon terms under specific circumstances. The Company's extension options generally do not require a re-negotiation with the tenant but may occur at times as agreed upon by the Company and tenant.

Rent is due on the anniversary date of every month and considered delinquent ten days after the due date.

Revenue from oil and gas sales is recognized at the value of consideration received or receivable when the performance obligation is satisfied. The performance obligation is satisfied when significant risks and rewards of ownership have been transferred, which is when title passes to the customer, typically upon delivery.

Revenue from business management services are invoiced and recognized as the services are provided. The Company typically invoices these services monthly. Typical payment terms provide that customers pay within 30 days of invoice.

Use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management's assumptions include, but are not limited to, future abandonment costs, remaining reserves of oil and gas, collectability of rent receivable, lease option extensions, the potential outcome of future tax consequences, and estimated useful lives of buildings and equipment. Management's estimates and assumptions are derived from and are continually evaluated based on available information, judgment, and experience.

Cash and cash equivalents – The Company considers cash and cash equivalents to include all cash accounts, money market funds, and bank sweep accounts. The Company maintains cash balances at Union Bank, Chase Bank, Pacific Western Bank, and Wells Fargo. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. Periodically throughout the years ended December 31, 2023 and 2022, the Company has maintained balances in excess of the insured limits.

Rent and other receivables and allowance for credit losses – The Company records rent receivable net of an allowance for credit losses. Management's assessment of expected credit losses includes consideration of current and expected economic conditions, market and industry factors affecting the Company's customers (including their financial condition), the aging of account balances, historical credit loss experience, customer concentrations and customer creditworthiness. Management evaluates its experience with historical losses and then applies this historical loss ratio to financial assets with similar characteristics. The Company's historical loss ratio or its determination of risk pools may be adjusted for changes in customer, economic, market or other circumstances.

(1) Summary of significant accounting policies (continued)

Rent and other receivables and allowance for credit losses (continued) – The Company may also establish an allowance for credit losses for specific receivables when it is probable that the receivable will not be collected and the loss can be reasonably estimated. Amounts are written off when there is information that indicates the customer is facing significant financial difficulty and there is no possibility of recovery. Reversals of previously reserved amounts are recognized if a specifically reserved item is settled for an amount exceeding the previous estimate.

Based on management's assessment, the Company determined that a provision for estimated credit losses was $17,442 and $23,790 as of December 31, 2023 and 2022, respectively. A significant change in the liquidity or financial position of our customers could have a material adverse impact on the collectability of rent receivable and our future operating results.

Marketable securities – The Company determines the appropriate classification of marketable securities at the time they are acquired and evaluates the appropriateness of such classification at each balance sheet date. Available-for-sale securities consist of common stock, mutual funds, exchange traded funds, and US Treasuries not classified as trading securities or as held-to-maturity securities.

The Company applies Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-01 *Financial Instruments- Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* and ASU No. 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The Company's investments in available-for-sale equity securities are carried at fair value, with unrealized gains and losses included in net income. The Company's investments in available-for-sale debt securities are carried at fair value, with unrealized gains and losses recorded as other comprehensive income.

All gains and losses on non-marketable equity securities, realized and unrealized, are recognized in other income (expense), net.

Realized gains and losses on the sale of available-for-sale securities are determined using the specific-identification method. Marketable securities are considered to be impaired when a decline in fair value is judged to be other-than-temporary.

The Company maintains its investments with Wells Fargo Advisors and Charles Schwab & Co., Inc. The balances are insured by the Securities Investor Protection Corporation (SIPC) up to the effective limit as of December 31, 2023. Periodically throughout the years ended December 31, 2023 and 2022, the Company has maintained balances in excess of the insured limits.

(1) Summary of significant accounting policies (continued)

Depreciation and amortization – Depreciation and amortization are computed on the straight-line and double-declining balance methods over the estimated useful lives of the assets which vary from 3 to 39 years.

Leasehold improvements are depreciated over the shorter of their estimated useful lives or the term of the underlying lease. Expenditures for maintenance and repairs are charged to expense as incurred. Major renewals and betterments are capitalized.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the fair value of the asset.

Construction in progress for the properties is stated at cost. No provision for depreciation is made on construction in progress until the assets are complete and placed into service.

Leases – The Company leases office space in Camarillo, CA. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the consolidated balance sheet.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

As most of the Company's leases do not provide an implicit rate, the Company uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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

In evaluating contracts to determine if they qualify as a lease, the Company considers factors such as if the Company has obtained substantially all of the rights to the underlying asset through exclusivity, if the Company can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

(1) **Summary of significant accounting policies (continued)**

Abandonment retirement obligations (ARO) – AROs are legal obligations associated with the retirement and removal of long-lived assets. The Company records the fair value of a liability for an asset retirement obligation when it is incurred. When the liability is initially recorded, the Company capitalizes the cost by increasing the carrying amount of the related properties, plant, and equipment. Over time the liability increases or decreases for the change in its present value, while the capitalized cost depreciates over the unit of production method. The Company applies FASB Accounting Standards Codification (ASC) 410-20 *Accounting for Asset Retirement Obligations* when accounting for the future abandonment of the Company's oil wells.

Earnings per share – Basic earnings per share are calculated based on the weighted average number of common stock shares outstanding during the year.

Fair value measurements – The Company applies FASB ASC 820-10 *Fair Value Measurements* for financial assets and liabilities. This standard defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. FASB ASC 820-10 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date.

The hierarchy prioritizes fair value measurements based on the types of inputs used in the valuation technique. The inputs are categorized in the following levels:

Level 1 – Observable inputs such as quoted prices in active markets for identical assets or liabilities

Level 2 – Directly or indirectly observable input for quoted and other than quoted prices for identical or similar assets and liabilities in active or non-active markets

Level 3 – Unobservable inputs not corroborated by market data, therefore requiring the entity to use the best information available in the circumstances, including the entity's own data.

The Fair Value Measurements and Disclosures Topic of the FASB ASC Topic 825-10, *Financial Instruments – Overall*, requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial condition. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments.

Certain financial instruments and all nonfinancial instruments are excluded from these disclosure requirements. Accordingly, the aggregate fair value of amounts presented do not represent the underlying value of the Company.

See Independent Accountants' Review Report.

(1) Summary of significant accounting policies (continued)

Investment in general partnerships, limited liability companies, and corporate stock – The Company's investments in general partnerships, limited liability companies, and corporate stock are accounted for using the equity method for which the Company owns an interest greater than 20% but not more than 50% and does not have the power to direct the activities that most significantly impact its economic performance, and cost method for all others. These investments were not evaluated for impairment because (a) it is not practicable to estimate their fair values due to insufficient information being available and (b) management did not identify any events or changes in circumstances that might have a significant adverse effect on the fair value of those investments. The Company did not identify any events or changes in circumstances that might have an adverse effect on fair value.

Income taxes – The Company accounts for income taxes using the liability approach to financial accounting and reporting.

The difference between the financial statement and tax basis of assets and liabilities is determined annually. These differences consist primarily of different depreciation methods and lives, the use of the cash method of accounting for income tax purposes, realized and unrealized gains and losses on marketable securities, and deductibility of certain accruals for income tax purposes.

Deferred income tax assets and liabilities are computed for those currently enacted tax laws and rates that apply to the periods in which they are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce deferred tax asset accounts to the amounts that will more likely than not be realized.

Income tax expense is the current tax expense or refund for the period, plus or minus the net change in the deferred tax asset and liability accounts.

The Company follows the provisions in FASB ASC 740, *Income Taxes* (ASC 740), with respect to accounting for uncertain tax positions. ASC 740 prescribes that a tax benefit from an uncertain tax position may be recognized when it is more-likely-than-not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon adoption of ASC 740 and in subsequent periods. This interpretation also provides guidance on measurement, derecognition, classification, interest and penalties, disclosures, and transitions. As of December 31, 2023, the Company does not recognize any liability for unrecognized tax benefits.

The Company files income tax returns in the U.S. federal jurisdiction, and the state of California jurisdiction. The Company is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2020 and the state of California income tax examinations by tax authorities for years before 2019.

It is the Company's policy to classify interest and penalties recognized on underpayment of income taxes as income tax expense.

(1) Summary of significant accounting policies (continued)

Debt issuance costs – The Company applies the provisions of FASB ASC 835-30 *Imputation of Interest: Simplifying the Presentation of Issuance Costs* which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The Company reports such costs as a direct deduction from the face amount of the debt. Similarly, the Company reports amortization of debt issuance costs as interest expense.

Recently adopted accounting pronouncements – As of January 1, 2023, the Company adopted Accounting Standards Update ("ASU") No. *2016-13, Financial Instruments – Credit Losses* (Topic 326), and all subsequently issued related amendments, which changed the methodology used to recognize impairment of the Company's rent and other receivables. Under this standard, financial assets are presented at the net amount expected to be collected, requiring immediate recognition of estimated credit losses expected to occur over the asset's remaining life. This is in contrast to previous U.S. GAAP, under which credit losses were not recognized until it was probable that a loss had been incurred. The standard also requires enhanced disclosures regarding information in analyzing the Company's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to this standard was rent receivable.

The adoption of this standard was not considered material to the consolidated financial statements and primarily resulted in new or enhanced disclosures.

Reclassification – Certain items in the 2022 consolidated financial statements have been reclassified to conform to the 2023 presentation. There has been no change to previously reported net income or stockholders' equity.

(2) Marketable securities

Cost and fair value of marketable securities as of December 31, 2023 and 2022 are as follows:

	December 31, 2023			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Equity and other securities				
Common stock	$ 1,079,693	$ 758,355	$ (85,561)	$ 1,752,487
Exchange traded funds	226,044	191,230	(3,801)	413,473
Mutual funds	74,404	-	(8,310)	66,094
Total equities securities	1,380,141	949,585	(97,672)	2,232,054
Debt securities				
US Treasury bonds	512,663	1,654	-	514,317
Total debt securities	512,663	1,654	-	514,317
Totals	$ 1,892,804	$ 951,239	$ (97,672)	$ 2,746,371

(2) Marketable securities (continued)

	December 31, 2022			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Equity and other securities				
Certificates of deposits	$ 4,500,000	$ -	$ (11,368)	$ 4,488,632
Common stock	1,060,142	581,838	(104,958)	1,537,022
Exchange traded funds	225,719	139,029	(15,737)	349,011
Mutual funds	72,238	-	(8,590)	63,648
Total equities securities	5,858,099	720,867	(140,653)	6,438,313
Debt securities				
US Treasury bonds	2,569,327	8,891	(20,762)	2,557,456
Total debt securities	2,569,327	8,891	(20,762)	2,557,456
Totals	$ 8,427,426	$ 729,758	$ (161,415)	$ 8,995,769

Available-for-sale securities are carried in the consolidated financial statements at fair value. For the year ended December 31, 2023, net unrealized holding gain on available-for-sale equity securities in the amount of $266,268 has been included in net income and net unrealized holding gain on available-for-sale debt securities in the amount of $3,946 has been included in accumulated other comprehensive income.

For the year ended December 31, 2022, net unrealized holding loss on available-for-sale securities in the amount of $369,105 has been included in net income and net unrealized holding loss on available-for-sale debt securities in the amount of $9,530 has been included in accumulated other comprehensive income.

(2) Marketable securities (continued)

The realized gains and losses on the sale of marketable securities during the year ended December 31, 2023 and 2022 were as follows:

	December 31, 2023		
	Realized gains	Realized losses	Net realized loss
Proceeds from sale	$ 18,847,119	$ 516,536	$ 19,363,655
Cost	18,801,482	563,552	19,365,034
	$ 45,637	$ (47,016)	$ (1,379)

	December 31, 2022		
	Realized gains	Realized losses	Net realized gain
Proceeds from sale	$ 3,462,523	$ 57,915	$ 3,520,438
Cost	3,384,036	70,070	3,454,106
	$ 78,487	$ (12,155)	$ 66,332

The cost method used in determining the gain on sale of securities is the first-in, first-out method.

US Treasury bonds mature from November 2023 and March 2024.

See Independent Accountants’ Review Report.

(3) Land, buildings, and equipment

Land, buildings, and equipment consist of the following as of December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Oil and gas property, plant and equipment		
Royalty interests, surface fees and leases	$ 193,652	$ 193,652
Wells and abandonment costs	1,543,425	1,467,315
Buildings, well and supporting equipment	1,370,641	1,370,641
Total, at cost	3,107,718	3,031,608
Less accumulated depreciation, depletion, and amortization	(2,298,193)	(2,262,259)
Total oil and gas property, plant and equipment, net	809,525	769,349
Commercial property and equipment		
Land improvements, buildings and equipment	64,206,209	50,413,343
Less accumulated depreciation	(20,631,796)	(18,461,831)
Total land improvements, buildings and equipment, net	43,574,413	31,951,512
Land	18,484,700	14,790,945
Construction in progress	298,586	7,057,904
Total commercial property and equipment, net	62,357,699	53,800,361
Net land, buildings, and equipment	$ 63,167,224	$ 54,569,710

The aggregate depreciation, depletion, and amortization on the above property and equipment charged to operations was $1,590,859 and $1,705,001 for the years ended December 31, 2023 and 2022, respectively.

(4) General partnerships and limited liability companies, equity investment method

The Company owned 50% interest in Golden State Storage (Gardena, North Hills 1). Effective January 1, 2023, Golden State Storage distributed the two remaining properties, one to each of its members. The Company no longer owns an interest in this entity. However, the Company received ownership of the North Hills 1 property which was contributed to GSS Roscoe, a wholly owned subsidiary. Condensed unaudited financial statements of assets and liabilities and income statements for the partnership are as follows:

	December 31, 2023	December 31, 2022
ASSETS		
Current assets	$ -	$ 94,351
Note receivable - related party	-	4,988,437
Land, building and equipment (net of depreciation) and other non-current assets	-	522,458
	$ -	$ 5,605,246
LIABILITIES AND CAPITAL		
Current liabilities	$ -	$ 55,369
Line of credit	-	4,988,437
Partners' capital	-	561,440
	$ -	$ 5,605,246
INCOME STATEMENT		
Revenue	$ -	$ 1,714,068
Loss on disposal of equipment	-	(33,977)
Depreciation and amortization	-	(16,617)
Interest expense	-	(7,094)
Other operating expenses	-	(867,530)
NET INCOME	$ -	$ 788,850

For the year ended December 31, 2022, Golden State Storage was able to borrow up to $4,600,000 and $5,200,000 under two revolving lines of credit agreement with Pacific Western Bank expiring June 2027. The line is secured by a deed of trust on a self-storage facility in North Hills, CA owned by Golden State Storage partnership. The line is also secured with an assignment of rents of the partnership.

For both lines, interest was payable monthly at 3.25% per annum above the Secured Overnight Financing Rate (SOFR) as published by the Federal Reserve Bank of New York. The agreements also contained various financial and non-financial covenants. The SOFR in effect at December 31, 2022 was 3.8%. . As of December 31, 2022, Golden State Storage had an outstanding balance under this line of credit of $0.

The Company was a guarantor to these lines of credit equally with its partners.

(4) General partnerships and limited liability companies, equity investment method (continued)

The Company owns 50% interest in GSS Santa Fe Springs, LLC. The real estate held within GSS Santa Fe Springs, LLC was previously held by Golden State Storage and was distributed out to its partners in April 2022. Condensed unaudited financial statements of assets and liabilities and income statements for the partnership are as follows:

	December 31, 2023	December 31, 2022
ASSETS		
Current assets	$ 32,633	$ 5,071
Land, building and equipment (net of depreciation) and other non-current assets	11,757,322	5,566,517
	$ 11,789,955	$ 5,571,588
LIABILITIES AND CAPITAL		
Current liabilities	$ 338,272	$ 62,973
Note payable - related party	-	4,988,437
Partners' capital	11,451,683	520,178
	$ 11,789,955	$ 5,571,588
INCOME STATEMENT		
Revenue	$ 751	$ -
Depreciation and amortization	(18,715)	(7,945)
Other operating expenses	(118,744)	(29,261)
NET LOSS	$ (136,708)	$ (37,206)

(4) General partnerships and limited liability companies, equity investment method (continued)

The Company owns 33% interest in Golden State Self Storage-Camarillo. Condensed unaudited financial statements of assets and liabilities and income statements for the partnership are as follows:

	December 31, 2023	December 31, 2022
ASSETS		
Current assets	$ 384,703	$ 222,661
Land, building and equipment (net of depreciation) and other non-current assets	4,094,059	4,248,779
	$ 4,478,762	$ 4,471,440
LIABILITIES AND CAPITAL		
Current liabilities	$ 80,324	$ 41,509
Long-term debt, net	801,177	1,091,719
Partners' capital	3,597,261	3,338,212
	$ 4,478,762	$ 4,471,440
INCOME STATEMENT		
Revenue	$ 2,592,458	$ 2,405,062
Depreciation and amortization	(154,720)	(170,570)
Interest expense	(50,715)	(68,007)
Other operating expenses	(711,974)	(646,198)
NET INCOME	$ 1,675,049	$ 1,520,287

(5) Other investments, at cost

Other investments include investments in real estate limited partnerships, Class A membership stock in a corporation, and membership interests in Limited Liability Companies. These investments are carried at cost, which were $595,368 and $596,631 as of December 31, 2023 and 2022.

(6) Line of credit

The Company may borrow up to $5,300,000 under a revolving line of credit agreement with Pacific Western Bank (which was acquired by Banc of California in November 2023) expiring June 2027. The line is secured by a deed of trust on a self-storage facility in Santa Clarita, CA. Interest is payable monthly at 3.25% per annum above the Secured Overnight Financing Rate (SOFR) as published by the Federal Reserve Bank of New York. The agreements also contain various financial and non-financial covenants. The SOFR in effect at December 31, 2022 was 3.8%. Prior to its renewal, interest was calculated at 0.5% per annum above the Wall Street Journal Prime Rate. The Prime Rate as of December 31, 2023 and 2022 was 7.5% and 3.25%, respectively.

As of December 31, 2023 and 2022 the Company has no amounts outstanding balance under this line of credit.

(7) Long-term debt

	December 31, 2023	December 31, 2022
Construction note payable secured by deed of trust on the self-storage facility on Redpoint Drive in Las Vegas, NV. The Company may borrow up to $12,000,000 advanced periodically throughout the construction period. The note is payable in monthly interest only installments through June 1, 2025. Beginning July 1, 2025 the Company must make payments of principal and interest in equal monthly installments in the amounts necessary to fully repay the outstanding balance hereof in equal monthly installments of principal and interest based on a 25-year amortization. The note contains provisions for the Company, subject to certain conditions, to have a Twelve Month Extension in which the due date would be June 2025, a second Twelve Month Extension in which the due date would be June 2026, or a Sixty Month Extension in which the due date would be June 2030. Interest is payable at the Secured Overnight Financing Rate (SOFR) as published by the Federal Reserve Bank of New York. Throughout the construction period interest is payable at the greater of the 30-Day Average SOFR rate plus 2.75% or 3.00%. If either of the Twelve Month Extensions are elected, interest is payable at the greater of the 30-Day Average SOFR rate plus 3.00% or 3.25%. If the Sixty Month Extension is elected, interest is payable a fixed rate equal to the Five Year Treasury Yield plus 2.50%. The 30-Day SOFR Average in effect at December 31, 2023 and 2022 was 5.34% and 4.05%, respectively.	$ 10,887,596	$ 5,375,400
Note payable secured by deeds of trust on the self-storage facilities on North Shore Drive in Big Bear, CA, Oak Street in Santa Clarita, CA and East Tropicana in Las Vegas, NV and other security. The note is payable in monthly installments of $73,089, including interest at 4.93%. The final payment is due June 2027, representing a balloon payment of approximately $9,194,000. Under the terms of the loan, a prepayment premium is payable by the Company should there be a prepayment of the loan. The loan also includes provisions whereby the lender has recourse against the Company and guarantors for certain breaches, actions, and/or events. The Conditional Springing Guaranty for "Springing Recourse Events", as defined in the agreement, were executed by certain officers of the Company.	10,559,998	10,900,852

(7) Long term debt (continued)

	December 31, 2023	December 31, 2022
Note payable secured by deed of trust on the self-storage facility on Auto Center Drive in Oxnard, CA. The note is payable in monthly installment of $60,581 including interest at 4.41%. The final payment is due May 2029, representing a balloon payment of approximately $7,998,000. Under the terms of the loan, a prepayment premium is payable by the Company should there be a prepayment of the loan.	9,773,924	10,062,917
Note payable secured by deed of trust on the self-storage facility on Grand Canyon Drive in Las Vegas, NV. The note is payable in interest only installments until April 2023 and then monthly installments of principal plus interest $31,626 including interest at 3.75%. The final payment is due February 2032, representing a balloon payment of approximately $4,366,908. Under the terms of the loan, a prepayment premium is payable by the Company should there be a prepayment of the loan.	5,891,230	6,000,000
Note payable secured by deed of trust on the self-storage facility on Horizon Ridge Parkway in Henderson, NV. The note is payable in monthly installment of $25,628 including interest at 3.80%. The final payment is due November 2029, representing a balloon payment of approximately $4,315,560. Under the terms of the loan, a prepayment premium is payable by the Company should there be a prepayment of the loan.	5,065,510	5,178,219

See Independent Accountants’ Review Report.

(7) Long term debt (continued)

	December 31, 2023	December 31, 2022
Note payable secured by deed of trust on the self-storage facility on East Gonzales Road in Oxnard, CA. The note is payable in monthly installment of $9,284 including interest at 4.67%, final payment due December 2027. Under the terms of the loan, a prepayment premium is payable by the Company should there be a prepayment of the loan.	405,790	495,957
Total long-term debt	42,584,048	38,013,345
Less unamortized debt issuance costs	(256,690)	(299,036)
Long-term debt less unamortized issuance costs	42,327,358	37,714,309
Less current portion, net of unamortized debt issuance costs	(990,708)	(907,525)
Noncurrent portion, net of unamortized debt issuance costs	$ 41,336,650	$ 36,806,784

Debt issuance costs, related to notes payable, included in interest expense was $42,348 and $41,757 for the years ended December 31, 2023 and 2022, respectively.

Future maturities of long-term debt are as follows

Years Ending December 31,	Principal	Unamortized debt issuance costs	Total, net
2024	$ 1,039,830	(49,122)	990,708
2025	1,214,226	(49,122)	1,165,104
2026	1,398,634	(49,122)	1,349,512
2027	1,212,017	(34,116)	1,177,901
2028	961,654	(25,818)	935,836
Thereafter	36,757,687	(49,390)	36,708,297
	$ 42,584,048	$ (256,690)	$ 42,327,358

(8) Leases

The Company leases an office facility under a non-cancelable operating lease. This lease currently calls for monthly payments of $8,110 with yearly increases of 3%, expiring May 2026. Total rent expense for the years ended December 31, 2023 and 2022 was $97,717 and $97,717 respectively.

The components of lease expense for the years ended December 31, 2023 and 2022 were as follows:

	Years Ended December 31, 2023	Years Ended December 31, 2022
Operating lease cost	$ 97,717	$ 97,717
Total lease cost	$ 97,717	$ 97,717

Other information related to leases for the years ended December 31, 2023 and 2022 were as follows:

	Years Ended December 31, 2023	Years Ended December 31, 2022
Supplemental Cash Flows Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 93,265	$ 90,539
Weighted Average Remaining Lease Term		
Operating leases	2.41 years	3.41 years
Weighted Average Discount Rate		
Operating leases	1.18%	1.18%

Future minimum lease payments under non-cancellable leases as of December 31, 2023 were as follows:

Years Ending December 31,	Total
2024	$ 100,236
2025	103,236
2026	44,305
Total future minimum lease payments	247,777
Less imputed interest	(3,644)
	$ 244,133

See Independent Accountants' Review Report.

(8) Leases (continued)

Amounts related to the lease reported on the balance sheet for the years ended December 31, 2023 and 2022 were as follows:

	Years Ended December 31, 2023	Years Ended December 31, 2022
Operating leases		
Operating lease right of use assets	$ 232,505	$ 326,763
Current portion lease liability-operating leases	$ 97,889	$ 89,807
Long-term portion lease liability-operating leases	146,244	244,133
Total operating lease liabilities	$ 244,133	$ 333,940

(9) Asset retirement obligation

Asset retirement obligation consists of estimated costs of dismantlement, removal, site reclamation and other similar activity with the Company's oil and gas properties. An asset retirement obligation and the related asset retirement cost are recorded at the initial date of measurement. The asset retirement cost is determined and discounted to present value using a credit-adjusted risk free rate. After initial recording the liability is increased for the passage of time with the increase reflected as accretion expense in the Statement of Income and Retained Earnings. Subsequent adjustments in the cost estimate are reflected in the liability and the amounts continue to be amortized over the useful life of the related long-lived asset.

Changes in Asset Retirement Obligations for the years ended December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Asset retirement obligation, beginning of year	$ 1,720,778	$ 1,516,551
Increase in obligation	76,110	44,358
Accretion expense	388,230	159,869
Asset retirement obligation end of year	$ 2,185,118	1,720,778

The aggregate accretion on the above obligation charged to operations was $388,230 and
$159,869 for the years ended December 31, 2023 and 2022, respectively.

(10) Income taxes

Income tax expense for the years ended December 31, 2023 and 2022, consists of the following:

	December 31, 2023	December 31, 2022
Current provision		
Federal income tax	$ 986,518	$ 878,702
State income tax	287,432	290,159
Total current provision for income taxes	1,273,950	1,168,861
Deferred income tax expense (benefit)		
Temporary differences	(92,961)	(164,732)
Total income tax expense	$ 1,180,989	$ 1,004,129

The significant temporary differences and their related deferred tax asset (liability) balances are as follows:

	December 31, 2023	December 31, 2022
Depreciable assets	$ (750,253)	$ (794,431)
Equity and cost method investments	(466,168)	(461,732)
Asset retirement obligations	449,387	333,539
Marketable securities, available for sale	(253,193)	(169,594)
Cash basis adjustments	141,629	120,659
Total deferred income taxes	$ (878,598)	$ (971,559)

(11) Profit sharing/401(k) plan

The Company participates in profit sharing and qualified 401(k) plans with TRO Company (see Note 14). The total contribution each year is determined by the companies and is allocated among all eligible employees as a percentage of their annual wages or salary. Contributions to the plans for employees engaged at self-storage facilities are included in self-storage operating expenses on the income statement. The Company contributed $147,815 and $152,468 during the years ended December 31, 2023 and 2022, respectively.

(12) Commitments and contingencies

Litigation – The Company is subject to legal proceedings in the ordinary course of business. While the Company cannot estimate the ultimate settlements or awards with respect to these legal proceedings, if any, it does not believe they will have a material effect on the Company, its liquidity, financial position, or results of operations.

(13) Rental income to be received

During the year ended December 31, 2023, the Company leased retail space to tenants under non-cancelable leases with terms in excess of one year and up to ten years. The future rental payments on non-cancelable operating leases related to the leases are receivable as follows:

Years Ending December 31,		
2024	$	99,000
2025		102,000
2026		74,000
2027		59,000
2028		61,000
Thereafter		302,000
	$	697,000

(14) Related party transactions

TRO Company, a California Limited Liability Company (TRO Company), is related through common ownership by certain officer-stockholders. It is a general partner in the self-storage facility partnerships described in Note 4. The Company received $181,420 and $244,804 in 2023 and 2022, respectively, in management fees from the self-storage facility partnerships.

The Company also received $142,375 and $142,511 from TRO Company in 2023 and 2022, respectively, in self-storage management fees and administration fees.

In 1978, the Company in a joint venture with TRO Company, established a medical reimbursement plan for eligible personnel and their dependents. The Plan is integrated with a Blue Shield PPO and administered by a third party administrator. Reimbursements by the other member of the joint venture are based on participation. Additional costs, if any, will be assessed in the same manner. There were approximately 67 participants in the Plan as of December 31, 2023, of which 40 were employees. The Company contributed $578,952 and $504,172 during the years ended December 31, 2023 and 2022, respectively.

(15) Fair value measurements

The Company has determined the fair value of certain assets and liabilities in accordance with FASB ASC 820-10. The following tables present the Company's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of December 31, 2023 and 2022:

	Fair Value Measurements at Reporting Date Using			
Description	December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring Basis:				
Assets:				
Marketable securities	$ 2,746,371	$ 2,232,054	$ 514,317	$ -
Non-recurring Basis:				
Liabilities:				
Oil well abandonment	$ 2,185,118	$ -	$ -	$ 2,185,118

	Fair Value Measurements at Reporting Date Using			
Description	December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Recurring Basis:				
Assets:				
Marketable securities	$ 8,995,769	$ 1,949,681	$ 7,046,088	$ -
Non-recurring Basis:				
Liabilities:				
Oil well abandonment	$ 1,720,778	$ -	$ -	$ 1,720,778

The oil wells asset retirement obligation fair value as of December 31, 2023 and 2022 was $2,185,118 and $1,720,778, respectively, due to revisions in the discounted cash flow on changes to the timing or amount of the original estimate. See Note 9 for details of the changes to the asset retirement obligation.

(16) Subsequent events

The Company has evaluated subsequent events through March 29, 2024, which is the date the consolidated financial statements were available to be issue.

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