AMEN PROPERTIES

2021 Annual Report

Consolidated Financial Statements
Periods Ended December 31, 2021 (Unaudited)
and 2020 (Audited)

 # Shares Outstanding at 12/31/21: 53,146

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2021 ANNUAL REPORT
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COMPANY OVERVIEW

Background

Amen Properties was originally incorporated under the name DIDAX in 1997 and soon thereafter began doing business as Crosswalk.com. For several years, the company operated one of the leading Christian sites on the web, *crosswalk.com*. In late 2002, on the brink of insolvency, the Company sold almost all its assets and changed its name to Amen Properties.

Amen Properties is a Christian corporation that donates 10% of its net earnings to Christian causes.

Evolution of Strategy – Increasing Focus on Energy

Real Estate

Having sold all its assets, the Company embarked on a new business strategy in 2002 focused on real estate investments in secondary and out-of-favor markets. The Company acquired an 18% interest in an entity which owns over 200 thousand square feet of office space located in Midland, Texas but was unable to find additional viable real estate investment opportunities. Consequently, the Company decided to maintain its relatively small investment in real estate and focus on other areas for growth.

In December 2014, the Company sold its interest in the Midland office buildings; its only remaining real estate asset is an 18% interest in a parking lot in downtown Midland (the "Superblock").

Energy Services

In 2003 deregulation of the Texas electricity market, the largest electricity market in the United States, created numerous opportunities for growth. The Company decided to approach this market in two ways:

- **Retail Electricity Provider (REP)**: In 2004 the Company started a REP named W Power. As a REP, W Power sold electricity and provided the related billing, customer service and collection services to residential and commercial customers. ***In June of 2008, the Company decided to shut down the operations of W Power due to the significant credit requirements imposed on REP's by the State of Texas and adverse changes in the business climate of the Texas retail electricity market.***
- **Energy Management and Consulting**: In 2006 the Company acquired Priority Power, one of the leading electricity aggregation, brokering and consulting firms in the State of Texas, for a total purchase price of $3.5 million. Priority provides services to its customers in the areas of load aggregation, natural gas and electricity procurement, energy risk management, and energy consulting in both regulated and deregulated domestic markets. ***In October of 2010, the Company sold Priority Power to its management team.***

Energy Resources

One of the elements of the Company's revised business plan was to tap into the oil and gas expertise possessed by several of its Directors to acquire profitable oil and gas-related assets. The Company owns numerous oil and gas royalty and working interests in several states, including those acquired from the former Santa Fe Energy Trust in 2007:

- **Santa Fe Energy Trust Assets**: in December 2007 the Company acquired a one-third interest in the royalty (SFF Royalty, LLC) and working (SFF Production, LLC) interests formerly owned by the Santa Fe Energy Trust for a total purchase price of $10 million. In December 2008, the Company increased its ownership of SFF Production to approximately 79% for an additional investment of $6.9 million. In December 2014, the Company purchased the remaining shares of SFF Production for a total purchase price of $1.3 million and now owns 100%.

People

Amen's Board of Directors

Eric L. Oliver was appointed as a director of AMEN in July 2001 and was appointed Chairman of the Board on September 19, 2002. Mr. Oliver was elected to the Board of Texas Mutual Insurance Company in 2009. He is founder of Softvest LP in Abilene and serves on the board of ACIMCO, Abilene Christian University's endowment management company.

Jon M. Morgan was appointed as a director of AMEN in October 2000 and is the Chairman and CEO of Anthem Oil and Gas, Inc. based in Midland Texas. Mr. Morgan principally founded and has been actively involved in over a dozen companies involved in real estate, oil and gas, minor league sports, geophysical services, financial services, data management, power procurement and the internet.

Bruce E. Edgington has been director of AMEN since November 1997. From 1979 through 1988, Mr. Edgington was a registered representative with Johnston Lemon & Co., a securities broker-dealer, where his responsibilities included the management of retail securities accounts and administration. In 1988 he founded and continues to be an officer, director and stockholder of DiBiasio & Edgington, a firm engaged in providing software to investment firms and money managers. He currently serves as a director for wireless charging firm Momentum Dynamics.

Management Team

Kris Oliver was appointed Chief Financial Officer of the Company on March 7, 2007. Mr. Oliver is a Certified Public Accountant and began his career in the Audit Practice of Arthur Andersen, where he left as an Audit Senior in 1990. After receiving an MBA in Finance from the University of Texas at Austin in 1992, Mr. Oliver spent 14 years at American Airlines / Sabre in a variety of roles including Corporate Finance, Business Development, Marketing and Sales. Just prior to joining the Company, Mr. Oliver was a Senior Financial Advisor with Technology Partners International, the world's largest outsourcing advisory firm. Mr. Oliver served on the Richardson ISD Board of Trustees from 2010 through 2017 and is the brother of Eric Oliver, the Company's Chairman of the Board of Directors.

MANAGEMENT DISCUSSION and ANALYSIS
2021 FINANCIAL RESULTS

Operating

The Company recognized $3.1 million in oil and gas revenue for the year, an increase of $1.9 million versus 2020. Operating Income was $725 thousand for the year versus a loss of $(313) thousand in 2020. This improvement in earnings is attributable to increased demand and commodity prices for oil and gas.

Investments / Other

During the year, the Company recognized the following transactions related to investment income:

- $875 thousand of equity income and cash distributions totaling $812 thousand resulting from its investment in SFF Royalty, LLC.
- Distribution of $53 thousand from its investment in real estate.
- $152 thousand recognized in connection with assignment of a working interest.

Amen's Board approved a plan in 2012 whereby the Company will no longer hedge the revenue stream associated with its oil and gas royalties. The Board reached this decision based on reduced cash flow risk associated with the retirement of the Company's debt in 2011. The Company has notified shareholders that they now hold an unhedged long oil and gas position and should pursue their own hedging strategy if they are uncomfortable with that risk.

Net Income / Dividends

The Company recognized Net Income of $1.8 million for the year versus a loss of $(683) thousand in 2020. The increase in earnings was caused primarily by the increase in oil and gas revenue described above. In accordance with the Company's bylaws, an accrual equivalent to 10% of the Company's Net Income was recorded at yearend to be paid as a tithing dividend. The Board made the decision to fulfill its tithing obligation via issuance of a dividend since the Company still has a Net Operating Loss carryforward of approximately $4 million which can be used to offset tax obligations.

The Company paid $30 per common share in dividends during the year and anticipates making regular quarterly dividends to common stockholders, the amount of which will be largely determined by fluctuations in commodity prices for oil and gas.

AMEN Properties, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31, 2021 (Unaudited)	December 31, 2020 (Audited)
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,397,429	$ 3,222,609
Accounts Receivable, net of allowance	354,528	204,749
Other Current Assets	116,409	242,436
Total Current Assets	3,868,366	3,669,794
PROPERTY AND EQUIPMENT	5,222	4,184
DEFERRED INCOME TAX ASSET	-	-
INVESTMENT IN SFF ROYALTY	181,474	117,860
OIL AND GAS ROYALTY AND WORKING INTERESTS	835,714	1,023,089
INVESTMENT IN REAL ESTATE	400,710	400,710
OTHER ASSETS		
Deposits and Other Assets	7,381	-
Total Other Assets	7,381	-
TOTAL ASSETS	$ 5,298,867	$ 5,215,637

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts Payable	133,327	218,669
Accrued Liabilities	188,831	203,940
Accrued Tithing (to be paid via dividend)	175,484	-
Total Current Liabilities	497,642	422,609
DEFERRED INCOME TAX LIABILITY	-	-
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDER'S EQUITY		
Common Stock, $.01 par value; 20,000,000 shares authorized; 53,146 shares issued and outstanding at December 31, 2021 and December 31, 2020, respectively	531	531
Treasury Stock, at cost	(452,005)	(446,755)
Additional Paid-in Capital	54,942,016	54,942,016
Accumulated Deficit	(49,689,317)	(49,702,764)
Accumulated Other Comprehensive Income	-	-
Total Stockholders' Equity	4,801,225	4,793,028
TOTAL LIABILITIES AND EQUITY	$ 5,298,867	$ 5,215,637

The accompanying notes are an integral part of these consolidated financial statements.

AMEN Properties, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS

	Twelve Months Ended December 31,	
	2021 (Unaudited)	**2020 (Audited)**
OPERATING REVENUE		
Oil and Gas Revenue	$ 3,065,157	$ 1,143,276
Total Operating Revenue	3,065,157	1,143,276
OPERATING EXPENSE		
Oil and Gas Operations	1,121,620	816,575
General and Administrative	790,923	684,904
Depreciation, Amortization and Depletion	424,622	(52,272)
Charitable Contributions	3,000	6,996
Total Operating Expenses	2,340,165	1,456,203
INCOME/(LOSS) FROM OPERATIONS	724,992	(312,927)
OTHER INCOME (EXPENSE)		
Interest Income (Expense)	1,315	28,036
Income from Real Estate Investment	53,415	132,113
Income from SFF Royalty	875,281	605,746
Other Income	151,668	(1,149,237)
Total Other Income	1,081,679	(383,342)
INCOME BEFORE TAXES	1,806,671	(696,269)
Franchise and Other Income Taxes	(49,330)	13,207
Current Federal Income Tax		
Deferred Federal Income Tax	-	-
NET INCOME	$ 1,757,341	$ (683,062)

The accompanying notes are an integral part of these consolidated financial statements.

AMEN Properties, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional	Accumulated	Accumulated Other Comprehensive		
	Shares	Amount	Paid-in Capital	Deficit	Income / (Loss)	Treasury Stock	Total Equity
BALANCE, DECEMBER 31, 2019 (Audited)	53,146	$ 531	$ 54,942,016	$ (47,059,502)	$ (1,143,035)	$ (446,755)	$ 6,293,255
Common stock dividends				(1,960,200)			(1,960,200)
Other comprehensive income / (loss)					1,143,035		1,143,035
Net income (loss)				(683,062)			(683,062)
Total comprehensive income / (loss)				(683,062)	1,143,035		459,973
BALANCE, DECEMBER 31, 2020 (Audited)	53,146	$ 531	$ 54,942,016	$ (49,702,764)	$ -	$ (446,755)	$ 4,793,028
Common stock dividends	-	-	-	(1,743,894)	-	-	(1,743,894)
Purchase of treasury stock	-	-	-	-	-	(5,250)	(5,250)
Net income (loss)	-	-	-	1,757,341	-	-	1,757,341
Total comprehensive income / (loss)	-	-	-	1,757,341	-	-	1,757,341
BALANCE, DECEMBER 31, 2021 (Unaudited)	53,146	$ 531	$ 54,942,016	$ (49,689,317)	$ -	$ (452,005)	$ 4,801,225

The accompanying notes are an integral part of these consolidated financial statements.

AMEN Properties, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOW

	Twelve Months Ended December 31,	
	2021 (Unaudited)	2020 (Audited)
Cash Flows from Operating Activities		
Net Income	$ 1,757,341	$ (683,062)
Adjustments to Reconcile Net Income to		
Cash Provided by Operating Activities		
Gain on Sale / Assignment of Leasehold Interest	(151,668)	(129,168)
Depreciation, Amortization & Depletion	424,622	(52,272)
Equity Income from SFF Royalty Investment	(875,281)	(605,746)
Changes in Operating Assets and Liabilities		
Accounts Receivable	(149,779)	217,426
Deposits and Other Assets	118,646	56,969
Accrued Tithe	175,484	-
Accounts Payable / Accrued Liabilities	(100,451)	55,376
Net Cash Provided by / (Used In) Operations	1,198,914	(1,140,477)
Cash Flows from Investing Activities		
(Purchases) / Disposition of Property & Equipment, net	(3,586)	-
Loss / (Gain) on Sale of Marketable Securities	-	1,280,535
Development of Oil & Gas Interests	(234,699)	(406,592)
Proceeds from Sale / Assignment of Leasehold Interest	151,668	129,168
Distributions from SFF Royalty	811,667	601,666
Net Cash Provided by / (Used In) Investing Activities	725,050	1,604,777
Cash Flows from Financing Activities		
Purchase of Treasury Stock	(5,250)	-
Common Stock Dividends	(1,743,894)	(1,960,200)
Net Cash Provided by / (Used In) Financing Activities	(1,749,144)	(1,960,200)
Net Increase / (Decrease) in Cash	174,820	(1,495,900)
Cash at Beginning of Period	3,222,609	4,718,509
Cash at End of Period	$ 3,397,429	$ 3,222,609

The accompanying notes are an integral part of these consolidated financial statements.

NOTE A - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Organization*

Company Background

- The Company was originally incorporated as DIDAX, Inc., in January 1997
- Until December 2002 the Company operated under the name Crosswalk.com; its primary businesses were operation of the Christian web portal *crosswalk.com*™ and a direct mail advertising service.
- During the last quarter of 2002, the Company sold substantially all its assets except for the Company's accumulated Net Operating Loss ("NOL") and changed its name to AMEN Properties, Inc.
- A revised business plan was approved by the shareholders in 2002, and called for the Company to grow via the selective acquisition of cash-generating assets in three categories:
    - Commercial real estate in secondary stagnant markets
    - Commercial real estate in out of favor growth markets
    - Oil and gas royalties

Company Organization

In initiating the 2002 business plan the Company, in October 2002, formed the following entities:

- NEMA Properties LLC ("NEMA"), a Nevada limited liability company 100% owned by AMEN
- AMEN Delaware LP ("Delaware"), a Delaware limited partnership owned 99% by NEMA as the sole limited partner and 1% by AMEN, as the sole general partner
- AMEN Minerals LP ("Minerals"), a Delaware limited partnership, owned 99% by NEMA as the sole limited partner and 1% by AMEN, as the sole general partner.

On July 30, 2004, the Company formed W Power and Light LP ("W Power"), a Delaware limited partnership owned 99% by NEMA as the sole limited partner and 1% by AMEN, as the sole general partner. On May 18, 2006, the Company acquired 100% of Priority Power Management, Ltd. and Priority Power Management Dallas, Ltd. (collectively "Priority Power") effective April 1, 2006. Priority Power is owned 1% by AMEN, as the sole general partner, and 99% by NEMA, as the sole limited Partner.

Corporate Reorganization

On December 17, 2007, the Company approved a corporate reorganization (the "Reorganization") effective January 1, 2008. As part of the Reorganization, the Delaware Partnership, the Minerals Partnership, the PPM Partnership, and the W Power Partnership were each converted from limited partnerships into limited liability companies with AMEN owning 100% of the shares and as the sole managing member of each entity. The converted entities are:

- AMEN Delaware, LLC, ("Delaware")
- AMEN Minerals, LLC, ("Minerals")
- NEMA Properties, LLC, ("NEMA")
- Priority Power Management, LLC ("Priority Power")
- W Power and Light, LLC, ("W Power")

On May 31, 2008, as part of the Reorganization, NEMA was converted from a Nevada Limited Liability Company to a Texas Limited Liability Company.

As used herein, the terms "Company" and "AMEN" and references to "we" and "our" refer to all of AMEN Properties, Inc., NEMA, Delaware, Minerals, and W Power and Priority Power unless the context otherwise requires.

On September 28th, 2009, the Company approved a reorganization plan effective January 1, 2010 whereby Delaware, Minerals and NEMA were dissolved and the assets and liabilities of each entity were conveyed to Amen Properties, Inc.

2. *Basis of Presentation*

The consolidated financial statements include the accounts of the Company and its majority-owned/controlled subsidiaries and affiliates. Inter-company balances and transactions have been eliminated.

Management uses estimates and assumptions in preparing the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses in the consolidated financial statements, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

3. *Cash Equivalents*

The Company considers cash on hand, cash on deposit in banks, money market mutual funds and highly liquid debt instruments purchased with a maturity of three months or less to be a cash equivalent.

4. *Marketable Investments*

The Company invests in U.S. government bonds and treasury notes, municipal bonds, certificates of deposit, corporate bonds and other securities. Investments with original maturities greater than three months but less than twelve months from the balance sheet date are short-term investments. Those investments with original maturities greater than twelve months from the balance sheet date are long-term investments.

The Company's marketable securities are classified as available-for-sale as of the balance sheet date and are reported at fair value with unrealized gains and losses, net of tax, recorded in stockholders' equity. Realized gains or losses and permanent declines in value, if any, on available-for-sale investments are reported in other income or expense as incurred.

5. *Fair Value of Financial Instruments*

Generally accepted accounting principles require disclosure of fair value information about financial instruments, whether or not recognized in the accompanying consolidated balance sheet. Fair value is defined as the amount at which an instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. The fair value estimates of financial instruments are not necessarily indicative of the amounts we might pay or receive in actual market transactions. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The carrying value of cash and cash equivalents, investments, accounts receivable, notes receivable, and accounts payable approximate fair value because of the relatively short maturity of these instruments. Disclosure about fair value of financial instruments is based on pertinent information available to management as of the balance sheet date.

6. *Accounts Receivable*

The Company's trade receivables are primarily from lease operators or purchasers. Management regularly reviews accounts receivable and estimates the necessary amounts to be recorded as an allowance for doubtful accounts. The Company considers trade receivables to be fully collectible.

7. *Depreciation, Amortization and Depletion*

Property and equipment are stated at cost. Depreciation is determined using the straight-line method over the estimated useful lives ranging from three to 10 years. Royalty acquisitions are stated at cost. Depletion is determined using the units-of-production method based on the estimated oil and gas reserves.

8. *Revenue Recognition*

On January 1, 2018, the Company adopted Accounting Standards Codification ("ASC") 606, "Revenue from Contracts with Customers," ("ASC 606") using the modified retrospective transition method. The adoption did not require an adjustment to retained earnings as there was no material change to the timing or pattern of revenue recognition due to the adoption of ASC 606. The Company recognizes revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

9. *Impairment of Long-Lived Assets*

Generally accepted accounting principles specify circumstances in which certain long-lived assets must be reviewed for impairment. If the carrying amount of an asset exceeds the sum of its expected cash flows, the asset's carrying value must be written down to fair value. The Company periodically evaluates the recoverability of the carrying value of its long-lived assets and identifiable intangibles by monitoring and evaluating changes in circumstances that may indicate that the carrying amount of the asset may not be recoverable. Examples of events or changes in circumstances that indicate that the recoverability of the carrying amount of an asset should be assessed include but are not limited to the following: a significant decrease in the market value of an asset, a significant change in the extent or manner in which an asset is used or a significant physical change in an asset, a significant adverse change in legal factors or in the business climate that could affect the value of an asset or an adverse action or assessment by a regulator, an accumulation of costs significantly in excess of the amount originally expected to acquire or construct an asset, and/or a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with an asset used for the purpose of producing revenue.

The Company considers historical performance and anticipated future results in its evaluation of potential impairment. Accordingly, when indicators or impairments are present, the Company evaluates the carrying value of these assets in reaction to the operating performance of the business and future discounted and non-discounted cash flows expected to result from the use of these assets. Impairment losses are recognized when the sum of expected future cash flows are less than the assets' carrying value.

10. *Investment in Real Estate and SFF Group*

The Company's determination of the appropriate accounting method with respect to investments in limited partnerships, limited liability companies and other subsidiaries is based on control. For general partner interests, the Company is presumed to control (and therefore consolidate) the entity, unless the other limited partners have substantive rights that overcome this presumption of control. These substantive rights allow the limited partners to participate in significant decisions made in the ordinary course of the entity's business. The Company accounts for its non-controlling general partner investments in these entities under the equity method. This treatment also applies to the Company's managing member interests in limited liability companies.

The Company's determination of the appropriate accounting method for all other investments in subsidiaries is based on the amount of influence the Company has (including our ownership interest) in the underlying entity. Those other investments where the Company can exercise significant influence (but not control) over operating and financial policies of such subsidiaries (including certain subsidiaries where the Company has less than 20% ownership) are accounted for using the equity method. The Company eliminates transactions with such equity method subsidiaries to the extent of the ownership in such subsidiaries. Accordingly, the Company's share of the earnings or losses of these equity method subsidiaries is included in net earnings. All the Company's remaining investments are carried at cost. Under either the equity or cost method, impairment losses are recognized upon evidence of other-than-temporary losses of value.

The Company's investments in real estate and SFF Royalty (see Notes D and E) are recorded at cost, adjusted for its equity share of earnings, using the equity method of accounting, and cash contributions and distributions.

11. *Income and Franchise Taxes*

The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and net operating loss and tax credit carryforwards. The amount of deferred taxes on these temporary differences is determined using the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, as applicable, based on tax rates and laws in the respective tax jurisdiction enacted as of the balance sheet date.

The Company reviews its deferred tax assets for recoverability and establishes a valuation allowance based on projected future taxable income, applicable tax strategies and the expected timing of the reversals of existing temporary differences. A valuation allowance is provided when it is more likely than not (likelihood of greater than 50 percent) that some portion or all the deferred tax assets will not be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based upon the technical merits of the position. If all, or a portion, of the unrecognized tax benefit is sustained upon examination by the taxing authorities, the tax benefit will be recognized as a reduction to the Company's deferred tax liability and will affect the Company's effective tax rate in the period it is recognized. The Company records any tax-related interest charges as interest expense and any tax- related penalties as other expense in the consolidated statements of operations. The Company is no longer subject to income tax examinations by the U.S. federal, state, or local authorities with few exceptions for periods prior to 2017.

12. *Corporate Tithing*

The Company shall, to the extent permitted by law, expend from the revenues of the Company such sums as are deemed prudent by the Board of Directors to support, encourage, or sustain persons or entities which in the judgment of the Board of Directors are expected to make significant efforts to propagate the Gospel of Jesus Christ in any manner not in conflict with the Statement of Faith. Such expenditures may be made without regard to the tax status or nonprofit status of the recipient. It is expected that the expenditures paid out under the provisions of this policy shall approximate ten percent (10%) of the amount that would otherwise be the net profits of the Company for the accounting period.

13. *Management Estimates*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from such estimates. Material estimates that are particularly susceptible to significant changes in the near term relate to the recognition of revenues, the estimate of the allowance for doubtful accounts, the estimate of asset impairments and the determination of depreciation and amortization expense.

14. *Environmental Costs*

Environmental costs that relate to current operations are expensed or capitalized as appropriate. Costs are expensed when they relate to an existing condition caused by past operations and will not contribute to current or future revenue generation. Liabilities related to environmental assessments and/or remedial efforts are accrued when property or services are provided or can be reasonably estimated.

The Company, through its ownership of working interests is subject to extensive federal, state, and local environmental laws and regulations. These laws, which are constantly changing, regulate the discharge of materials into the environment and may require the operator to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites.

Environmental costs that relate to current operations are expensed or capitalized as appropriate. Costs are expensed when they relate to an existing condition caused by past operations and will not contribute to current or future revenue generation. Liabilities related to environmental assessments and/or remedial efforts are accrued when property or services are provided or can be reasonably estimated.

15. *Subsequent Events*

The Company has evaluated subsequent events through the date of issuance of the consolidated financial statements. The Company is not aware of any reportable subsequent events.

16. *Recently Issued Accounting Pronouncements*

In June 2016, the FASB issued Accounting Standards Update No. 2016-13 "Financial Instruments – Credit Losses." This Update changes the impairment model for most financial assets and certain other instruments, including trade and other receivables, held-to-maturity debt securities and loans, and requires entities to use a new forward-looking expected loss model that will result in the earlier recognition of allowance for losses. This update is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted for a fiscal year beginning after December 15, 2018. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted.

In August 2018, the FASB issued Accounting Standards Update No. 2018-13 "Disclosure Framework: Changes to the Disclosure Requirements for Fair Value Measurement," which changes the disclosure requirements for fair value measurements by removing, adding, and modifying certain disclosures. ASU 2018-13 is effective for financial statements issued for annual periods beginning after December 15, 2019, and interim periods within those annual periods. Early adoption is permitted. The Company is currently evaluating the impact of adoption of the ASU on its related disclosures and does not expect it to have a material impact on the financial statements.
Management does not believe these new standards will have a material impact on its financial statements.

NOTE B – CONCENTRATIONS OF CREDIT RISK

The Company maintains cash balances at several financial institutions, which at times may exceed federally insured limits. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks on such accounts.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment, at cost, consisted of the following at December 31, 2021 and December 31, 2020:

	12/31/2021	12/31/2020
Furniture, fixtures and equipment	$ 7,223	$ 9,878
Less: accumulated depreciation	(2,001)	(5,694)
	$ 5,222	$ 4,184

NOTE D – INVESTMENT IN REAL ESTATE

As of the balance sheet date, the Company's only remaining real estate asset is an 18% interest in a parking lot in downtown Midland (the "Superblock").

NOTE E – OIL AND GAS ROYALTY AND WORKING INTERESTS

The Company owns oil and gas royalty and working interests in several states. Under accounting principles generally accepted in the United States of America, revenues and expenses are recognized on an accrual basis. Oil and gas revenue is generally received one to two months following the month of production and the Company uses estimates to accrue.

SFF Interests

On December 17, 2007, the Company invested $7.6 million in SFF Royalty, LLC ("SFF Royalty") and $2.4 million in SFF Production ("SFF Production") in exchange for a one-third ownership interest in each entity. Also on December 17, 2007, SFF Royalty and SFF Production acquired the following properties from Santa Fe Energy Trust (the "Trust") and Devon Energy Production Company, LP ("Devon"):

	Acquired from the Trust		Acquired from Devon		
Acquiring Entity	**Description**	**Purchase Amount**	**Description**	**Purchase Amount**	**Total Purchase**
SFF Royalty	Net profits interests in royalty interests owned by Devon	$ 21,077,688	Royalty interests subject to Trust's net profits interests	$ 2,254,662	$ 23,332,350
SFF Production	Net profits interests in working interests owned by Devon	6,072,125	Working interests subject to Trust's net profits interests	649,531	6,721,656
Totals		$ 27,149,813		$ 2,904,193	$ 30,054,006

In December 2008, the Company increased its ownership of SFF Production to approximately 79% for an additional investment of $6.9 million. In December 2014, the Company purchased the remaining shares of SFF Production for a total purchase price of $1.3 million and now owns 100% of that entity. The financial position and results of SFF Production are now consolidated with the Company's.

The Company's equity in SFF Royalty, LLC consists of the following at December 31, 2021 and December 31, 2020:

	12/31/2021	12/31/2020
Investment in SFF Group	$ 117,860	$ 113,780
Capital Distributions	(811,667)	(601,666)
Equity Earnings	875,281	605,746
	$ 181,474	$ 117,860

The Company's investment and equity earnings results for 2021 are based on the results of SFF Royalty, LLC. SFF Royalty, LLC reported the following consolidated financial information for 2021:

	SFF Royalty
Total Assets	$ 656,445
Total Liabilities	54,805
Net Income	2,626,105

NOTE F – ACCRUED LIABILITIES

Accrued liabilities consisted of the following at December 31, 2021 and December 31, 2020:

	12/31/2021	12/31/2020
Accrued Oil & Gas Operating Expenses	193,281	193,890
Accrued Corporate Tithing	175,484	-
Other Liabilities	(4,450)	10,050
Total Accrued Liabilities	$ 364,315	$ 203,940

NOTE G – INCOME TAXES

Taxes are provided on all revenues and expenses in the statement of operations, regardless of the period in which such items are recognized for income tax purposes, except for items representing a permanent difference between pretax accounting income and taxable income.

NOTE H – COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company is subject to claims and lawsuits which arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position of the Company.

NOTE I – STOCKHOLDERS' EQUITY

Treasury Stock

The Company has purchased 889 shares under the Company's stock repurchase program. These shares are being held by the Company as treasury stock and are reflected on the balance sheet at cost.

Common Dividend

During 2021, the Company's Board of Directors declared the following quarterly dividends:

Record Date	Payment Date	Per Share Amount
March 24	March 31	$7.50
June 23	June 30	$7.50
September 23	September 30	$7.50
December 23	December 30	$7.50