GETZ & ASSOCIATES
INCORPORATED

# ANNUAL REPORT

## AND PROXY STATEMENT

# 2023

GETZ & ASSOCIATES
INCORPORATED

Carlton A. Getz, President & Secretary
Martin E. Kofsky, Vice President

February 17, 2024

Fellow Shareholders,

The last year was a milestone year during which shareholders' equity exceeded $1,000,000 and the net asset value per share nearly reached $200.00. The year also marked the fourth consecutive year during which our performance exceeded that of the S&P 500 index on a tax-adjusted basis building on our long-term trend of relative outperformance. The periodic comparison of performance with investment benchmarks over arbitrary time frames has never been of particular consequence to us and our performance relative to any benchmark or metric will inevitably vary over time. However, in my view this record reaffirms our longstanding belief that consistent adherence to a long-term value-oriented investment philosophy will yield superior long-term results.

Consistent adherence, though, and the confidence to identify value is perhaps the most difficult aspect of investment management, especially in the face of real or perceived adversity. I've previously commented on our view that markets are highly efficient at reflecting perception but less so at reflecting reality which creates opportunities for the diligent. Benjamin Graham, the father of value investing, personified this tendency in Mr. Market, a fellow who was always willing to buy or sell any stock but was prone to fits of euphoria and panic. The successful value investor does not succumb to the same irrational exuberances and fears but always deals with Mr. Market objectively regardless of his mood. The recent banking panic was a prime example of momentary fear overcoming objectivity wherein applying our investment philosophy (and fundamental analysis) allowed us to confidently identify value amidst adversity.

Indeed, our analysis[1] of financial institutions demonstrated, for example, significant fundamental differences between Silicon Valley, First Republic, and PacWest. Critically, the liquidity required to cover panic driven withdrawals of uninsured deposits at the two former institutions would drive their regulatory capital ratios below well capitalized thresholds while this was not the case for PacWest. PacWest's regulatory ratios and profitability would certainly be impaired but not catastrophically, leaving the bank a well-capitalized institution even under improbable conditions. In an environment where all the market saw was "bank," our analysis allowed us to differentiate and identify intrinsic value, with confidence, by separating stable institutions from weak institutions. Moreover, our preference for preferred shares over common shares proved prescient.

Our investment portfolio remains focused on companies with strong financial positions and prospects yet generally modest valuations in accordance with our long-term value-oriented investment philosophy. This philosophy has yielded compelling results over more than a quarter century. Still, separating the wheat from the chaff in a world saturated with negative news can be a daunting task. Steven Pinker, a cognitive psychologist, wrote a missive in the *Guardian*[2] discussing our natural bias towards the negative at the expense of the positive. In doing so he posed the question of what headline would lead in a newspaper published only once every fifty years given the enormous progress made – economically, environmentally, medically, technologically – over the course of decades. The same inherent bias towards negative news and outcomes applies in an investing context. We must always ask if we are focusing on the right issues. Indeed, opportunities are often at their best when events appear at their worst. The importance of finding stability in troubled times remains relevant lest we become focused on the immediate at the expense of the larger picture. I doubt any of us would be worse for wear occasionally tuning out the news and taking a walk to meditate on a broader view.

Sincerely,

Carlton A. Getz, CFA
President, Getz & Associates, Incorporated

[1] Carlton Getz, *PacWest Bancorp: A Regulatory Capital Perspective,* SeekingAlpha.com (May 5, 2023)
[2] Steven Pinker, *The Media Exaggerates Negative News,* Guardian.com (February 17, 2018)

**Notice to the Shareholders of**

# Getz & Associates, Incorporated

**of the**

## Twenty Eighth Annual Meeting of Shareholders

**to be held at 2:00 o'clock PM on Wednesday, April 17, 2024,**
**at**
**207 Fourth Avenue**
**Salt Lake City, Utah 84103**

Dear Shareholder,

You are hereby cordially invited to attend the Annual Meeting of Shareholders of Getz & Associates, Incorporated, to be held at 207 Fourth Avenue, Salt Lake City, Utah, 84103, and to begin promptly at 2:00 o'clock PM (Mountain time) on Wednesday, April 17, 2024. The purpose of the meeting is to review the Corporation's performance over the past year, elect a Director to the Board of Directors of the Corporation, and to address any other business that may be properly brought before the meeting. The Corporation encourages your attendance at and participation in the meeting which may also be attended remotely via Zoom by typing the following link into your browser and using the indicated passcode:

https://us05web.zoom.us/j/87070579888?pwd=Bvi6ebmtDQUPLYb5rNWhqv3DTrVe1P.1
Meeting ID: 870 7057 9888
Passcode: 9vVcXa

All Shareholders of record as of December 10, 2023, are eligible to cast a vote at the Annual Meeting of Shareholders. Please find enclosed a proxy card representing your power to vote in absence on the issue before the meeting, the election of a Director to the Board of Directors of the Corporation. Even if you plan to attend the meeting, please either vote, sign, date, and return your proxy card to an officer of the Corporation by hand or by mail or vote your proxy electronically via the "Annual Meeting Proxy" tab at www.getz-associates.com as soon as possible. If you plan to attend the meeting in person, remember that you have the right to change your vote at any time prior to the announcement of the voting results. A specific request will be made at the meeting before results are announced to account for any such changes.

In addition, please note that space has been provided at the bottom of your proxy card (as well as in the electronic proxy form) for you to indicate your preferred method of receiving future shareholder communications, including periodic financial reports, either electronically via the Corporation's web site, www.getz-associates.com, or in hardcopy via standard postal mail. The delivery method selected may be modified at any time in the future via written request to the Corporation.

We look forward to seeing you at the Annual Meeting of Shareholders and discussing with you the activities of the Corporation over the past year. Again, please remember to submit your proxy vote.

Most Sincerely,

Carlton A. Getz, CFA
Secretary, Getz & Associates, Incorporated

# TWENTY SEVENTH ANNUAL MEETING OF SHAREHOLDERS PROXY STATEMENT

There is only one issue before the Shareholders of the Corporation to be voted upon at the Annual Meeting of Shareholders. The Corporation has not been notified or otherwise informed of the intention of any Shareholder to bring before the meeting an alternate proposal or any other proposal for a vote of the Shareholders, although Shareholders may do so at their discretion in the proper manner. Please remember to either vote, sign, date, and return your proxy card or submit your proxy electronically via the "Annual Meeting Proxy" tab at www.getz-associates.com.

**Item 1)** The Bylaws of the Corporation provide for the election of a Director at every Annual Meeting of Shareholders, to serve a term on the Board of Directors to last from the Annual Meeting at which such Director shall be elected until the election of a new Director at the Annual Meeting immediately following. The Board of Directors of the Corporation is responsible for overseeing the general operations of the Corporation, establishing corporate policy, considering resolutions for carrying out corporate business, selecting the executive staff, and performing other duties beyond the daily management of the Corporation's affairs.

Only one individual has been nominated for the position of Director of the Corporation. Mr. Carlton A. Getz, CFA, currently serves as the President, Secretary, and Director of the Corporation, and has done so since the Corporation was founded in 1995. Mr. Getz is not compensated for any of his duties in accordance with the Bylaws of the Corporation. Additionally, Mr. Getz is a Shareholder of the Corporation and, as of December 31, 2023, held 3,500 shares of the Corporation's issued and outstanding common stock. Mr. Getz has notified the Corporation that certain investments held by the Corporation are in public companies in which Mr. Getz also holds shares on a personal basis. Questions regarding these activities or other information may be asked at the Annual Meeting of Shareholders or directed to the Corporation.

**The Board of Directors of the Corporation recommends a vote FOR item one.**

**The Board of Directors**
**Getz & Associates, Incorporated**

## PROXY STATEMENT DISCLOSURES

### SHARE OWNERSHIP OF CORPORATE OFFICERS

The Corporation had two corporate officers as of December 31, 2023. The following table presents, as of that date, the number of shares of the Common Stock beneficially owned by each of the corporate officers.

| Name and Position | Shares of the Common Stock Held | Percent of Outstanding Shares |
|---|---|---|
| Carlton A. Getz<br>President, Secretary, & Director (G&A)<br>Managing Director (Winter Harbor Advisors) | 3,500 | 62.10% |
| Martin E. Kofsky<br>Vice President | 19.4896 | 0.35% |
| **Total All Officers and Directors:** | **3,519.4896** | **62.45%** |

## COMPENSATION OF CORPORATE OFFICERS

The corporate officers of the Corporation are not eligible to receive any base compensation. However, the executive officer of the Corporation's advisory unit, Winter Harbor Advisors, L.L.C., is eligible to receive compensation from the advisory unit for services rendered in that capacity.

The following table presents, for the calendar years indicated, the base compensation, bonus, other, and total compensation of the executive officer of the advisory unit:

| Name and Position | Year | Base Compensation[1] | Bonus[2] | Other[3] | Total |
|---|---|---|---|---|---|
| Carlton A. Getz | 2023 | $48,480 | $300 | $12,195 | $60,975 |
| Managing Director | 2022 | $52,320 | $0 | $13,080 | $65,400 |
| (Winter Harbor Advisors) | 2021 | $42,720 | $4,000 | $11,680 | $58,400 |

[1] The Managing Director's base compensation is calculated at the beginning of the respective year based on a formula which, generally, sets base compensation at 95% of the maximum possible compensation, considering estimated investment advisory revenues and expenses, including income and other taxes, which will result in an after tax return on equity of 25% for the advisory unit.

[2] In the event that, at the end of a given calendar year, the advisory unit's after tax return on equity exceeds 25%, the Managing Director is eligible to receive a performance bonus equal to 50% of the net income of the advisory unit over the net income required to achieve a return on beginning equity of 25%.

[3] Other compensation consists of contributions by the advisory unit to a SEP IRA retirement plan established on behalf of the indicated employee.

The advisory unit incurs certain other expenses on behalf of its employees, including professional organization dues, which are directly related to the performance of its business. These expenses are included in operating expenses and are not considered compensation. No other officer or employee received any direct or indirect compensation from the Corporation or any of its subsidiaries for any of the years presented.

**Annual Report to the Shareholders of**

# Getz & Associates, Incorporated

# 2023

**207 Fourth Avenue**
**Salt Lake City, Utah 84103**

## INTRODUCTION

The annual report summarizes the operating results and financial position of the Corporation. The report is organized into two sections to present the financial statements and results of operation in a clear and concise manner. The first section provides an overview of the Corporation's activities and operating results for the past year. The second section presents the Corporation's financial statements and associated notes to the financial statements.

The annual report may include certain forward-looking statements which represent management's estimates and/or expectations about future events and the impact such future events may have on the Corporation. However, the future is inherently uncertain and all forward-looking statements contained in the annual report are therefore conditioned on the understanding that factors beyond the Corporation's control, whether foreseeable or unforeseeable, may result in outcomes which differ from management's estimates and/or expectations and such differences may favorably or unfavorably impact the Corporation's future financial position and actual operating results. The forward-looking statements made herein should therefore not be construed as guarantees of future results or outcomes but instead as statements providing management's perspective on how such future events may impact the Corporation's activities, financial position, and operating results.

Getz & Associates, Incorporated, always appreciates feedback; should you have any comments or questions regarding information in this annual report or on any other matter related to the Corporation, please direct those comments and questions to the Corporation. Additionally, if you would like to see additional information of a specific nature in future annual reports, these comments will allow the Corporation to do everything possible to fully inform the shareholders of our business and objectives.

## OVERVIEW OF 2023

Fellow Shareholders,

The year was a landmark year for the Corporation as strong investment performance, particularly during the first and fourth quarters, bookended an otherwise unremarkable year. The outperformance of some of our largest portfolio positions combined with opportunistic purchases of bank preferred shares in the midst of the banking panic earlier in the year offset underperformance in other positions. The combination of strong investment performance and higher operating income propelled shareholders' equity above $1,000,000 and net asset value per share of Common Stock to just under $200.00.

Getz & Associates continues to make selective adjustments to the investment portfolio as opportunities arise. In March, as noted in the supplementary letter to the annual report last year, the Corporation took advantage of pervasive concerns about the regional banking sector to acquire positions in the preferred shares of three regional banks. The selection of preferred shares was driven by their comparative lack of exposure to the drawbacks for common shareholders in banks which may feel compelled to seek additional capital – dividend reductions, dilutive capital raises, and "takeunders" where a company's shares are acquired at a distress discount. The Corporation acquired preferred stock positions in three commercial banks based on our research on the financial position of the institutions relative to their distressed peers. The portfolio additions all performed well as the bank panic subsided over the course of the year with significant year end gains in all three positions – New York Community Bancorp preferred (+41%), Pacwest Bancorp preferred (+161%), and Western Alliance Bancorp preferred (+103%). In addition, dividend income from the preferred shares also significantly increased annual dividend income.

Notably, the selection of preferred shares proved prescient especially in the case of PacWest Bancorp which both cut its common stock dividend and was eventually sold to Banc of California, a smaller commercial bank, at a price per common share significantly less than before the panic and even less than at certain times before the sale. In comparison, the preferred shares rebounded strongly and continued to pay steady preferred dividends. New York Community Bancorp has more recently suffered similarly due to a reduction in the quarterly dividend although the preferred shares have performed significantly better than the common shares and, similarly, have to date maintained their stated dividends.

Portfolio performance was also driven by strong performance by a number of long-time portfolio holdings including retailer Signet Jewelers (+57.7%), industrial firm Eaton (+50.6%), homebuilder LGI Homes (+43.8%), and money center bank J.P. Morgan (+26.8%), all of which were among our largest positions at the beginning of the year. However, our holdings in Walgreens Boots Alliance (-35.4%) modestly offset positive performance elsewhere in the portfolio as the company continues to struggle with pharmacy reimbursement pressures and losses in its developing community health business.

In the meantime, while contributing positively to overall investment performance, our common stock holdings in community banks have proved somewhat lackluster as returns generally trailed other portfolio positions. Plumas Bancorp and First United Corporation both performed reasonably well and generally met our expectations for incremental growth and market recognition of their undervalued shares. However, Exchange Bank of Santa Rosa continues to be a disappointment as the bank's valuation fails to match the underlying strength of the business despite well above average dividend yield and loan loss reserves and well below average valuation multiples.

Finally, our modest options positions continued to contribute to overall investment returns. The short call option position established as a partial hedge against our significant position in Signet Jewelers, Limited, expired without being exercised at the beginning of the year resulting in a gain of nearly $5,000. Signet Jeweler's common shares continued to experience significant appreciation over the course of the year and particularly during the fourth quarter as enthusiasm within the retail sector propelled valuations to less attractive levels. As a result, we initiated a new short call option position as a partial hedge against a portion of our position in Signet Jewelers by selling call options covering 500 shares (one third of our holdings) at a strike price of $155.00. The short call options give the purchaser the right to acquire shares of the company at a fixed price, or strike price, on or before a specified date, otherwise known as the expiration date. The options expire on January 16, 2026, with a breakeven share price of approximately $168.17, a 56.8% premium to the share price as of December 31, 2023, resulting in an implied compound annual return of approximately 25% over the term of the options. In the event the options are held to expiration and expire unexercised the Corporation expects to realize a gain of approximately $6,600.

Winter Harbor Advisors, our investment advisory subsidiary, generated higher net income despite continued erosion in advisory revenues due to the challenging market environment over the course of the year. Assets under management remained depressed due to relatively weak market performance before experiencing a recovery in the last quarter in tandem with the market. However, compensation expense declined from the year before as compensation expense adjusted to reflect lower advisory revenues thus resulting in a higher operating margin and net profit. We are cautious going forward as the durability of the rapid rise in market valuations in the fourth quarter is uncertain which may result in ongoing volatility.

Overall, the combination of higher operating income and strong investment performance propelled shareholders' equity, as noted earlier, to more than $1,000,000. The resulting net asset value per share at year end was $196.09, an increase of $28.76 per share, or 23.6% from $158.69 at the end of the prior year. The total cumulative return to shareholders from the Corporation's inception (after operating expenses and taxes) stood at 3,565% (for a cumulative average annual return of 13.6%) versus a return for the S&P 500 (with dividend reinvestment) over the same period of 1,162%.

We continue to see opportunities in the market although market performance has increasingly been propelled by an ever narrower set of primarily large capitalization technology companies. The S&P 500 return over the last year would have been substantially less than the headline figure were the index not weighed by market capitalization. In the event the S&P 500 were equally weighted rather than weighted by market capitalization the annual return last year would have been closer to 3.8%. Moreover, had the S&P 500 excluded the "Magnificent Seven" (consisting of Amazon, Apple, Microsoft, Tesla, Nvidia, Google, and Meta), the annual return last year would have been in the range of 8.0%. This realization should add a measure of context to last year's significant gains in the market in that much of the gains are concentrated in a subset of very large and increasingly expensive (in terms of valuation) companies whose prospects the market is valuing quite highly. However, this also means that growth and value can still be found in what superficially appears an expensive market. It also serves as a stark contrast to our own portfolio and evidence, in my mind, of the fundamental strength of our investment philosophy and the resulting investment performance which has been achieved absent any allocation to these companies. We will endeavor to continue pursuing opportunities conforming to our investment philosophy in the coming year.

Sincerely,

Carlton A. Getz, CFA
President, Getz & Associates, Incorporated

## ANNUAL RESULTS AND DISCUSSION

The Corporation recorded net income (including net realized capital gains/(losses)) of $36,878.76, or $6.54 per common share, for the year ended December 31, 2023, on operating revenues of $110,647.91 and operating expenses of $66,175.34. Net capital losses, before the impact of income taxes, were ($294.10) as losses associated with the sale of the Corporation's position in Herman Miller offset gains associated with the sale of Western Digital and the expiration of options associated with Signet Jewelers. The loss on the sale of the Herman Miller position is a bit of an aberration since it was caused, in part, by the significant gain realized in prior years on the conversion of shares when Herman Miller acquired portfolio holding Knoll. Net income declined from the prior year due to the small net capital loss compared to significant net capital gains recorded in the prior year partially offset by a significant increase in dividend and interest income.

Operating revenues during the year were primarily derived from advisory revenues (67.4%) and dividend and interest income (32.7%). Advisory revenues declined slightly due to a decline in assets under management, particularly during the summer, largely related to weak market conditions. Dividend and interest income rose significantly due to changes within the investment portfolio as well as higher quarterly dividend rates declared by companies within the investment portfolio and higher benchmark interest rates. Interest income/(expense) not associated with investment operations increased slightly compared to the prior year due to higher benchmark interest rates.

Operating expenses consisted almost entirely of compensation expense (98.0%), with general expenses, insurance, corporate and regulatory fees, banking fees, and postage comprising the balance. Compensation expense declined from the prior year in tandem with the decline in advisory revenues as revenue projections more closely aligned with expectations over the course of the year. Compensation expense is closely linked in the compensation formula with projected annual advisory revenues and advisory unit profitability and is therefore expected to increase marginally in the coming year. Corporate and regulatory fee expense declined from the prior year due to the amount and timing of regulatory fee payments. General expenses and postage expenses both rose from the prior year due to higher costs associated with printing and distributing the annual report and higher postage rates. Other operating expense categories remained relatively consistent with the prior year.

Winter Harbor Advisors, the Corporation's advisory unit, reported operating income of $6,151.43 on advisory revenues of $74,441.91 and operating expenses (excluding attributable corporate income taxes) of $65,835.97 resulting in an operating margin of 11.6%. The advisory unit's revenues primarily consist of advisory fee revenues while expenses are concentrated in compensation expense which includes employee benefits and employment taxes. Advisory revenues declined from the prior year due to the significant decline in average assets under management relative to the prior year resulting from broad weakness in market valuations during the year. The advisory unit's operating expenses, other than compensation expense, remained largely consistent with the prior year. The advisory unit's compensation expense, as previously noted, declined from the prior year due to lower projected annual advisory revenues based on assets under management at the beginning of the year partially offset by slightly higher performance bonus expense as operating results exceeded the threshold required for a bonus distribution. The balance of the advisory unit's expenses were concentrated in dues and subscriptions, which encompasses certain professional certifications, insurance, communications, and licenses and permits which tend to be relatively consistent from year to year. Winter Harbor Advisors finished the year with assets under management of $8,724,966, nearly all of which is in discretionary accounts.

Assets at the end of the year were $1,261,718.31, an increase of $265,889.74, or 26.7%, from $995,828.57 as of the end of the prior year. The majority of the Corporation's assets consist of portfolio investments (95.1%) and cash (including cash held by the advisory unit) (4.2%), with the balance essentially comprised of accounts receivable, prepaid expenses, and other assets. Assets rose from the prior year due to the strong performance of the investment portfolio, particularly during the fourth quarter, and the retention of net income. Cash decreased from the prior year as additions to the investment portfolio exceeded proceeds from sales of investments. The majority of the cash balance was held for investment by the Corporation although the advisory unit also holds a significant amount of cash at any given time to support its operations, offset unearned revenue liabilities, and guarantee the surety bond issued for its regulatory licenses. The advisory unit expects to continue to maintain considerable cash balances for these purposes which are classified as cash held for operations and are not considered available for investment unless and until distributed to the Corporation by the advisory unit as dividends. The advisory unit generally distributes dividends to the Corporation annually based on an assessment of the advisory unit's capital requirements, financial position, and other factors.

Liabilities stood at $156,508.27 at the end of the year, an increase of $55,085.80, or 54.3%, from $101,422.47 at the end of the prior year. Liabilities were primarily comprised of deferred tax liabilities (96.3%) and taxes payable (3.7%). Liabilities increase from the prior year due to higher deferred taxes associated with unrealized net capital gains/(losses) within the investment portfolio and lower taxes payable due to larger interim tax deposits and the timing of tax payments.

Shareholder’s equity was $1,105,210.04 at the end of the year on December 31, 2023, an increase of $210,803.94, or 23.6%, from $894,406.10 at the end of the prior year, resulting in a net asset value per share of the Common Stock of $196.09 at the end of the year. As of December 31, 2023, the Corporation had 5,636.1402 shares of the Common Stock issued and outstanding to twenty-five Shareholders.

## INVESTMENT STRATEGY & CORPORATE INVESTMENT HOLDINGS

Getz & Associates' core asset is its investment portfolio. The investment portfolio is managed with the objective of maximizing long-term performance for the shareholders through the consistent application of Getz & Associates' value-oriented investment philosophy. The investment portfolio is typically comprised of common and preferred exchange traded securities and exchange traded corporate bonds but may also consist of other securities, such as mutual funds and stock options, when such securities are determined to offer compelling investment opportunities and/or better economics than individual securities purchases. The following section provides an overview of the securities held in the Corporation's investment portfolio, including a brief description of the business of each portfolio company.

The Corporation generally does not maintain copies of financial records, such as annual reports, quarterly reports, proxy statements, and other such documentation, on companies represented in the investment portfolio as this information is readily available online through each company’s web site and/or the Securities and Exchange Commission. Financial records, such as account statements, dividend payment statements, and capital gains distributions are held in hardcopy for approximately three years with prior years generally available electronically through the respective brokerage or custodian. The Corporation’s past financial records and statements are available for inspection by the Shareholders.

The Corporation’s portfolio holdings were as follows (as of December 31, 2023):

**Academy Sports & Outdoors, Inc.** – (ASO) – Academy Sports & Outdoors is a large retailer of sporting and outdoors equipment based in Texas. The company operates 285 retail stores primarily located in the southern United States with more than a third of stores located in Texas. The company has experienced significant growth over the last several years and continues to expand geographically at a measured pace through the opening of new retail locations.

**Banc of California Preferred Series F** – (BANC.PR.F) – Banc of California is a smaller regional bank based in Santa Ana, California. The company acquired PacWest Bancorp, parent of Pacific Western Bank, in 2023 which resulted in the conversion of the Corporation’s PacWest preferred shares into preferred shares of Banc of California. The preferred shares are non-cumulative fixed/floating preferred shares of the company which pay an annual dividend of 7.75% on the liquidation value of $25.00 per share through

September 1, 2027. On September 1, 2027, and each subsequent five-year anniversary thereafter, the annual dividend will be adjusted to the then current five-year treasury rate plus a premium of 4.82%. The preferred shares are perpetual but may be redeemed by the company at a redemption price of $25.00 per preferred share plus, if any, declared and unpaid dividends, on or after September 1, 2027. The preferred shares may also be redeemed earlier in the event the preferred shares may no longer be considered a part of Tier 1 capital on the bank's balance sheet.

**Eaton PLC –** (ETN) – Eaton is a global manufacturer of industrial products, primarily electrical distribution and control equipment, lighting fixtures and controls, and automotive components. The company become domiciled in Ireland through the company's acquisition of Cooper Industries, a manufacturer of lighting products and controls, in 2012, though this subsidiary was subsequently sold. The company's products are prevalent in the cyclical automotive and construction industries and, as a result, demand for the company's products tends to be sensitive to economic conditions.

**EPR Properties Preferred Series E** – (EPR.PR.E) – EPR Properties is a real estate investment trust that holds investments in entertainment properties primarily consisting of movie theaters and golf related properties. EPR Properties was hit hard by closures of such venues associated with coronavirus measures although delinquencies have been rather modest. The preferred shares are cumulative convertible preferred shares of the company which pay an annual dividend of 9.00% on the liquidation value of $25.00 per share. The preferred shares are convertible into common shares of EPR Properties at the holder's option at 0.4512 common shares per preferred shares. EPR Properties can force conversion of the preferred shares under certain circumstances any time after April 20, 2013, primarily if the company's common shares exceed 150% of the conversion price for 20 of any 30 consecutive trading days. However, the common shares are well below the conversion price at this time.

**Exchange Bank of Santa Rosa** – (EXSR) – Exchange Bank of Santa Rosa is a community bank headquartered in Santa Rosa, California. The bank conducts a traditional banking business focused on commercial lending in its market area. The majority of the company's shares are held by a trust which benefits the Santa Rosa Community College.

**First United Corporation** – (FUNC) – First United Corporation is the holding company for First United Bank and Trust, a community bank largely serving central and western Maryland and northern West Virginia. The company is the leading community bank in its core Allegheny County, Maryland, market by deposit market share.

**Hanesbrands, Inc. (Put Options) –** Hanesbrands is a large manufacturer of clothing particularly focused on the sportswear and underwear segments of the clothing market. The short put option position allows the counterparty holding the put options to sell a specified number of shares at a specified price (the strike price) on or before a specified date (the expiration date). The put options have a strike price of $3.00 per share and an expiration date of January 17, 2025. The breakeven price per share is approximately $2.56, approximately 42.6% below the closing price for Hanesbrands shares on December 31, 2023.

**Interpublic Group of Companies, Inc.** – (IPG) – Interpublic Group of Companies is a holding company for various advertising, communications, media buying, and marketing agencies many of which are leading banners serving large multinational clients. Interpublic Group is one of the largest such advertising and marketing businesses in the world.

**J. P. Morgan Chase & Co, Inc.** – (JPM) – J.P. Morgan Chase & Company is the largest bank in the United States and one of the largest banks in the world with operations in retail banking, commercial banking, private banking, investment management, investment banking, and other related fields. The bank has a reputation for relatively conservative banking practices which helped the bank weather the mortgage crisis better than most other comparable institutions.

**Katahdin Bankshares Corporation** – (KTHN) – Katahdin Bankshares is a community bank holding company based in Houlton, Maine, for Katahdin Trust Company. Katahdin Trust primarily serves communities in northeastern Maine with a focus on commercial lending within its market area. The company primarily competes with other Maine based financial institutions although some larger regional and national banks of a presence in certain communities. Katahdin Trust is one of the few remaining Maine based financial institutions which would be an attractive acquisition target for its regionally acquisitive peers.

**Kohl's Corporation (Put Options) –** Kohl's Corporation is a major national department store chain primarily operating standalone stores. The short put option position allows the counterparty holding the put options to sell a specified number of shares at a specified price (the strike price) on or before a specified date (the expiration date). The put options have a strike price of $15.00 per share and an expiration date of January 17, 2025. The breakeven price per share is approximately $12.16, approximately 57.6% below the closing price for Kohl's Corporation shares on December 31, 2023.

**LGI Homes, Incorporated** – (LGIH) – LGI Homes is a homebuilding specializing in smaller single family homes largely located in exurban areas further from urban cores. The company's focus on affordability and first-time home buyers differentiates the company from many of its larger homebuilding peers in an increasingly expensive residential landscape.

**Navient Corporation Senior Notes** – (JSM) – Navient Corporation is a large originator and servicer of private student loans and ancillary associated services. The Navient senior notes are senior exchange traded debt of the company with an annual yield of 6.0% on the liquidation value of $25.00 per exchange traded note. The senior notes may be redeemed by the company at any time at the redemption price of $25.00 per exchange traded senior note and mature on December 15, 2043.

**New York Community Bancorp Preferred Series A** – (NYCB.PR.A) – New York Community Bancorp is the holding company for several regional and community banks the largest of which are Flagstar Bank and New York Community Bank. New York Community Bancorp acquired Flagstar Bancorp, which primarily serves the Northeast and Upper Midwest, to diversity its business into a broader commercial bank from its core roots in the financing of rent-stabilized multifamily real estate in the New York City metropolitan area. The company also subsequently acquired certain assets of Signature Bancorp after the company's closure by regulators in 2023 primarily related to Signature's branch network, deposit base, and selected commercial and industrial loans not related to real estate. The preferred shares are non-cumulative fixed/floating preferred shares of the company which pay an annual dividend of 6.375% on the liquidation value of $25.00 per share through March 17, 2027. On March 17, 2027, the dividend will adjust to the three-month LIBOR rate applicable at the beginning of each three-month period plus a premium of 3.821%. The preferred shares are perpetual but may be redeemed by the company at a redemption price of $25.00 per preferred share plus, if any, declared and unpaid dividends, on or after March 17, 2027. The preferred shares may also be redeemed earlier in the event the preferred shares may no longer be considered a part of Tier 1 capital on the bank's balance sheet.

**Nustar Logistics L.P. Subordinated Notes** – (NSS) – Nustar Logistics is an operator of liquids pipelines and terminals primarily serving the crude oil, refined products, and specialty liquids markets. The company is one of the largest pipeline operators in the United States with more than 8,700 miles of pipelines. The subordinated notes are redeemable fixed-to-floating rate subordinated notes which yielded 7.625% on the redemption value of $25.00 per note through January 15, 2018, and subsequently shifted to a floating yield of 673.4 basis points (6.734%) over three-month LIBOR. The notes are redeemable by the company at the redemption value on or after January 15, 2018, and mature on January 15, 2043.

**Plumas Bancorp** – (PLBC) – Plumas Bancorp is a community bank holding company based in Quincy, California, for the eponymously named Plumas Bank. Plumas Bank primarily serves smaller communities in northeastern California north of the Lake Tahoe region although the company has also developed a presence in Reno, Nevada. Plumas Bancorp is remarkable since it is one of only two banks in many of its markets (and in some cases the only bank) and thus holds a very high deposit market share across its market area. In addition, the company's market position allows Plumas to sustain an unusually high net interest margin which is a key factor in bank profitability.

**Sally Beauty Holdings, Inc. –** (SBH) – Sally Beauty Holdings is a retailer of beauty products with a focus on hair care. The company operates Sally Beauty stores focused on the retail market and CosmoProf stores which focus on the professional salon market. Sally Beauty generates a significant amount of its revenues from its own brands as well as from exclusive agreements with third party brands which provides a bulwark against direct competition from other beauty retailers.

**Signet Jewelers Limited –** (SIG) – Signet Jewelers is a leading mass market retailer of jewelry and associated products largely under various national brand names such as Jared, Kay, and Zales. The company experienced a series of challenges over the last few years beginning with issues within the executive leadership spilling over into weakening sales in its largely mall-based stores. However, the company has made significant strides to turn the business and continues to generate significant cash.

**Signet Jewelers Limited (Put Options) –** A portion of the portfolio position in Signet Jewelers (33.33%) is hedged through a short call option position. The short call option position allows the counterparty holding the call options to purchase a specified number of shares at a specified price (the strike price) on or before a specified date (the expiration date). The call options have a strike price of $155.00 per share and an expiration date of January 16, 2026. The breakeven price per share is approximately $168.17, approximately 56.8% above the closing price for Signet Jewelers shares on December 31, 2023.

**Target Corporation –** (TGT) – Target is one of the largest national mass merchandise retailers in the United States. The company has established a reputation for developing and partnering with well-known brands in exclusive arrangements to drive customer traffic to its stores. However, the ability of the company to continue doing so and the ability to convert the resulting customer traffic into sales in other categories will remain an important component of the company's long-term ability to compete against online merchandisers. Target's efforts to diversify delivery options and, in particular, encourage delivery and store based pickup options have benefited the company's financial performance especially in the context of the pandemic.

**Unum Group, Inc.** – (UNM) – Unum is one of the largest employer benefit insurers in the United States providing accident, disability, life, and critical illness products largely through employer sponsored benefit plans. The company also operates in Poland and the United Kingdom. Unum's consistently profitable employer benefits business has been burdened by the company's closed block insurance (that is, products which are no longer offered although active policies remain outstanding) which has a significant exposure to long term care insurance liabilities which have been problematic across the industry.

**Walgreens Boots Alliance, Inc. –** (WBA) – Walgreens Boots Alliance is one of the largest pharmacy operators in the United States and United Kingdom. The company has formed through Walgreen Company's acquisition of Boots Alliance, a major European pharmacy operator.

**Western Alliance Bancorp Preferred Series A** – (WAL.PR.A) – Western Alliance Bancorp is a midsize regional bank holding company comprised of a collection of community and regional banks. The company primarily serves the Southwestern United States (including Arizona, Nevada, and California). The preferred shares are non-cumulative fixed/floating preferred shares of the company which pay an annual dividend of 4.250% on the liquidation value of $25.00 per share through September 30, 2026. On September 30, 2026, and each subsequent five-year anniversary thereafter, the annual dividend will be adjusted to the then current five-year treasury rate plus a premium of 3.452%. The preferred shares are perpetual but may be redeemed by the company at a redemption price of $25.00 per preferred share plus, if any, declared and unpaid dividends, on or after September 30, 2026. The preferred shares may also be redeemed earlier in the event the preferred shares may no longer be considered a part of Tier 1 capital on the bank's balance sheet.

## INVESTMENT MANAGEMENT AND ADVISORY SUBSIDAIRY

Winter Harbor Advisors emphasizes a consistent approach to managing client accounts tailored in individual cases to the specific circumstances and needs of the respective client. As a result, the advisory unit seeks clients who understand and are committed to the style of investing which the advisory unit pursues. Although this approach may limit growth of our client base and of assets under management, which largely drives advisory revenues, the advisory unit believes this approach is most consistent with its own objectives, in particular since it ensures that the advisory unit invests the bulk of its time in research, analysis, and education rather than with issues related to client disagreements over approach and strategy. The advisory unit believes it is critical to align its own interests with those of its clients, and doing so requires that the advisory unit specifically educate potential clients in its investment philosophy and asset management approach before considering prospective clients for an advisory relationship. As a result, the advisory unit is very selective about the clients it selects and accordingly, this may limit the advisory unit's growth in terms of clients and assets under management over future periods.

The advisory unit's clients range from clients who are just beginning the investment cycle with smaller accounts to clients who are at or towards the end of the investment cycle who are more focused on capital preservation and current income. In addition to traditional securities research and investment management, each client receives additional incidental assistance with traditional financial considerations which impact their long-term financial well being. For clients in the earlier stages of the investment cycle, this generally includes assistance and advice with respect to creating budgets and savings plans, retirement plans, college savings plans, and other related issues as they become more familiar with the financial landscape. Clients towards the end of the investment cycle require some of the same assistance and advice, but are generally focused on pension and social security planning, retirement withdrawals and the associated tax consequences, and other matters.

Winter Harbor provides its advisory services through four advisory account programs tailored to the needs of different investment styles. The traditional program, called the "Portfolio Account," provides investment management and financial advisory services for clients based on our internal investment research. In addition, the firm offers the "Fixed Income Account" which focuses on clients with portfolios consisting primarily of fixed income securities, the "Index Account" for clients who prefer to invest only through index funds, and the "Institutional Account" aimed at non-profit and institutional clients which do not need the full extent of financial advisory services which are incorporated into our individual advisory account programs. The advisory fee schedules for each account type are similarly tailored to the associated investment approach.

## RETAIL STRATEGY & RETAIL HOLDINGS

The Corporation recorded no retail revenues during the year and does not anticipate recording any material retail revenues for the coming year. However, the Corporation continues to maintain certain rights with respect to the "World Wide Stamp Company" trade name as well as the retail operation's existing sales tax license as the annual cost of doing so is insignificant.

## Getz & Associates, Incorporated, and Subsidiaries

**Consolidated Statement of Income**

| For the Year Ended: | December 31 2021 | December 31 2022 | December 31 2023 |
|---|---|---|---|
| **OPERATING REVENUES:** | | | |
| Investment Income: | | | |
| Dividend Income: | $18,593.75 | $19,938.00 | $28,342.79 |
| Interest Income: | $1,542.83 | $4,045.72 | $7,863.21 |
| Total Investment Income: | $20,136.58 | $23,983.72 | $36,206.00 |
| Advisory Revenues: | $79,655.81 | $78,847.86 | $74,441.91 |
| Retail Revenues: | $0.00 | $0.00 | $0.00 |
| Total Operating Revenues: | $99,792.39 | $102,831.58 | $110,647.91 |
| **OPERATING EXPENSES:** | | | |
| Wages and Compensation: | $62,051.88 | $69,569.28 | $64,883.07 |
| Banking Fees: | $0.50 | $0.00 | $2.00 |
| Cost of Products Sold: | $0.00 | $0.00 | $0.00 |
| Corporate & Regulatory Fees: | $250.00 | $143.50 | $103.00 |
| Insurance: | $200.00 | $200.00 | $200.00 |
| Postage & Freight: | $52.37 | $8.84 | $78.72 |
| General Expenses: | $859.11 | $713.43 | $908.55 |
| Other Operating Expenses: | $0.00 | $0.00 | $0.00 |
| Total Operating Expenses: | $63,413.86 | $70,635.05 | $66,175.34 |
| **OTHER INCOME/(EXPENSE):** | | | |
| Realized Gains/(Losses): | $49,812.17 | $27,473.40 | ($294.10) |
| Interest Income/(Expense): | $346.44 | $333.60 | $378.26 |
| Other Income/(Expense): | $0.00 | $0.00 | $1.00 |
| Total Other Income/(Expense): | $50,158.61 | $27,807.00 | $85.16 |
| **Income Before Income Taxes:** | $86,537.14 | $60,003.53 | $44,557.73 |
| **Provision for Income Taxes:** | $17,524.63 | $13,015.59 | $7,678.97 |
| **Net Income:** | $69,012.51 | $46,987.94 | $36,878.76 |
| **Earnings Per Share (Basic):** | $12.24 | $8.34 | $6.54 |
| **Earnings Per Share (Diluted):** | $12.24 | $8.34 | $6.54 |
| **Shares Outstanding (Basic):** | 5,636.1402 | 5,636.1402 | 5,636.1402 |
| **Shares Outstanding (Diluted):** | 5,636.1402 | 5,636.1402 | 5,636.1402 |

## Getz & Associates, Incorporated, and Subsidiaries
**Consolidated Balance Sheet**

| As of: | December 31 2021 | December 31 2022 | December 31 2023 |
|---|---|---|---|
| **ASSETS:** | | | |
| Current Assets: | | | |
| Cash & Cash Equivalents: | $112,809.47 | $86,129.25 | $53,168.23 |
| Accounts Receivable: | $6,128.58 | $7,742.62 | $7,500.00 |
| Inventories: | $0.00 | $0.00 | $0.00 |
| Prepaid Expenses: | $619.65 | $475.77 | $331.89 |
| Other Current Assets: | $8.80 | $8.80 | $8.80 |
| Total Current Assets: | $119,566.50 | $94,356.44 | $61,008.92 |
| Investments: | | | |
| Investments at Fair Value: | $1,031,227.55 | $901,009.45 | $1,200,265.00 |
| Total Investments: | $1,031,227.55 | $901,009.45 | $1,200,265.00 |
| Other Assets: | | | |
| Intangible Assets: | $17.38 | $316.84 | $288.55 |
| Other Assets: | $145.84 | $145.84 | $155.84 |
| Total Other Assets: | $163.22 | $462.68 | $444.39 |
| **Total Assets:** | $1,150,957.27 | $995,828.57 | $1,261,718.31 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY:** | | | |
| Current Liabilities: | | | |
| Accounts Payable: | $0.00 | $0.00 | $0.00 |
| Accrued Liabilities: | $28.76 | $553.70 | $34.32 |
| Unearned Revenues: | $0.00 | $0.00 | $0.00 |
| Taxes Payable: | $19,968.38 | $8,557.95 | $5,727.51 |
| Other Current Liabilities: | $0.00 | $0.00 | $0.00 |
| Total Current Liabilities: | $19,997.14 | $9,111.65 | $5,761.83 |
| Long-Term Debt (Less Current Portion): | $0.00 | $0.00 | $0.00 |
| Deferred Income Tax Liabilities: | $140,118.61 | $92,310.82 | $150,746.44 |
| Other Long-Term Liabilities: | $0.00 | $0.00 | $0.00 |
| Total Liabilities: | $160,115.75 | $101,422.47 | $156,508.27 |
| Shareholders' Equity: | | | |
| Common Stock - no par value; 30,000 shares authorized, shares issued and oustanding at end of period as indicated below | $95,892.07 | $95,892.07 | $95,892.07 |
| Treasury Stock (at cost): | ($7,833.75) | ($7,833.75) | ($7,833.75) |
| Retained Earnings: | $482,427.37 | $529,415.31 | $566,294.07 |
| Accumulated Other Comprehensive Income: | $420,355.83 | $276,932.47 | $450,857.65 |
| Total Shareholders' Equity: | $990,841.52 | $894,406.10 | $1,105,210.04 |
| **Total Liabilities and Equity:** | $1,150,957.27 | $995,828.57 | $1,261,718.31 |

**Shareholder's Data:**

| | | | |
|---|---|---|---|
| Number of Shares Issued and Outstanding: | 5,636.1402 | 5,636.1402 | 5,636.1402 |
| Net Asset Value Per Share: | $175.80 | $158.69 | $196.09 |
| Net Gain/(Loss) Per Share: | $43.29 | ($17.11) | $37.40 |
| Percentage Net Change: | 32.7% | -9.7% | 23.6% |
| Treasury Shares: | 125 | 125 | 125 |
| Number of Shareholders: | 25 | 25 | 25 |

## Getz & Associates, Incorporated, and Subsidiaries

**Consolidated Statement of Cash Flows**

| For the Year Ended: | December 31 2021 | December 31 2022 | December 31 2023 |
|---|---|---|---|
| **Cash Flows from Operating Activities:** | | | |
| Net Income: | $69,012.51 | $46,987.94 | $36,878.76 |
| Plus: Depreciation and Amortization: | $0.00 | $0.00 | $0.00 |
| Reconciliation to Net Cash Provided by Operating Activities: | | | |
| (Increase)/Decrease in Accounts Receivable: | ($1,628.58) | ($1,614.04) | $242.62 |
| (Increase)/Decrease in Inventories: | $0.00 | $0.00 | $0.00 |
| (Increase)/Decrease in Prepaid Expenses: | ($174.63) | $143.88 | $143.88 |
| (Increase)/Decrease in Other Current Assets: | $0.00 | $0.00 | $0.00 |
| Increase/(Decrease) in Accounts Payable: | $0.00 | $0.00 | $0.00 |
| Increase/(Decrease) in Accrued Liabilities: | ($6.95) | $524.94 | ($519.38) |
| Increase/(Decrease) in Unearned Revenues: | $0.00 | $0.00 | $0.00 |
| Increase/(Decrease) in Taxes Payable: | ($10,853.85) | ($11,410.43) | ($2,830.44) |
| Increase/(Decrease) in Other Current Liabilities: | $0.00 | $0.00 | $0.00 |
| Plus/(Less) Realized Loss/(Gain) on Investments: | ($49,812.17) | ($27,473.40) | $294.10 |
| Net Non-Cash (Income)/Expense: | $0.00 | $0.00 | $0.00 |
| Net Cash Provided by/(Used in) Operating Activities: | $6,536.33 | $7,158.89 | $34,209.54 |
| **Cash Flows from Investing Activities:** | | | |
| Purchase of Investments: | ($114,409.90) | ($109,488.25) | ($104,800.27) |
| Proceeds from Sale or Redemption of Investments: | $99,414.31 | $75,948.60 | $37,611.42 |
| Purchase of Plant, Property, and Equipment, Net: | $0.00 | $0.00 | $0.00 |
| Investment in Other and Intangible Assets: | $26.97 | ($299.46) | $18.29 |
| Net Cash Provided by/(Used in) Investing Activities: | ($14,968.62) | ($33,839.11) | ($67,170.56) |
| **Cash Flows from Financing Activities:** | | | |
| Proceeds from/(Repayments of) Long-Term Debt (net): | $0.00 | $0.00 | $0.00 |
| Proceeds from Issuance of Shares of Common Stock: | $0.00 | $0.00 | $0.00 |
| Net Cash Provided by/(Used in) Financing Activities: | $0.00 | $0.00 | $0.00 |
| Net Increase/(Decrease) in Cash: | ($8,432.29) | ($26,680.22) | ($32,961.02) |
| Cash at Beginning of Year: | $121,241.76 | $112,809.47 | $86,129.25 |
| Cash at End of Year: | $112,809.47 | $86,129.25 | $53,168.23 |

## Getz & Associates, Incorporated, and Subsidiaries

**Portfolio Composition**

**(Includes unrealized gains and losses; as of December 31, 2023.)**

**Long Positions**

| Shares | Company | Symbol | Cost | Current | Gain (Loss) | Cumulative Return |
|---|---|---|---|---|---|---|
| 1,000 | Academy Sports & Outdoors, Inc. | ASO | $46,970.00 | $66,000.00 | $19,030.00 | 40.52% |
| 1,000 | Banc of California Preferred Series "F" | BANC-F | $8,897.46 | $23,220.00 | $14,322.54 | 160.97% |
| 500 | Eaton PLC | ETN | $22,176.84 | $120,410.00 | $98,233.16 | 442.95% |
| 2,000 | EPR Properties Preferred Series "E" | EPR-E | $39,452.63 | $56,240.00 | $16,787.37 | 42.55% |
| 500 | Exchange Bank of Santa Rosa | EXSR | $46,133.88 | $50,500.00 | $4,366.12 | 9.46% |
| 2,000 | First United Corporation | FUNC | $37,000.00 | $47,020.00 | $10,020.00 | 27.08% |
| 1,000 | Interpublic Group of Companies, Inc. | IPG | $17,308.40 | $32,640.00 | $15,331.60 | 88.58% |
| 500 | JPMorgan Chase, Inc. | JPM | $22,103.94 | $85,050.00 | $62,946.06 | 284.77% |
| 1,500 | Katahdin Bankshares Corporation | KTHN | $25,075.85 | $33,225.00 | $8,149.15 | 32.50% |
| 750 | LGI Homes, Inc. | LGIH | $23,290.70 | $99,870.00 | $76,579.30 | 328.80% |
| 2,000 | Navient Senior Notes | JSM | $35,663.31 | $42,840.00 | $7,176.69 | 20.12% |
| 2,000 | New York Community Bank Preferred "A" | NYCB-A | $31,725.60 | $44,820.00 | $13,094.40 | 41.27% |
| 2,000 | Nustar Logistics L.P. Subordinated Notes | NSS | $46,096.98 | $51,760.00 | $5,663.02 | 12.29% |
| 1,000 | Plumas Bancorp | PLBC | $15,983.06 | $41,350.00 | $25,366.94 | 158.71% |
| 5,000 | Sally Beauty Holdings, Inc. | SBH | $74,290.67 | $66,400.00 | ($7,890.67) | -10.62% |
| 1,500 | Signet Jewelers Limited | SIG | $10,125.15 | $160,890.00 | $150,764.85 | 1489.01% |
| 250 | Target Corporation | TGT | $15,300.28 | $35,605.00 | $20,304.72 | 132.71% |
| 2,500 | Unum Group, Incorporated | UNM | $47,642.50 | $113,050.00 | $65,407.50 | 137.29% |
| 1,000 | Walgreens Boots Alliance, Inc. | WBA | $44,473.92 | $26,110.00 | ($18,363.92) | -41.29% |
| 1,000 | Western Alliance Bancorp Preferred "A" | WAL-A | $8,500.00 | $17,250.00 | $8,750.00 | 102.94% |
| | **Totals:** | | $618,211.17 | $1,214,250.00 | $596,038.83 | 96.41% |

**Short Positions**

| Notional Shares | Company | Symbol | Cost | Current | Gain (Loss) | Return |
|---|---|---|---|---|---|---|
| 10,000 | HanesBrands $3.00 Jan 2025 Put Options | | ($4,433.69) | ($3,250.00) | $1,183.69 | 26.70% |
| 3,000 | Kohls Corporation $15.00 Jan 2025 Put Options | | ($8,529.93) | ($3,253.80) | $5,276.13 | 61.85% |
| 500 | Signet Jewelers $155.00 Jan 2026 Call Options | | ($6,586.64) | ($7,481.20) | ($894.56) | -13.58% |
| **Totals:** | | | ($19,550.26) | ($13,985.00) | $5,565.26 | 28.47% |
| | **Aggregate Portfolio Totals:** | | $598,660.91 | $1,200,265.00 | $601,604.09 | 100.49% |

## Notes to the Consolidated Financial Statements

***Note 1 – Description of Business***

Getz & Associates, Incorporated, (hereinafter "the Corporation") is an investment company which, directly and indirectly, operates in the portfolio management and financial and investment advisory industries. The Corporation's portfolio management operations are limited to the management of the Corporation's internal investment portfolio. The Corporation's financial and investment advisory operations are conducted through Winter Harbor Advisors, L.L.C., a Utah limited liability company, which is a state registered investment advisor (RIA) and wholly-owned subsidiary of the Corporation. The Corporation was incorporated in Missouri in 1995. Winter Harbor Advisors, L.L.C., was organized in Utah in 2006.

In addition, the Corporation previously conducted an online retail operation under the registered trade name "World Wide Stamp Company" primarily through an online web site. The retail operation specialized in the sale of collectible stock and bond certificates (scripophily), stamps (philately), and related supplies and materials. The retail operation has been largely dormant since 2005 although the Corporation continues to maintain a related sales tax license with the State of Missouri.

***Note 2 – General Information and Summary of Significant Accounting Policies***

The preparation of the Corporation's consolidated financial statements requires the Corporation to make certain estimates and assumptions that affect amounts reported in the consolidated financial statements. Significant estimates are made with respect to the accrual of federal and state income and employment taxes, amounts related to insurance expenses, amounts related to charitable contributions, and the deductibility of certain expenses for tax purposes. Actual results could differ from these estimates and, to the extent these differences are significant, could have a material effect on the Corporation's results of operations, financial condition, and the net asset value per share of the Corporation's common stock.

**Accounting Principles** – The Corporation uses the accrual method of accounting which recognizes income and expenses on the date the income is received or the expense is incurred. In general, the Corporation's accounting methods follow the standards of U.S. GAAP (Generally Accepted Accounting Principles). However, the Corporation's accounting methods may differ from the standards of U.S. GAAP in certain instances where the Corporation believes an alternative accounting principle provides a more meaningful financial presentation. Nonetheless, the Corporation believes that its method of accounting is satisfactory for the Corporation's purposes and fully and accurately reflects its accounts, activities, and financial results. Questions concerning the Corporation's accounting methods may be directed to the Corporation.

**Basis of Consolidation** – The consolidated financial statements include the accounts of the Corporation and all wholly-owned and majority-owned subsidiary companies. Majority-owned subsidiary companies are those companies in which the Corporation holds either an economic interest equal to 80% of the value of the outstanding securities of the entity or in which the Corporation has direct voting control over the entity. Any material inter-company balances and transactions have been eliminated in the consolidation.

**Advisory Revenues and Expenses** – Advisory revenues are recognized when earned. Advisory revenues are considered earned at the end of each month during which services are provided to the advisory client (or at the end of such other period when an advisory client ends the advisory relationship prior to the end of the month, at which point earned revenues are pro-rated and recognized for the portion of the month over which services were provided). Advisory revenues collected but unearned are included as a component of unearned revenues. Advisory expenses are generally charged to income when incurred, except in the case of business and employee health insurance premiums, certain internet related expenses, and professional certifications, which are credited to prepaid expenses and charged to income on a straight line basis over the effective period of the respective item.

**Retail Revenues and Expenses** – Retail sales revenues are recognized when the products ordered by the customer are shipped to the customer. If a single order is divided between different shipments, the Corporation will recognize the portion of the order shipped as revenue and maintain an unearned revenue balance for the remaining order due to the customer. Retail revenues collected but unearned are included as a component of unearned revenues. Retail expenses are recognized as incurred.

**Investment Interest Income and Interest Income/(Expense)** – The Corporation includes interest income in the consolidated financial statements in either the investment interest income category or the interest income/(expense) category. The category in which interest income is included is based on the underlying asset on which the interest income is earned. For securities investments, interest income is included in investment interest income. For cash balances, the Corporation classifies cash accounts as either held for investment or held for operations. Cash held by the Corporation itself is classified as cash held for investment, and interest earned thereon is included in investment interest income. Cash held by Winter Harbor Advisors, L.L.C., is classified as cash held for operations, and interest earned thereon is included in interest income/(expense).

**Cash & Cash Equivalents** – The Corporation includes all cash and similar highly liquid instruments, such as checks and money orders, either held directly by the Corporation or held by financial institutions such as banks and/or brokerage firms on behalf of the Corporation, in cash and cash equivalents.

**Accounts Receivable –** Accounts Receivable consist of funds owed to the Corporation, primarily by advisory clients.

**Inventories** – Inventories consist of goods (primarily collectible stock and bond certificates) held by the Corporation for resale to retail customers. Inventories are accounted for at the lower of original cost or estimated fair market value.

**Investments** – Investments reflect the marketable securities held in the Corporation's investment portfolio and are recorded on the balance sheet at fair market value. The Corporation classifies all of the marketable securities in the investment portfolio as available-for-sale. Unrealized gains and losses within the investment portfolio are recorded, net of taxes, as a component of shareholders' equity under the heading "accumulated other comprehensive income." Recognized gains and losses are recognized upon the sale of a marketable security and are reflected in the income statement on a specific identification basis.

In 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-01 – Financial Instruments – Overall (Subtopic 825-10) and subsequent clarifications which, among other modifications, eliminated the available-for-sale designation for investments and required changes in the fair market value of investments to be recognized and reported in the income statement rather than as adjustments, net of taxes, to accumulated other comprehensive income in the balance sheet. The modified approach is generally referred to as "mark-to-market" accounting.

The Corporation has determined that adoption of this accounting methodology would obscure the Corporation's underlying operating results and provide little material benefit to shareholders as compared to is current and historical accounting methodology for investments and any associated unrealized gains or losses. The Corporation has therefore continued to utilize the available-for-sale accounting methodology for the presentation of its investment portfolio and reflecting unrealized gains and losses, net of tax, in accumulated other comprehensive income. This deviation from U.S. GAAP does not result in a material difference in the Corporation's overall financial position.

In addition, U.S. GAAP prior to the issuance of ASU 2016-01 included a provision providing for the immediate recognition in the income statement of unrealized losses on investments which, under certain circumstances, are considered impaired on an other-than-temporary basis. An investment is considered impaired when the fair market value is less than the original cost basis (that is, when an unrealized loss is attributable to the respective investment). Generally, the Corporation does not test for possible other-than-temporary impairments within its investment portfolio due to the extended holding period over which the Corporation intends to hold investments purchased for the investment portfolio. The determination of other-than-temporary impairments generally requires substantial judgment on the part of management. Regardless of the recognition of unrealized losses in the income statement, unrealized losses, net of tax, are reflected in the net asset value per share of the common stock due to the recording of unrealized losses (and gains) in the accumulated other comprehensive income account as a component of shareholders' equity.

**Long Term Debt** – Long-term debt is any liability with a term of repayment exceeding one year.

**Deferred Income Taxes** – Deferred income taxes reflect an estimate of the federal income taxes the Corporation expects to pay on net unrealized gains and losses in the Corporation's investment portfolio (upon realization of such gains and losses) and temporary differences arising from differences between the Corporation's financial reporting and tax reporting. The Corporation does not presently have any temporary differences arising from differences between its financial reporting and tax reporting.

**Shares Outstanding** – Shares outstanding reflects the total number of shares of the common stock outstanding as of the date or the end of the period presented (calculated as the number of shares issued less the number of shares, if any, held in treasury). For purposes of calculating earnings per share on a basic and diluted basis, the Corporation does not adjust the number of shares outstanding to present a weighted average of shares outstanding over the period as required by GAAP. This deviation from GAAP does not generally result in a material difference in basic or diluted earnings per share.

**Treasury Stock** – Treasury stock (at cost) reflects the cumulative price paid by the Corporation for all shares of the common stock repurchased by the Corporation, if any, which are held in treasury rather than cancelled to reduce the number of issued shares.

***Note 3 – Other Income***

Other income consists of various items such as refund refusals by retail customers, service credits, bad debt expense, and reimbursements/recoveries for costs associated with returned inventory. Questions as to the specific composition of this category for any year may be directed to the Corporation.

***Note 4 – Income Taxes***

The Corporation pays federal and state income taxes at statutory rates offset by certain deductions and exemptions which the Corporation receives under the federal and respective state tax codes. The Corporation makes estimated federal and, when required, state income tax payments periodically throughout the year based on the Corporation's estimate of the ultimate federal and state income tax liability for the year with any difference between total estimated tax payments and actual federal and state tax liability reconciled with the filing of the Corporation's federal and state income tax returns.

***Note 5 – Prepaid Expenses***

Prepaid expenses represent the value of goods and services for which the Corporation has paid prior to receipt or performance of the goods or services. The Corporation's prepaid expenses reflect prepaid amounts for web site hosting services, premiums for statutorily required surety bonds for the advisory subsidiary, and certain membership fees for professional organizations. The Corporation generally pays for web site hosting services on a multiple year basis and charges web site hosting expenses to income on a monthly basis. The Corporation generally pays statutory surety bond premiums annually and charges surety bond expenses to income on a monthly basis. Fees for professional organizations which benefit the Corporation are generally paid annually and charged to expense on a monthly basis.

***Note 6 – Accounts Receivable***

The majority of the balance of accounts receivable, as of December 31, 2023, was receivable from a single advisory client. The Corporation continuously monitors accounts receivable and periodically assesses the collectability of outstanding accounts receivable for potential impairment. In the event the Corporation determines that it is more likely than not that an accounts receivable balance will ultimately not be collectible, the Corporation charges the estimated uncollectible portion to expenses in the period such determination is made, reducing the reported net balance of accounts receivable.

***Note 7 – Other Current Assets***

Other current assets consist of assets which can be easily and quickly converted into cash or cash equivalents. Examples of other current assets held by the Corporation are postage stamps or positive balances on the Corporation's line of credit.

***Note 8 – Intangible Assets***
Intangible assets represent the notional value of assets held by the Corporation which are not physical assets and likely could not be easily sold for value. The Corporation's intangible assets consist primarily of domain name registration fees. The Corporation maintains several web site domain registrations which and prepaid associated registration fees for multiple year registrations. In 1999, the Corporation registered its domain name, www.getzassoc.com, which is currently registered through 2031. In 2005, the Corporation registered its subsidiary's domain name, www.winterharboradvisors.com, which is currently registered through 2030. In 2013, the Corporation registered an alternate domain name, www.getz-associates.com, which is registered through 2031. The Corporation charges prepaid domain name registration expenses to income on an annual basis.

***Note 9 – Other Assets***
Other assets consist of assets held by the Corporation which are relatively illiquid. Examples of other assets are envelopes, folders, binders, corporate stock certificates, certain guarantee deposits, and other materials that would be difficult to convert into cash. Due to the nature of these assets, the Corporation has elected to assign no carrying value to these assets except where the Corporation would receive a fixed and specific cash payment upon termination of the respective guarantee.

***Note 10 – Shareholders' Equity***
The Corporation has 30,000 shares of common stock authorized for issuance without par value. The Corporation may, from time to time and subject to its discretion, sell additional shares of its common stock (subject to applicable federal and state securities registration exemptions) to fund future growth and/or for other general corporate purposes.

***Note 11 – Treasury Stock***
The Corporation did not repurchase any shares of the common stock during 2023. The Corporation repurchased 125 shares of the common stock during 2016 from an existing shareholder through a share redemption. The shares were classified as treasury stock and may be reissued by the Corporation at a future date.

***Note 12 – Accumulated Other Comprehensive Income***
The change in accumulated other comprehensive income is related to the unrealized gains and losses on investments within the Corporation's investment portfolio. Unrealized gains and losses are reported in accumulated other comprehensive income net of the estimated federal income taxes payable upon realization of unrealized gains and losses within the investment portfolio utilizing the statutory federal corporate income tax rate in effect during the respective period.

***Note 13 – Accounts Payable***
Accounts payable reflect amounts owed by the Corporation to suppliers for products purchased and received but not yet paid for and to employees for compensation accrued but not yet paid. The vast majority of the Corporation's retail products are purchased on a basis requiring immediate payment to the supplier. As a result, the Corporation generally does not carry account balances with product suppliers.

***Note 14 – Accrued Liabilities***
Accrued liabilities are short-term liabilities which carry terms of payment of less than one year. Accrued liabilities may include payments owed for services or products received (other than products for resale) but not yet paid for, short-term loans taken by the Corporation to fund immediate cash or credit needs, or temporary liabilities which may be paid at any time. Generally, accrued liabilities represent balances carried by the Corporation on one of more of the Corporation's established lines of credit.

***Note 15 – Other Current Liabilities***
Other current liabilities include current liabilities which are not included under any other current liability category. Current liabilities can include, but are not limited to, sales taxes collected from customers but not yet remitted to the State of Missouri.

***Note 16 – Deferred Tax Liabilities***

Deferred tax liabilities consist of projected federal income taxes on capital gains for which the Corporation would be liable upon the sale of its investment portfolio and, when applicable, state sales taxes collected from customers and not yet remitted to the State of Missouri.

In 2017, the United States enacted the Tax Cuts and Jobs Act of 2017 which, among other changes, modified the corporate tax structure to eliminate the prior tiered rate structure in favor of a flat corporate tax rate. The new corporate tax structure effectively increases the tax rate utilized by the Corporation to calculate the deferred tax liability for net unrealized capital gains within its investment portfolio. The Corporation is required to record an adjustment to the deferred tax liability as of the effective date of the law to reflect the change in applicable tax rate. The law became effective on January 1, 2018, and the Corporation recorded a charge to income taxes to adjust for the new tax rate at that time.

***Note 17 – Lines of Credit***

The Corporation maintains revolving lines of credit with American Express. The Corporation's revolving line of credit with American Express was established in 2003 and currently permits the Corporation to borrow up to two thousand five hundred dollars ($2,500.00). Winter Harbor Advisors, L.L.C., the Corporation's advisory subsidiary, maintains a separate revolving line of credit with American Express which was established in 2006 and which currently permits the advisory subsidiary to borrow up to sixteen thousand dollars ($16,000.00). The interest rate applicable to balances carried by the Corporation and/or the advisory subsidiary on any of these revolving lines of credit is based on a premium over the prime interest rate and varies by line of credit. Generally, the Corporation and its advisory subsidiary manage their revolving debt in order to minimize any interest payments. Repayment of borrowings under the Corporation's and/or the advisory subsidiary's revolving lines of credit, in the event that the Corporation and/or the advisory subsidiary default on any such payment, is guaranteed by persons related to the Corporation. As of December 31, 2023, the outstanding balance under the Corporation's revolving lines of credit (including the Corporation's subsidiary's line of credit) was $34.32.

***Note 18 – Related Party Transactions***

The Corporation has in the past engaged in transactions and contractual relationships with related parties. Generally, these transactions and contractual relationships allowed the Corporation to borrow funds from a related party and were integral to the initial development and financing of the Corporation upon its organization in 1995. The last of these contractual relationships was terminated by the Corporation in 2001.

The Corporation has been informed that certain executive officers of the Corporation hold personal interests (in the form of securities purchased on the open market) in one or more of the companies in which the Corporation holds investments. The Corporation does not believe that these cross-holdings of securities are on a scale sufficient to be material to the Corporation or to materially affect the market value of the respective securities.

***Note 19 – Industry Segments***

The Corporation operates in three different and distinct business segments and reviews the operations and financial results of each business segment individually. These business segments are portfolio management (in which the Corporation manages its investment portfolio on behalf of the shareholders), financial and investment advisory services (which are offered through the Corporation's wholly owned subsidiary, Winter Harbor Advisors, L.L.C., a Utah limited liability company), and online retailing (in which the Corporation sells collectible stock and bond certificates (scripophily), stamps (philately), and related supplies online under the name "World Wide Stamp Company"). The Corporation considers portfolio management its core business operation.

***Note 20 – Subsidiaries***

The Corporation is the sole member of Winter Harbor Advisors, L.L.C., (hereinafter, the "Advisory Subsidiary"). The Advisory Subsidiary is a separate legal entity organized as a Utah limited liability company and is wholly owned by the Corporation. The Advisory Subsidiary is registered with the Utah

Division of Securities as a registered investment advisor (RIA) and conducts its operations in accordance with the regulations applicable to investment advisors promulgated by the United States Securities and Exchange Commission and the Utah Division of Securities. For federal income tax purposes, the Advisory Subsidiary is classified as a disregarded entity, which generally means that the operations of the Advisory Subsidiary are not considered separate from those of the Corporation for federal and state income tax purposes and are included on a consolidated basis with the operations of the Corporation on the Corporation's federal and state corporate income tax returns. In March of 2006, in conjunction with the organization of the Advisory Subsidiary, the Corporation made a capital contribution of twelve thousand dollars ($12,000) to the Advisory Subsidiary in exchange for a 100% interest in the equity of the Advisory Subsidiary.

As of December 31, 2023, the Corporation recorded a net investment of $23,000.00 in Winter Harbor Advisors. A reconciliation of the Corporation's net investment is provided below:

| As of December 31: | **2023** | 2022 | 2021 |
|---|---|---|---|
| Cash and Equivalents: | **$18,055.45** | $18,167.28 | $21,196.10 |
| Other Assets: | **$8,041.24** | $8,365.76 | $6,484.42 |
| Total Assets: | **$26,096.69** | $26,533.04 | $27,680.52 |
| Liabilities: | **$30.36** | $383.97 | $28.76 |
| Taxes Payable: | **$3,066.33** | $3,149.07 | $5,651.76 |
| Total Liabilities: | **$3,096.69** | $3,533.04 | $5,680.52 |
| Net Investment: | **$23,000.00** | $23,000.00 | $22,000.00 |

The Corporation receives cash distributions from the Advisory Subsidiary at least annually related to income tax liabilities and dividend distributions of excess capital. The Corporation received $4,451.98 in dividend distributions and $3,178.88 in income tax liability adjustment payments during 2023.

***Note 21 – Subsequent Events***

On January 4, 2024, the Corporation received a cash distribution from the Advisory Subsidiary related to income tax liabilities and dividend distributions of excess capital in the amount of $8,983.70, comprised of $6,151.43 in dividend distributions and $2,832.27 in income tax liability adjustment payments.