

**2025**

***DEBENTURE PROSPECTUS***

THIS OFFERING IS SUBJECT TO CERTAIN RISK FACTORS CONCERNING THE COMPANY AND ITS BUSINESS (SEE RISK FACTORS, PAGE N-2&3), AND IS MADE TO BONA FIDE RESIDENTS OF IDAHO ONLY.



***Idaho Farm Bureau<sup>®</sup>***  
***FINANCIAL SERVICES***

**FARM BUREAU FINANCE COMPANY**  
(herein referred to as the Company)

**275 Tierra Vista Drive ♦ P.O. Box 4848 ♦ Pocatello, Idaho 83205-4848**



# PROSPECTUS

## Farm Bureau Finance Company

(herein referred to as the Company)

275 Tierra Vista Drive

P.O. Box 4848

Pocatello, Idaho 83205-4848

\$30,000,000 Offering of Subordinated Debenture Notes (herein referred to as Notes and Debentures)

THIS OFFERING IS SUBJECT TO CERTAIN RISK FACTORS CONCERNING THE COMPANY AND ITS BUSINESS (SEE RISK FACTORS, PAGES N-2 & 3), AND IS MADE TO BONA FIDE RESIDENTS OF IDAHO ONLY.

The present offering is as follows:

<u>Price to Public Minimum Amount</u>	<u>Term of Notes</u>	<u>Interest Rate<sub>1</sub></u>	<u>Aggregate Amount of All Debenture Note Offerings</u>	<u>Maximum Commission or Underwriting Discount<sub>2</sub></u>	<u>Proceeds to Company<sub>3</sub></u>
\$50	1 to 60 months	See Below	\$30,000,000	\$600,000	\$29,400,000

- 1 Interest Rates are determined weekly, based upon management's assessment of current market conditions and vary according to the sum and term of the investment.
- 2 The commission is payable to investment representatives by the Company, for the sale of securities.
- 3 The offering will be made by investment representatives of the Company, under the supervision of Company officers. There is no representation as to what portion of the offering will be sold and issued. (See Right of Offering, page N-1)

For remedies of investors for false or misleading statements in connection with this offering, see page N-7.

THE REGISTRATION OF THESE SECURITIES BY THE IDAHO DEPARTMENT OF FINANCE DOES NOT SIGNIFY THAT THE DIRECTOR HAS APPROVED OR RECOMMENDED THESE SECURITIES NOR HAS HE RATIFIED THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED WITH THE SECURITIES EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 (THE 'ACT'), BUT ARE SOLD IN RELIANCE UPON THE EXEMPTION FROM THE REGISTRATION PROVIDED IN SECTION 3 (a) (11) OF THE ACT, AND RULE 147 PROMULGATED UNDER THE ACT. ACCORDINGLY, REALES AND TRANSFERS OF THESE SECURITIES ARE STRICTLY LIMITED TO RESIDENTS OF THE STATE OF IDAHO. ANY ATTEMPT TO RESELL OR TRANSFER IN VIOLATION OF THIS RESTRICTION SHALL BE VOID. THE COMPANY WILL EFFECTUATE TRANSFERS OF THIS CERTIFICATE ONLY IN ACCORDANCE WITH THE ABOVE INSTRUCTIONS AND IN COMPLIANCE WITH THE RESTRICTIONS ON TRANSFER SET FORTH IN RULE 147."



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UNLESS OTHERWISE INDICATED, THE INFORMATION IN THIS PROSPECTUS SPEAKS ONLY AS OF ITS DATE AND NEITHER DELIVERY HEREOF NOR SALE HEREUNDER SHALL CREATE ANY IMPLICATION THAT THE AFFAIRS, ASSETS OR LIABILITIES OF THE COMPANY HAVE CONTINUED WITHOUT CHANGE SINCE THE DATE OF THIS PROSPECTUS. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT HEREIN CONTAINED. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFERING OR SOLICITATION WITH RESPECT TO THESE SECURITIES BY THE COMPANY IN ANY STATE EXCEPT IDAHO.



## **PLAN OF OFFERING AND DESCRIPTION OF SECURITIES**

### **Prospectus and Representation**

Notes may be offered only by this prospectus. Proceeds of these Notes are applied toward working funds to expand the Company's loan services. Excess funds are used to purchase marketable securities, or investment properties.

No person or representative of the Idaho Farm Bureau Federation or its affiliates may offer, solicit, or otherwise transact for sale, any of these Notes except licensed securities agents. Scheduled commissions will be paid to licensed securities salesmen on all securities they sell. (See face sheet under caption, "Maximum Commission or Underwriting Discount.") Such subscription will be made through a salesman/agent, duly registered and licensed in the State of Idaho.

### **Term, Amount & Rate**

The principal sum and due date of each Note will vary according to arrangements with each investor. A minimum investment of \$50 and a minimum term of one month is required. The annual weighted average interest rate on Debentures was 3.8746%, 3.8749%, and 2.3784% for the fiscal years ended December 31, 2024, 2023, 2022, respectively. The Company incurred approximately \$1,681,635, \$1,415,987, and \$433,447 in total interest expense for those same years, respectively.

Before a Note is issued, the principal amount of the Note must be paid in full without credit or discount. Notes will be issued from Pocatello, Idaho, no later than five days following receipt of the purchase money and subscription agreement. Notes will be signed for the Company by an authorized officer, with the name of the payee(s), the interest rate, the issuance date, the maturity date and all terms and conditions as therein specified. Although the investor contracts to invest a specified amount for a specified term, the Company customarily redeems Notes prior to the maturity date upon request with the interest rate reduced to reflect an interest penalty. **THE COMPANY RESERVES THE RIGHT TO REFUSE REQUESTS FOR EARLY REDEMPTION AT ANY TIME.**

Management reviews market conditions weekly and determines interest rates to be offered during the following week. The yield on each Note will be fixed for the term of the Note and will be based on the investment amount and maturity date arranged with the investor.

### **Interest and Maturity Options**

The investor may choose to have interest paid or compounded quarterly.

Prior to each Debenture maturity date, the Company shall notify the investor of the present value, the term of the Note and the interest rate available for the next term if they should elect to reinvest for the same term as the original purchase. This notice will be sent to the investors last address of record.

At maturity, the Debenture will be automatically renewed at the interest rate then offered by the Company, for the same period of time as initially stated unless: 1) an owner surrenders his or her Note to the Company for payment or 2) the Company gives an owner ten (10) days prior to a maturity date, written notice to call this Note for payment.

### **Right of Offering**

Unless total annual investments exceed the amount approved by this prospectus as outlined on page "i", the Company will honor all investment requests. However, the Company reserves the right to discontinue this offering and return monies to prospective investors at any time total annual investments exceed the approved limit.

## The Company

On February 14, 1961, the Company was incorporated under the laws of the State of Idaho as the Farm Bureau Finance Company. It has been incorporated and registered in the State of Idaho only. It maintains its principal place of business at 275 Tierra Vista Drive, P.O. Box 4848, Pocatello, Idaho 83205-4848.

The Company deals primarily with Idaho Farm Bureau Federation's members and affiliated organizations. It finances premiums for Farm Insurance Brokerage Company, and provides loans secured by motor vehicles, mobile homes, home equity, and other areas of finance approved by the Board of Directors. Excess funds are invested in marketable securities that are redeemable as loan demands increase. The Company leases equipment and automobiles to affiliated Farm Bureau companies. The Company may also acquire and lease property.

The Company owns 96.71% of the stock of Western Community Insurance Company, an Idaho multiple lines insurance company, at a cost of \$1,679,700. Western Community Insurance Company is licensed to offer property, marine and transportation, disability, surety, casualty and workmen's compensation insurance. The ownership of such stock brings the Company within the requirements of an insurance holding company under Title 41, Chapter 38 of the Idaho Code.

## RISK FACTORS

The Notes of the Company being offered involve a degree of risk. In analyzing this offering, investors should carefully consider the following matters:

1. Notes offered by this prospectus are non-negotiable and are paid from the assets shown in the finance portion of the balance sheet of this prospectus. It should be noted the balance sheet and income statement include assets and earnings of subsidiaries of the Company. Payment of interest and principal is contingent upon the earnings and financial position of the Company. Principal once invested, will not be due until maturity. These Notes are not guaranteed by any affiliate, third party, or any agency of state or federal government. Holders of Notes offered by this prospectus will have claims equal to holders of Notes offered in previous or future Note offerings. Payment of the Note plus accrued interest shall be subordinated to all obligations owing to banks, trusts or governmental agencies.
2. The ratio of debt to equity at December 31, 2024, was 1.48 to 1. The ratio shall vary as new Notes and Class B stock are issued and previously issued Notes and Class B stock are redeemed. The debt to equity ratio shall increase as new Notes are issued or previously issued Class B stock is redeemed. The debt to equity ratio shall decrease as previously issued Notes are redeemed and new Class B stock is issued.
3. The common Class A voting stock of the Company is owned by Farm Bureau Insurance Company of Idaho and the Idaho Farm Bureau Federation, along with one hundred twenty-five shares each to the President of Idaho Farm Bureau Federation, the Executive Vice President of Idaho Farm Bureau Federation (currently not exercised) and to the President of Farm Bureau Insurance Company of Idaho. The Boards of Directors of Farm Bureau Federation and IFB Mutual Insurance Holding Company are common, and IFB Mutual Holding Company is the parent company of Farm Bureau Finance Company. Therefore, decisions and resulting policy set by this common directorship could be influenced by factors not directly involving the Company's operations.
4. The return on investments in subsidiaries can be affected by the common directorship discussed in Note 3.
5. There are no funds borrowed from banks as of the date of this prospectus, but bank credit is utilized from time to time. When bank credit is used, it may require pledging of assets sufficient to cover such bank loans. The bank may then have prior claim to such portion of the assets pledged over claims of Note holders.
6. The availability of credit extended by banks to the Company is also, in part, contingent upon the Company's equity base. The Company is continuing to offer its Class B non-voting common stock to increase its equity base. The future availability of bank credit is contingent upon the bank's requirements at the time of application for such credit.
7. Interest expense for the Company increased to \$1,948,477 in 2024 from \$1,754,369 in 2023, earnings per common share increased to \$.78 in 2024 from \$.58 in 2023. Interest coverage increased to 4.83 times in 2024 from 4.34 times in 2023.

## **RISK FACTORS-continued**

8. The Company will continue its offering of Notes and Class B stock in amounts necessary to meet working capital requirements which may include, but not be limited to, the retirement of existing debt and the redemption of Class B stock.
9. The Company operates as a licensed finance company in competition with existing finance companies and banks in the State of Idaho.
10. The Company's profitability depends in part on its ability to borrow funds from outside sources and to make loans at rates of return in excess of the interest rate paid on such borrowed funds. (See The Business of the Company) There can be no assurance that market conditions permitting the Company to realize a profit on this spread in interest rates will continue to prevail.
11. Many investors upon maturity choose to reinvest Debenture proceeds rather than withdraw their funds from the Company. (See section "Interest and Maturity Options.") The percentage of Debentures reinvested at maturity during the years ended December 31, 2024, 2023, 2022 was approximately 79%, 64%, 84% respectively. The Company cannot guarantee that similar historical rates of renewal will continue. If a large number of investors choose to withdraw their Debenture funds at maturity or redeem stock, the cash reserves of the Company may be insufficient to meet the demand. The Company may need to borrow funds, sell assets, or arrange other means in order to meet the unexpected demand. This may impair the Company's ability to repay Debentures when they mature, or to conduct "business as usual".
12. At time of purchase all investors of Debenture and Class B stock must be residents of the state of Idaho. Therefore, investors of the Company are geographically concentrated within the state of Idaho. Adverse economic conditions in Idaho could result in a decrease in Debenture and Class B stock investment by investors in the Company which could adversely affect the Company's liquidity and ultimately its ability to repay Debentures or offer redemption opportunities for Class B stock.
13. Borrowers from the Company are geographically concentrated in Idaho and Washington. Adverse economic conditions in Idaho or Washington could result in increased defaults by such borrowers. This could, in turn, adversely affect the Company's liquidity, its ability to operate its programs, and ultimately its ability to repay Debentures. The Company does not have any policy limiting the geographic concentration of its loans.
14. Excess funds are invested in stocks, bonds, commercial paper, and investment properties which may fluctuate in value. These marketable securities and excess funds are subject to various market risks, which may result in losses if the market value of the investments declines. Also, the Company's temporary cash investments held at various financial institutions and brokerage firms customarily exceed the amounts guaranteed by federal insurance.
15. The Company has not established a trust indenture to provide for repayment of the principal amount of the Debentures, nor does the Company intend to create such a trust. Therefore, no trustee will monitor our ongoing affairs on behalf of the investor. There is no agreement to provide for joint action by investors if the Company defaults on the Debentures. In addition, except as provided by law, failure to pay the interest or principal on one Debenture will not be a default on other Debentures. The investor will have none of the other protections a trust indenture might provide.
16. The Company has not and does not intend to set up a sinking fund or escrow to help pay principal and interest on its Debentures. Accordingly, the Company does not have funds set aside specifically for their repayment, and offering proceeds will not be segregated from other assets of the Company. The Company's ability to repay Debentures will therefore be solely dependent on the Company's financial condition and liquidity at the time the Debentures must be paid.
17. There are no restrictions in the by-laws of the Company limiting the use of proceeds for the payment of stock dividends.
18. The profitability of the Company's insurance subsidiary, Western Community Insurance Company, could be affected by the actual losses paid against insured risks. While management believes appropriate reinsurance agreements are maintained and actuarially assessed premiums are collected to assure profitability, the ultimate loss pay out may be greater than anticipated due to conditions not within the control of the Company.

## THE BUSINESS OF THE COMPANY

The Company finances policyholders' annual premiums on insurance coverage brokered through Farm Insurance Brokerage Company. Farm Insurance Brokerage Company collects a portion of the premium on financed policies and assigns the remainder to the Company on a full recourse basis. Farm Insurance Brokerage Company guarantees payment to the Company of any uncollectible balances. At 2024 year-end, 210 insureds owed a total of \$414,639. Premium finance loans are payable on monthly, quarterly, or semi-annual installments with a maximum term of ten months. Premium finance income in 2024 of \$40,029 represented less than 1% of total Company revenue.

Since 1961, the Company has furnished automobiles on a lease basis to the Farm Bureau Insurance Company. In 1968, this service was extended to the Idaho Farm Bureau Federation and the Company began offering office equipment leasing to Farm Bureau affiliates. Automobile leases are set up on a 24% annualized depreciation schedule, however, the typical life on an auto lease is three years and 85,000 miles. The lessee guarantees the Company full recovery of the vehicle book value at the termination of the lease. The lease term of equipment is four years. At 2024 year-end, the Company owned 101 leased autos with a total depreciated value of \$1,454,639. Income from the lease program in 2024 was \$657,748, representing 5% of total Company earnings. The Company may also acquire and lease real property.

In 1964, the Company began financing new car and truck purchases for Farm Bureau members. Financing of recreational vehicles was added in 1968. In the following years, the Company expanded its loan portfolio to include mobile home financing, home equity loans, and other collateralized consumer credit. Payment terms are offered on monthly, quarterly, semi-annual, and annual payment modes to accommodate the borrower's method of income. Maturities are scheduled up to twenty years on loans secured by real property and new mobile homes. New auto loans are offered with 72-month maturities; used vehicles and recreational vehicles are scheduled for various terms depending on the year, model and value of the collateral. It is management's opinion that the relatively short-term loan maturities provide for a quicker, more favorable response to varying interest rates and changing economic conditions. Loan earnings are calculated as simple interest on the unpaid balance of the loan. Interest rates are set to obtain an average minimum return of 4% above the investment rate offered on the Company's debenture notes. These rates are reviewed at least monthly based on current market conditions. At 2024 year-end, consumer loans were at \$70,809,090. Total income from loans totaled \$9,010,954 representing 73% of annual revenue.

Insurance premium financing and consumer loan requests are submitted to the Company through sales representatives of the Farm Bureau Insurance Company, Western Community Insurance Company, and through a network of dealerships located throughout the States of Idaho and Washington. Equipment leases are negotiated upon request for the affiliated companies.

The Company maintains approximately \$1,000,000 in liquid funds to cover day-to-day operations. Excess funds are invested in stocks, bonds, commercial paper and real estate. At 2024 year-end, these investments totaled \$55,037,645 at cost with current market value of \$54,135,078. Total investment income for 2024 came to \$2,673,775 representing 22% of annual revenue.

A reserve for doubtful debt is maintained at 1.0% of the consumer loan outstanding. To date, Company losses have never exceeded that figure. This reserve is maintained at a level considered adequate to provide for potential future loan losses based on management's evaluation of the loan portfolio, as well as on prevailing and anticipated economic conditions. The Company does not anticipate it will exceed its current reserve for doubtful debt.

The Company owns 96.71% of the common stock of Western Community Insurance Company. This subsidiary Company is engaged in the business of writing lines of insurance not provided by Farm Bureau Insurance Company. Sales representatives of Farm Bureau Insurance Company are instrumental in writing these lines of business. During 2024 premium written totaled \$90,785,792.

## THE BUSINESS OF THE COMPANY-continued

The primary sources of capital to meet loan demand are the sale of Class B common stock, the issuance of Debentures, and the issuance of notes payable to affiliates (See, Notes Payable to Affiliates). Dividends of 1 cent per share have been declared and paid on outstanding Class A and Class B common stock totaling \$76,136 in 2024 and \$76,612 in 2023. The amount of future dividends, if any, will be determined by the Board of Directors at the appropriate time.

The Company is licensed under the authority of the Idaho Department of Finance as a regulated lender, and is in compliance with the provisions of the Idaho Credit Code. Additionally, the company is licensed by the State of Washington Department of Financial Institutions as a consumer lender. The issuance of the license by the Idaho Department of Finance and Washington State Department of Financial Institutions does not constitute a recommendation by any federal or state securities commission or regulatory authority. There have not been in the past, nor does the Company anticipate in the future, any adverse effects upon the earnings or profitability of the Company from compliance with these regulations.

The total loans outstanding for the years 2024 and 2023 are compared to the net earnings and debt outstanding as follows:

	<u>2024</u>	<u>2023</u>
Finance Receivables Outstanding – net	\$70,519,009	\$73,991,546
Net Earnings	7,454,685	5,858,518
Outstanding Liabilities	141,576,992	129,839,437
Debt to Equity Ratio	1.48	1.43
Interest and Preferred Dividend Coverage	4.83	4.34

## DEBT FINANCING AND CAPITALIZATION as of December 31, 2024.

The capitalization of the Company as of December 31, 2024, as adjusted to show the net effect of a hypothetical offering of \$30,000,000 of Notes issued and 200,000 shares of new Class B stock being issued at the first quarter of 2025 selling price of \$13.02 is set forth below:

	<u>Outstanding</u>	<u>As Adjusted</u>
<b>Debt:</b>		
Notes Payable to Affiliated Companies (see pg. N-12)	19,493,465	19,493,465
Notes	<u>14,255,409</u>	<u>30,000,000</u>
<b>Total Debt</b>	<b>◆◆◆ \$33,748,874 ◆◆◆</b>	<b>◆◆◆ \$49,493,465 ◆◆◆</b>
<b>Equity:</b>		
Minority Interest	1,579,477	1,579,477
Common Stock, Class A, No Par Value	607,129	607,129
Common Stock, Class B, No Par Value	12,993,788	15,597,788
Retained Earnings	<u>80,692,535</u>	<u>80,692,535</u>
<b>Total Equity</b>	<b>\$95,872,929</b>	<b>\$98,476,929</b>

\*Part of the proceeds raised from the sale of Notes and stock offerings may be used to redeem existing Notes and/or Class B common stock.

Proceeds of Note sales and stock offerings provide operating capital for Farm Bureau Finance Company. Each year the Company renews the offer for sale of \$30 million dollars in aggregate Notes and unlimited shares of Class B common stock. Furthermore, the Company redeems outstanding Notes and stock while continuing the new sales. It is anticipated the Company in future years will continue to offer Debentures and Class B common stock in amounts necessary to meet working capital requirements and to retire existing debt.

## DEBT FINANCING AND CAPITALIZATION-continued

The Company's Note sales and redemptions for the past five years were:

<u>Year</u>	<u>Notes Sold</u>	<u>Notes Redeemed</u>	<u>Outstanding As of December 31</u>
2020	\$4,909,837	\$6,421,414	\$7,067,515
2021	\$3,917,752	\$4,147,514	\$6,837,753
2022	\$4,363,225	\$5,138,106	\$6,062,873
2023	\$12,280,841	\$3,916,360	\$14,427,354
2024	\$4,200,361	\$4,372,309	\$14,255,409

## OUTSTANDING DEBENTURES

As of December 31, 2024, outstanding debentures totaled \$14,255,409.

<u>Type (Months)</u>	<u>Number of Debentures</u>	<u>Weighted Average Interest Rate</u>	<u>Aggregate Principal Balance</u>
1-3	478	3.2310	\$528,304
4-5	17	3.3941	\$142,845
6-11	176	4.3162	\$2,120,172
12-23	279	4.6919	\$9,317,728
24-35	19	5.1763	\$970,743
36-47	3	3.1333	\$12,000
48-60	15	3.0433	\$1,027,080

## MATURITY INFORMATION

The following table shows the current principal balances of Debentures that are scheduled to mature during each of the next five fiscal years and thereafter as of December 31, 2024.

<u>Time of Maturity</u> <i>During the year ended:</i>	<u>Number of Debentures</u>	<u>Aggregate Principal Balance</u>
December 31, 2025	187	\$3,637,658
December 31, 2026	16	\$811,995
December 31, 2027	1	\$901,181
December 31, 2028	0	\$0
December 31, 2029	0	\$0

The Company's Class A and Class B stock sales and redemptions for the past five years were:

<u>Year</u>	<u>Stock Sold</u>	<u>Total Shares Stock Redeemed</u>	<u>Outstanding As of December 31</u>
2020	47,196	162,840	8,046,933
2021	64,032	102,647	8,008,193
2022	196,762	331,826	7,873,129
2023	23,480	229,407	7,667,202
2024	50,725	111,396	7,606,530

## CONFLICT OF INTEREST

The entire common Class A voting stock of the Company is owned by the Farm Bureau Insurance Company of Idaho and the Idaho Farm Bureau Federation along with one hundred twenty-five shares each to the President of Idaho Farm Bureau Federation, the Executive Vice President of Idaho Farm Bureau Federation (currently not exercised) and to the President of Farm Bureau Insurance Company of Idaho. The Board of Directors of Farm Bureau Federation and IFB Mutual Holding Company, which is the ultimate parent company to Farm Bureau Finance Company, are common. Therefore, decisions and resulting policy set by this common directorship could be influenced by factors not directly involving the Company's operations.

## USE OF PROCEEDS

Proceeds are to be applied, in addition to operating income and the proceeds of prior offerings, toward increased loan services to members as well as leasing to the Idaho Farm Bureau Federation and affiliated organizations and corporations. Excess funds are invested in stocks, bonds, commercial paper, and investment properties. It is anticipated that funds will be applied in the approximate percentages as follows:

		<u>Proceeds</u>	<u>Selling Expense</u>
A. Financing of Insurance Premiums	2 %	588,000	12,000
B. Financing of Consumer Loans	71%	20,874,000	426,000
C. Investments - Stocks, Bonds and Commercial Paper	8 %	2,352,000	48,000
D. Equipment, Vehicle and Real Property Leasing	12 %	3,528,000	72,000
E. Redemption of Class B Stock & Debentures in Normal Course of Business	7 %	2,058,000	42,000
	<b>100 %</b>	<b>\$ 29,400,000</b>	<b>\$ 600,000</b>

Note: The disclosed anticipated use of proceeds is not a statement of either the historical, present or future corporate assets investment mix. Part of the proceeds from the sale of Debentures and stock offerings may be used to redeem Debentures and/or Class B common stock (See Debt Financing and Capitalization). The Company has also invested and made loans to Farm Bureau service organizations and to affiliated companies and will continue to make such funding available through the sale of the Company's capital stock and Notes. It is not anticipated that such capital funding will constitute more than 1% of the proceeds in 2025.

In no event will proceeds be applied to uses contrary to the purposes specified herein or not reasonably related to the business of the issuer as described in this offering circular.

## REMEDIES OF INVESTORS

Remedies of investors for false or misleading statements in connection with this offering: in the event that this prospectus, or any other written or oral representation to an investor in connection with this offering, contains any untrue statement of a material fact or omits a material fact necessary in order to make the statements made not misleading, then such investor has the right under federal and state securities laws to rescind his purchase and receive back his purchase price in full upon the tender of the securities purchased by him, or to recover actual damages or obtain relief, as appropriate. Any such investor may pursue such relief in a private action brought through his own attorney in the appropriate federal or state court. In such event, the officers, directors, principal stockholders and other controlling persons of the issuer may be jointly and severally liable to the investor to the same extent as the issuer and will not be protected by the corporate form of organization. Under certain circumstances the investor may recover his attorney's fees as well.

## DESCRIPTION OF PROPERTIES

The Company owns office equipment and vehicles which are leased to various Farm Bureau companies. From time to time it also holds foreclosed properties for sale. These are listed as assets on the December 31, 2024, balance sheet as follows:

Office Equipment and Vehicles .....\$1,461,380  
Foreclosed Property held for sale ..... \$0

## EMPLOYEES

The Company employs 21 full-time employees and 1 part-time employee. There is no significant seasonal hiring and no union representation. Management's opinion is that its relationship with employees is good.

## OFFICERS AND DIRECTORS

The Company's policies, guidelines and direction come through a Board of Directors, executive officers and staff.

The Board of Directors is comprised of 7 individuals that also serve as the executive team of Farm Bureau Insurance Company of Idaho. An annual audit prepared by a CPA firm is provided to board members and officers. As of April 01, 2024, the names of the executive officers and directors of the Company, their age, their principal occupation, address and securities held are as follows:

TODD D. ARGALL	56	<i>President and CEO</i>	An Executive whose address is P.O. Box 4848, Pocatello	Has 125 shares of Class A common stock
JARED A. STEADMAN	45	<i>Secretary</i>	An Executive whose address is P.O. Box 4848, Pocatello	
JASON T. WILLIAMS	46	<i>Treasurer</i>	An Executive whose address is P.O. Box 4848, Pocatello	Has 9,014 shares of Class B common stock
LISA K. BARBER	61	<i>Director</i>	An Executive whose address is P.O. Box 4848, Pocatello	
SHILYNN A. FRANCISCO	37	<i>Director</i>	An Executive whose address is P.O. Box 4848, Pocatello	
CHARLES G. MCDANIEL	64	<i>Director</i>	An Executive whose address is P.O. Box 4848, Pocatello	
JOSHUA D. STUART	44	<i>Director</i>	An Executive whose address is P.O. Box 4848, Pocatello	

## **OFFICERS AND DIRECTORS-continued**

The Company shares in a pro-rata cost of per diem paid to the IFB Mutual Insurance Holding Company Board Members. Their compensation is paid by the IFB Mutual Insurance Holding Company or by the Idaho Farm Bureau Federation and prorated to the affiliated companies on the basis of time devoted to the affairs of each of the affiliated corporations. Such remuneration for per diem and expenses of directors paid to IFB Mutual Insurance Holding Company totaled \$118,389 in 2024.

## **MANAGEMENT**

In 2025, the Board of Directors appointed Todd D. Argall as President and CEO, Jared A. Steadman as Secretary, and Jason T. Williams as Treasurer. Brett E. Fuhriman, Director of Finance, together with the staff and clerical force, conducts the day-to-day operation of the Company.

The officers and employees of the Company, with the exception of those who are licensed to sell securities, will receive no commissions or any other special compensation with this offering.

The Company does not pay any remuneration directly to its officers or employees. Under the terms of an agreement with Farm Bureau Insurance Company of Idaho, the Company pays a management fee. Pursuant to such agreement, management fees totaled \$1,674,397 in 2024 and \$1,545,695 in 2023.

## **LITIGATION**

Periodically, the Company institutes legal action to collect defaulting loans. Otherwise, the Company is not included in any material litigation either as plaintiff or defendant, nor is the Company aware of any litigation contemplated against it. The Company is not subject to any adverse order, judgment or decree in connection with issuance of any of its securities either by any court or the Securities and Exchange Commission.

## **LIMITATIONS**

No dealer, salesman or any other person has been authorized by the Company to give information or make any representation other than those contained in this prospectus, and if given or made, such information must not be relied upon as having been authorized by the Company. To order any of the securities offered by the Company, the investor must complete the Subscription Agreement (page 39) attached as the last page of this prospectus.

## **REPORT TO NOTE HOLDERS**

Upon request, the Company will furnish to Note holders annual audited financial statements with an independent certified public accountant's opinion within 120 days after the end of its fiscal year.

## **REGULATION**

The Company is licensed as a Regulated Consumer Finance Company under the laws of the State of Idaho, with the Idaho Department of Finance.

## **ENVIRONMENTAL IMPACT**

A statement regarding the effect of this offering on the environment is not applicable.

**COUNSEL**

Name and address of legal counsel is:..... Nathan J. Cuoio  
Merrill & Merrill, Chtd.  
109 N. Arthur Ave, 5<sup>th</sup> floor  
Pocatello, Idaho 83204

**INDEPENDENT PUBLIC ACCOUNTANT**

Name and address of certified public accountant is:..... Johnson Lambert LLP  
4242 Six Forks Rd, Suite 1500  
Raleigh, NC 37609

**SHAREHOLDERS AND OWNERSHIP**

The Company by-laws permit the issuance of only Class A and Class B common stock. Voting rights are limited to Class A stock only. Present ownership of the outstanding Class A stock of the company is listed as follows:

<u>Class of Shares</u>	<u>Name and Address of Shareholder</u>	<u>Number of Shares</u>
Class A	Bryan L. Searle 538 E 1520 N, Shelley	125
Class A	Todd D. Argall P.O. Box 4848, Pocatello	125
Class A	Idaho Farm Bureau Federation P.O. Box 4848, Pocatello	141,250
Class A	Farm Bureau Insurance Company of Idaho P.O. Box 4848, Pocatello	4,700,000

**CLASS A STOCK**

At a special stockholders meeting held March 18, 1980, the authorized common Class A stock was increased from 50,000 shares to 500,000 shares. The par value was reduced from \$10.00 per share to \$2.00 per share, and the shares were split 5 shares per 1 share outstanding at that time. Again, on January 26, 1990 at a special stockholder meeting the authorized common Class A stock was increased from 500,000 shares to 2,500,000. The par value was reduced from \$2.00 per share to 40 cents per share, and the shares were split 5 shares per 1 share outstanding at that time. Again, on March 9, 2009, at a special stockholder meeting the authorized common Class A stock was increased from 2,500,000 shares to 100,000,000, the par value was reduced from 40 cents per share to zero, and the shares were split 5 shares per 1 share outstanding at that time.

The by-laws of the Company limit ownership of Class A stock to the Idaho Farm Bureau Federation and the Farm Bureau Company of Idaho with the exception of one hundred twenty-five shares each to the President of the Idaho Farm Bureau Federation, the President of the Farm Bureau Insurance Company, and the Executive Vice-President of Federation (currently not exercised). These individuals are required to sell or exchange their respective shares of Class A stock at book value to the Company upon leaving their office with the Federation or the Insurance Company. As of December 31, 2024, 4,841,500 shares have been issued and are outstanding.

**CLASS B STOCK**

In May, 1973 the stockholders authorized the issue of 50,000 shares of common Class B (non-voting) stock. At a special stockholder meeting held March 18, 1980, the authorized common Class B stock was increased from 50,000 to 500,000 shares. The par value was reduced from \$10.00 to \$2.00 per share, and the outstanding shares of Class B stock were split 5 shares per 1 share outstanding at that time. Again, on January 26, 1990 at a special stockholder meeting the authorized common Class B stock was increased from 500,000 to 2,500,000 shares. The par value was reduced from \$2.00 per share to 40 cents per share and the outstanding shares of Class B stock were split 5

## **CLASS B STOCK-continued**

shares per 1 share. Again, on March 9, 2009, at a special stockholder meeting the authorized common Class B stock was increased from 2,500,000 shares to 100,000,000, the par value was reduced from 40 cents per share to zero, and the shares were split 5 shares per 1 share outstanding at that time. At December 31, 2024, there were 2,765,030 shares issued and outstanding. There is no one individual owning more that 10% of the Class B stock.

## **STOCK OPTIONS**

On March 26, 2002, Western Community Insurance Company granted key officers and employees stock options to purchase 8,100 shares of Western Community Insurance Company common stock at \$83.85 per share. As of December 31, 2012, all options have been exercised.

On December 30, 2003, Western Community Insurance Company granted a key officer stock options to purchase 500 shares of Western Community Insurance Company common stock at \$91.40 per share. As of December 31, 2008, all options have been exercised.

On September 30, 2014, Western Community Insurance Company granted key officers stock options to purchase 6,600 shares of Western Community Insurance Company common stock at \$33.90 per share. As of December 31, 2024, 5,800 options have been exercised.

On December 31, 2020, Western Community Insurance Company granted key officers stock options to purchase 1,000 shares of Western Community Insurance Company common stock at \$44.69 per share. As of December 31, 2024, zero options have been exercised.

On December 31, 2021, Western Community Insurance Company granted key officers stock options to purchase 3,400 shares of Western Community Insurance Company common stock at \$47.31 per share. As of December 31, 2024, 1,600 options have been exercised.

For all outstanding options at the year end, Western Community Insurance Company's obligation in the difference between the stock option exercise price and the book value of the Company has been accrued and included in accounts payable on the year-end financial statement.

Some of the persons to whom the options were granted are also officers of Farm Bureau Finance Company.

## **PREFERRED STOCK**

The Company's articles of incorporation authorize its board of directors to issue preferred stock without a vote of the common shareholders. Currently the Company has no outstanding preferred stock issued and does not foresee the future issuance of any preferred stock. Nevertheless, such preferred stock would only be issued if the issuance of the preferred stock is approved by a majority of the Company's independent directors who do not have an interest in the transaction and who have access, at the Company's expense, to the Company's or independent legal counsel.

## **NOTES PAYABLE TO AFFILIATES AND OTHER INSTITUTIONAL INVESTORS**

One source of capital to meet loan demand is the issuance of notes payable to affiliates and other institutional investors. Notes payable to affiliates and other institutional investors are private placement notes to sophisticated institutional investors individually negotiated upon the request of the affiliated corporation. Each note is registered with Standard and Poor's Corp. for the issuance of a security identification number. The proposed note along with the company's financial information is then presented to the National Association of Insurance Commissioners Securities Valuation Office which issues an investment rating for the note. The rating is used by institutional investors for investment and accounting purposes. The affiliated notes have consistently received a two (2) investment grade rating.

**NOTES PAYABLE TO AFFILIATES AND OTHER INSTITUTIONAL INVESTORS - continued**

All future material affiliated notes, transactions and loans will be made or entered into on terms that are no less favorable to the Company than those that can be obtained from unaffiliated third parties. Furthermore, all future material affiliated notes, transactions and loans, and any forgiveness of loans, will be approved by a majority of the Company's independent directors who do not have an interest in the transactions but shall have access, at the Company's expense, to the Company's or independent legal counsel.

<b>December 31, 2024</b>	<b>Amount</b>	<b>Interest Rate</b>
Farm Bureau Insurance Company of Idaho	15,283,370	3.00 - 5.05
Farm Insurance Brokerage Company	1,870,358	3.60 - 6.50
Idaho Farm Bureau Federation	385,180	6.0 - 6.0
Washington State Farm Bureau Company	628,654	4.3 - 4.3
Montana Farm Bureau Federation	805,508	6.00 - 6.50
Montana Farm Bureau Foundation	520,395	6.00 - 6.00
<b>Total</b>	<b>\$ 19,493,465</b>	

<b>December 31, 2023</b>	<b>Amount</b>	<b>Interest Rate</b>
Farm Bureau Insurance Company of Idaho	13,819,393	.75 - 5.10
Farm Insurance Brokerage	1,779,095	3.60 - 6.50
Idaho Farm Bureau Federation	361,576	6.5 - 6.5
Washington State Farm Bureau	601,185	4.5 - 4.5
Montana Farm Bureau Federation	500,00	6.50 - 6.50
Montana Farm Bureau Foundation	520,395	6.50 - 6.50
<b>Total</b>	<b>\$ 17,581,644</b>	

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# **Farm Bureau Finance Company and Subsidiary**

## **Audited Consolidated Financial Statements**

*Years ended December 31, 2024 and 2023  
with Report of Independent Auditors*

Farm Bureau Finance Company and Subsidiary

Audited Consolidated Financial Statements

Years ended December 31, 2024 and 2023

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## Report of Independent Auditors

Board of Directors  
Farm Bureau Finance Company and Subsidiary

### **Opinion**

We have audited the consolidated financial statements of Farm Bureau Finance Company and Subsidiary (the Company), which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Other Matter**

The consolidated financial statements of the Company for the year ended 2023 were audited by another auditor who expressed an unmodified opinion on those statements on March 28, 2024.

### **Responsibilities of Management for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet as of December 31, 2024 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Johnson Lambert LLP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina  
June 11, 2025

## Farm Bureau Finance Company and Subsidiary

### Consolidated Balance Sheets - Assets

As of December 31, 2024 and 2023

	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 2,806,459	\$ 868,202
Investments:		
Bonds - held to maturity and reported at amortized cost	52,628,976	43,314,513
Stocks - at fair value	5,095,557	5,202,794
Accounts receivable	120,779	93,547
Premiums receivable	28,479,468	22,874,790
Reinsurance recoverable on unpaid loss	28,150,520	34,408,344
Reinsurance commissions receivable	2,268,574	1,522,785
Prepaid reinsurance premiums	44,754,144	35,844,605
Accrued interest and dividends	1,104,700	995,738
Prepaid expenses	3,229	-
Guaranty funds receivable	57,126	61,969
Finance receivables (net of allowance for credit loss of \$704,720 and \$1,114,029 in 2024 and 2023, respectively)	70,519,009	73,991,547
Property and equipment (net of accumulated depreciation of \$3,331,135 and \$2,918,456 in 2024 and 2023, respectively)	1,461,380	1,534,640
Other assets	-	2,755
Total assets	\$ 237,449,921	\$ 220,716,229

*See accompanying notes to consolidated financial statements*

Farm Bureau Finance Company and Subsidiary

Consolidated Balance Sheets - Liabilities and Stockholders' Equity

As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Liabilities and stockholders' equity</b>		
<b>Liabilities</b>		
Reserve for loss and loss adjustment expenses	\$ 28,150,520	\$ 34,408,344
Unearned premium	44,754,144	35,844,605
Deferred ceding commission	1,221,788	319,017
Accounts payable	709,338	735,014
Accounts payable - affiliate	2,334,444	1,377,079
Payable for securities	706,053	-
Advanced premiums	962,749	897,109
Notes payable - affiliates	19,493,465	17,581,644
Finance loans in progress	322,913	266,822
Subordinated debenture notes payable	14,255,409	14,427,354
Taxes, licenses, and fees	297,250	199,285
Ceded reinsurance premiums payable	27,860,000	23,214,339
Income taxes payable	99,629	254,759
Deferred income tax liability	<u>409,290</u>	<u>314,066</u>
Total liabilities	141,576,992	129,839,437
<b>Stockholders' equity</b>		
Common stock - Class A, no par value	607,129	607,129
Common stock - Class B, no par value	12,993,788	12,803,431
Accumulated other comprehensive income	-	1,384,362
Retained earnings	80,692,535	74,596,503
Non-controlling interest	<u>1,579,477</u>	<u>1,485,367</u>
Total stockholders' equity	<u>95,872,929</u>	<u>90,876,792</u>
Total liabilities and stockholders' equity	<u>\$ 237,449,921</u>	<u>\$ 220,716,229</u>

See accompanying notes to consolidated financial statements

Farm Bureau Finance Company and Subsidiary  
Consolidated Statements of Comprehensive Income

Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Operating Revenues</b>		
Finance loan interest and fees	\$ 9,050,984	\$ 8,221,209
Investment income	2,026,952	1,623,137
Auto lease income	657,748	661,402
Net investment gain on securities	<u>646,823</u>	<u>114,213</u>
Total operating revenues	12,382,507	10,619,961
<b>Operating Expenses</b>		
Selling, general and administrative expense	2,136,532	2,144,468
Depreciation	842,813	862,606
Interest and bank charges	<u>1,948,477</u>	<u>1,754,369</u>
Total operating expenses	<u>4,927,822</u>	<u>4,761,443</u>
Income before income tax	7,454,685	5,858,518
Income tax expense	<u>1,399,089</u>	<u>1,295,500</u>
Net income before net income attributable to non-controlling interest	6,055,596	4,563,018
Net income attributable to non-controlling interest	<u>94,110</u>	<u>72,187</u>
Net income	5,961,486	4,490,831
<b>Other Comprehensive Income</b>		
Unrealized holding gains arising during the period, net of tax of \$0 and \$117,240, respectively	-	431,191
Reclassification adjustment for net gains included in net income, net of tax of \$0 and \$23,985	<u>-</u>	<u>(90,228)</u>
Total other comprehensive income	<u>-</u>	<u>340,963</u>
Comprehensive Income	<u>\$ 5,961,486</u>	<u>\$ 4,831,794</u>

*See accompanying notes to consolidated financial statements*

Farm Bureau Finance Company and Subsidiary

Consolidated Statements of Changes in Stockholders' Equity

Years ended December 31, 2024 and 2023

	Common Stock - Class A	Common Stock - Class B	Accumulated Other Comprehensive Income	Retained Earnings	Non-Controlling Interest	Total Stockholders' Equity
Balance at December 31, 2022	\$ 607,129	\$ 13,657,498	\$ 1,043,399	\$ 71,625,188	\$ 1,407,799	\$ 88,341,013
Net income	-	-	-	4,490,831	72,187	4,563,018
Other comprehensive income	-	-	340,963	-	-	340,963
Other miscellaneous changes	-	-	-	2	5,381	5,383
Shares issued	-	274,407	-	-	-	274,407
Shares redeemed	-	(1,128,474)	-	-	-	(1,128,474)
Dividends paid	-	-	-	(76,612)	-	(76,612)
Excess in cost of common shares reacquired over proceeds received when issued	-	-	-	(1,442,906)	-	(1,442,906)
Balance at December 31, 2023	607,129	12,803,431	1,384,362	74,596,503	1,485,367	90,876,792
Net income	-	-	-	5,961,486	94,110	6,055,596
Other miscellaneous changes	-	27,042	(1,384,362)	1,094,390	-	(262,930)
Shares issued	-	564,553	-	-	-	564,553
Shares redeemed	-	(401,238)	-	-	-	(401,238)
Dividends paid	-	-	-	(76,136)	-	(76,136)
Excess in cost of common shares reacquired over proceeds received when issued	-	-	-	(883,708)	-	(883,708)
Balance at December 31, 2024	<u>\$ 607,129</u>	<u>\$ 12,993,788</u>	<u>\$ -</u>	<u>\$ 80,692,535</u>	<u>\$ 1,579,477</u>	<u>\$ 95,872,929</u>

See accompanying notes to consolidated financial statements

Farm Bureau Finance Company and Subsidiary

Consolidated Statements of Cash Flows

Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Net income before non-controlling interest	\$ 6,055,596	\$ 4,563,018
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	842,813	862,606
Bad debts	370,446	134,128
Deferred income taxes	(140,446)	(134,883)
Net unrealized gain on stocks	(669,270)	(83,906)
Net investment gain on securities	(646,823)	(114,213)
Effects of changes in operating assets and liabilities:		
Accounts receivable	(27,232)	(2,537)
Premiums receivable	(5,539,038)	(3,729,723)
Reinsurance recoverables on unpaid loss	6,257,824	(2,490,167)
Reinsurance commissions receivable	(745,789)	(127,741)
Prepaid reinsurance premiums	(8,909,539)	(5,370,968)
Accrued interest and dividends	(108,962)	(199,591)
Prepaid expenses	(3,229)	1,080
Deferred ceding commission	902,771	35,612
Guaranty funds receivable	4,843	(37,233)
Income tax recoverable	(162,054)	-
Finance receivables	3,472,538	(1,218,170)
Other assets	2,755	47
Reserve for loss and loss adjustment expenses	(6,257,824)	2,490,167
Unearned premium	8,909,539	5,370,968
Accrued interest payable	-	(18,763)
Accounts payable	(25,676)	(61,651)
Accounts payable - affiliate	957,365	(354,597)
Payable for securities	706,053	-
Finance loans in progress	56,091	75,975
Taxes, licenses, and fees	97,965	13,018
Ceded reinsurance premiums payable	4,645,661	4,194,553
Income taxes payable	6,924	(227,142)
Net cash from operating activities	<u>10,053,302</u>	<u>3,569,887</u>

See accompanying notes to consolidated financial statements

Farm Bureau Finance Company and Subsidiary  
Consolidated Statements of Cash Flows (Continued)

Years ended December 31, 2024 and 2023

	2024	2023
<b>Cash flows from investing activities</b>		
Purchase of equipment	\$ (983,893)	\$ (674,835)
Purchase of securities	(18,181,084)	(6,627,872)
Proceeds from sale of equipment	483,749	241,066
Proceeds from securities sold or matured	9,622,836	3,416,781
Net cash from investing activities	(9,058,392)	(3,644,860)
<b>Cash flows from financing activities</b>		
Net increase in notes payable to affiliates	1,911,821	735,288
Net (decrease) increase in subordinated debentures notes payable	(171,945)	8,364,481
Payments of principal to line of credit	-	(8,000,000)
Proceeds from sale of common stock	564,553	274,407
Payments to redeem common stock	(1,284,946)	(2,571,380)
Payments of common stock dividends	(76,136)	(76,612)
Net cash from financing activities	943,347	(1,273,816)
Net change in cash, cash equivalents and restricted cash	1,938,257	(1,348,789)
Cash, cash equivalents and restricted cash, beginning of year	868,202	2,216,991
Cash, cash equivalents and restricted cash, end of year	\$ 2,806,459	\$ 868,202
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the year for:		
Income taxes	\$ 1,245,000	\$ 1,239,075
Interest	\$ 1,681,603	\$ 1,417,543

*See accompanying notes to consolidated financial statements*

# Farm Bureau Finance Company and Subsidiary

## Notes to Consolidated Financial Statements

Years ended December 31, 2024 and 2023

### **Note 1 - Organization and Significant Accounting Policies**

#### *Organization*

Farm Bureau Finance Company (FBFC) is engaged in the business of providing financing for consumer purchases of automobiles, other personal property, real estate, insurance premiums and the real estate rental business, all of which occurs in the state of Idaho. FBFC's majority owned subsidiary, Western Community Insurance Company (WCIC), is engaged in the fire and casualty insurance business. WCIC is permitted to write multiple lines of insurance in the States of Idaho, Oregon, and Washington. The Company is a subsidiary of Farm Bureau Insurance Company of Idaho (the Parent), who owns 61.79% of all common stock and 97.07% of the Class A voting stock. WCIC maintains a reinsurance agreement with the Parent whereby all its premiums and losses are ceded to the Parent.

#### *Basis of Presentation*

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidated financial statements include the accounts of FBFC and its 96.72% owned subsidiary, WCIC (collectively, the Company). All significant intercompany transactions have been eliminated. Preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *Cash and Cash Equivalents*

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less when purchased. Cash and cash equivalents are reported at cost, which approximates fair value. The Company maintains certain cash and cash equivalent balances that exceed Federal Deposit Insurance Corporation insured limits. The Company mitigates its exposure to losses from these cash deposits by monitoring the financial stability of the financial institutions involved.

## Farm Bureau Finance Company and Subsidiary

### Notes to Consolidated Financial Statements (Continued)

#### **Note 1 - Organization and Significant Accounting Policies (continued)**

##### *Credit Losses*

The Company measures expected credit losses on financial assets held at amortized cost, and records an allowance for credit loss when management determines a credit loss exists. Allowances for credit losses are recorded as contra-assets that reduce the corresponding financial assets on the balance sheets, with the offset recorded as credit loss income (expense) in the consolidated statements of comprehensive income through the selling, general and administrative expense. As the estimate of expected credit losses changes with subsequent evaluations, those increases and decreases are recognized in current operations. The Company writes off uncollectible amounts against the allowance for credit losses when it determines that a financial asset is partially or fully uncollectible.

##### *Investments*

Investments in bonds are classified as held-to-maturity and are reported at amortized cost. Investments in common stocks, redeemable and perpetual preferred stocks are reported at fair value based on quoted market prices. Estimated fair values of debt securities are generally based on average bid prices, or the average bid price of similar issues with the same life and expected yields.

Gains and losses on disposals are calculated on the net proceed of sales less fair value of securities sold on a specific identification basis. Common and preferred stock are carried at fair value with changes in fair value recognized in net income on the consolidated statements of comprehensive income.

The Company measures expected credit losses on held-to-maturity debt securities on a collective basis by major security type. U.S. Treasury securities issued by U.S. government sponsored enterprises (GSE) are excluded from the expected credit loss evaluation as these securities are either explicitly or implicitly guaranteed by the U.S. government. For the remaining held-to-maturity debt securities, an expected credit loss is calculated using the probability of default associated with the credit ratings, adjusted for modifications to reflect current conditions, and reasonable and supportable forecasts as considered necessary, to arrive at a lifetime expected loss amount. Changes in the allowance for credit losses are recorded as credit loss income (expense). There was no allowance for credit loss on held-to-maturity securities as of December 31, 2024 and 2023.

Held-to-maturity debt securities are considered past due once payments are 90 days contractually past due under the terms of the agreement. At December 31, 2024 and 2023, the Company had no securities held-to-maturity that were past due 90 days or more as to principal or interest payments. The Company had no securities held-to-maturity classified as nonaccrual for the years ended December 31, 2024 and 2023.

## Farm Bureau Finance Company and Subsidiary

### Notes to Consolidated Financial Statements (Continued)

#### **Note 1 - Organization and Significant Accounting Policies (continued)**

The Company elected not to measure the credit loss allowance for accrued interest receivable on held-to-maturity debt securities and writes off accrued interest as a reversal of interest income when it is greater than 90-days past due. For the years ended December 31, 2024 and 2023, no accrued interest was reversed against interest income. Accrued interest receivable on held-to-maturity debt securities in the amount of \$498,530 and \$435,376 as of December 31, 2024 and 2023, respectively, was excluded from the estimate of credit losses.

#### *Finance Receivables*

Premium finance loans are loans to finance premiums on insurance policies written by Farm Insurance Brokerage Company, Inc., and accepted with full recourse to the insurance company which guarantees any default on the part of the borrower. Consumer installment loans are written primarily for vehicles, mobile homes and home improvements. Loan terms range up to a maximum of 20 years and the loans are secured by a title, chattel mortgage, or deed of trust. Pre-payment is permitted at the borrower's option.

The Company measures expected credit losses on consumer installment loans on a collective basis based on the review of aging schedules, or on an individual basis when more relevant. Management reviews for any collateral and credit enhancements, but only considers credit enhancements in the calculation of the allowance. An expected credit loss is calculated based on the Company's ongoing review of amounts outstanding, historical loss data including delinquencies and write offs, and is then adjusted for current conditions and reasonable and supportable forecasts. Under a current expected credit loss approach, the impact of loan modifications and the subsequent performance of modified loans, including defaults, is reflected in the historical loss data used to calculate expected lifetime credit losses. The Company reviews the aging schedules, but does not write off the balance after a specified amount of days delinquent as experience informs them that they can still collect on loans that are delinquent. When the Company ultimately determines there is a delinquency that should be assessed for write-offs, they would repossess the collateral, unless specific payment arrangements have been previously made. At this time, the collateral is sold and the remainder of the loan, if any, would be written off. Changes in the allowance for credit losses on net financing receivables are recorded as credit loss income (expense) on the consolidated statements of comprehensive income through the selling, general and administrative expense. There was an allowance for credit losses on net financing receivables of \$704,720 and \$1,114,029 as of December 31, 2024 and 2023, respectively.

Net financing receivables are considered past due once payments are 30 days contractually past due under the terms of the agreement. At December 31, 2024 and 2023, the Company had \$272,080 and \$127,283, respectively, of net financing receivables that were past due 30 days or more as to principal or interest payments. The Company had no receivables classified as nonaccrual for the years ended December 31, 2024 and 2023.

## Farm Bureau Finance Company and Subsidiary

### Notes to Consolidated Financial Statements (Continued)

#### **Note 1 - Organization and Significant Accounting Policies (continued)**

The Company elected not to measure the credit loss allowance for accrued interest receivable on net financing receivables and writes off accrued interest as a reversal of interest income when it is greater than 30-days past due. For the years ended December 31, 2024 and 2023, no accrued interest was reversed against interest income. Accrued interest receivable on loans receivable in the amount of \$606,170 and \$560,362 as of December 31, 2024 and 2023, respectively, was excluded from the estimate of credit losses.

#### *Property and Equipment*

Property and equipment are stated at historical cost, net of accumulated depreciation. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expenses as incurred. Depreciation is computed on the straight-line method for financial reporting and the straight-line method and accelerated methods for income tax purposes. Depreciation expenses was \$842,813 and \$862,606 for the years ended December 31, 2024 and 2023.

#### *Insurance Premiums*

Premiums written directly, net of premiums ceded pursuant to reinsurance agreements, are earned ratably over the terms of the policy. Premiums written relating to the unexpired portion of policies in-force at the balance sheet date are recorded as unearned premiums. WCIC cedes 100% of premiums written to the Parent. WCIC remains obligated to policyholders for amounts ceded to the Parent in the event that the Parent does not meet its obligation to WCIC.

Premiums receivable are reported net of an allowance for credit losses. The Company measures expected credit losses on premiums receivable on a collective basis through review of aging schedules, or on an individual basis when more relevant. An expected credit loss is calculated based on the Company's ongoing review of amounts outstanding, historical loss data including delinquencies and write offs, and is then adjusted for current conditions, and reasonable and supportable forecasts. Credit risk is partially mitigated by the Company's ability to cancel the policy if the policyholder does not pay the premium. There was no allowance for credit loss on premiums receivable as of December 31, 2024 and 2023.

#### *Policy Acquisition Costs*

Policy acquisition costs, net of ceding commission, consist of commissions and other underwriting expenses, net of reinsurance ceding commission, associated with issued policies. These costs are included with selling, general and administrative expense on the consolidated statements of comprehensive income. Policy acquisition costs that vary with and are related to the production of bound new and renewal business are deferred and amortized ratably over the terms of the related policies. When reinsurance ceding commissions exceed policy acquisition cost, a deferred ceding commission liability is recorded.

## Farm Bureau Finance Company and Subsidiary

### Notes to Consolidated Financial Statements (Continued)

#### **Note 1 - Organization and Significant Accounting Policies (continued)**

Policy acquisition costs deferred and amortized are summarized as follows at December 31:

	2024	2023
Deferred ceding commission, beginning of year	\$ (319,017)	\$ (333,405)
Total policy acquisition costs, net of ceding commission, deferred	(3,390,993)	(714,019)
Policy acquisition costs amortized	2,488,222	728,407
Deferred ceding commission, end of year	\$ (1,221,788)	\$ (319,017)

If anticipated losses, loss adjustment expense, commission and other acquisition costs exceed the Company's recorded unearned premium reserve and any future installment premium on existing policies, deferred policy acquisition costs would be reduced, and if necessary, a premium deficiency reserve recognized by recording an additional liability for the deficiency. The Company consider anticipated investment income as a factor in the premium deficiency calculation. No reduction in deferred policy acquisition costs or premium deficiency reserve has been recorded as of December 31, 2024 and 2023.

#### *Loss and Loss Adjustment Expense Liabilities*

The reserves for unpaid losses and LAE include case basis estimates of reported losses plus supplemental amounts for incurred but not reported losses (IBNR) calculated based upon loss projections utilizing certain actuarial assumptions and studies of the Company's historical loss experience and industry statistics. Management believes that its aggregate liability for unpaid losses and LAE at year-end represents its best estimate of the amount necessary to cover the ultimate cost of claims based upon an actuarial analysis prepared by a consulting actuary. However, because of future events beyond the control of management, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability at the balance sheet date. Accordingly, the ultimate liability could be significantly in excess of or less than the amount indicated in the financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations. WCIC cedes 100% of losses to the Parent.

#### *Reinsurance*

Reinsurance recoverable includes amounts related to paid claims and estimated amounts related to unpaid claims that are covered by reinsurance contracts. Reinsurance premiums payable includes ceded premiums to the Parent. Reinsurance premiums, commissions, LAE reimbursements, and reserves are accounted for on a basis consistent with that used in accounting for the underlying policies issued and the terms of the reinsurance contracts.

Prepaid reinsurance premiums are amounts paid for prospective reinsurance on short-duration contracts that meet the conditions for reinsurance accounting and are amortized over the remaining contract period in proportion to the amount of insurance protection provided.

## Farm Bureau Finance Company and Subsidiary

### Notes to Consolidated Financial Statements (Continued)

#### **Note 1 - Organization and Significant Accounting Policies (continued)**

##### *Income Taxes*

The Company files a consolidated federal tax returns with its Parent and other entities. The Company has a written tax-sharing agreement that sets forth the manner in which the total combined consolidated federal income tax is allocated to each entity that is a party to the consolidation. The Company's taxes are determined on a separate-return method and the tax amounts due to or from the other companies are as if the companies filed separate returns.

Current income taxes are based upon the fiscal year's income that is taxable for federal and state tax reporting purposes. Deferred tax assets and liabilities are recognized for the tax consequences attributable to temporary differences between the GAAP carrying value of assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company considers uncertain tax positions during the preparation of its income tax provision and management does not believe any significant income tax uncertainties exist as of December 31, 2024 and 2023. The Company utilized no tax planning strategies in 2024 or 2023.

##### *Revenue Recognition*

Finance loan interest is recognized using the actuarial method which allocates payments made on a loan between the outstanding principal balance of the loan and interest. Fees include charges for loan origination, electronic payments, and delinquency fees. The service charges for loan origination are recognized as revenue at the time the loan is made; other service charges are recognized as revenue when received from the customer.

##### *Non-controlling Interests*

Non-controlling interests are reported as a component of equity, separate from the Company's own equity. In addition, the amount of net income and comprehensive income attributable to the Company and to the non-controlling interests is shown separately on the consolidated statements of comprehensive income and changes in stockholders' equity.

##### *Reclassifications*

Certain amounts from the 2023 financial statements have been reclassified to conform to the 2024 presentation. Such reclassifications had no impact on reported stockholders' equity or net income.

##### *Subsequent Events*

The Company has evaluated subsequent events through June 11, 2025, the date on which these financial statements were available to be issued, and considered any relevant matters in the preparation of the financial statements.

## Farm Bureau Finance Company and Subsidiary

### Notes to Consolidated Financial Statements (Continued)

#### Note 2 - Investments

All of the bond portfolio has been designated as “held-to-maturity” and, therefore, are carried at amortized cost.

The carrying value and fair value of investments in debt securities as of December 31, 2024 and 2023 are as follows:

December 31, 2024	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government	\$ 8,764,342	\$ 9,643	\$ (82,471)	\$ 8,691,514
Political subdivision	12,385,691	13,540	(1,285,551)	11,113,680
Special revenue	29,375,414	44,208	(1,951,431)	27,468,191
Industrial	2,103,529	-	(337,393)	1,766,136
<b>Total bonds</b>	<b><u>\$ 52,628,976</u></b>	<b><u>\$ 67,391</u></b>	<b><u>\$ (3,656,846)</u></b>	<b><u>\$ 49,039,521</u></b>

December 31, 2023	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government	\$ 3,150,089	\$ 30,932	\$ (53,771)	\$ 3,127,250
States	424,384	-	(96,890)	327,494
Political subdivision	11,664,342	41,530	(968,382)	10,737,490
Special revenue	25,723,690	72,935	(1,666,346)	24,130,279
Industrial	2,102,008	-	(351,370)	1,750,638
Hybrid securities	250,000	-	(26,550)	223,450
<b>Total bonds</b>	<b><u>\$ 43,314,513</u></b>	<b><u>\$ 145,397</u></b>	<b><u>\$ (3,163,309)</u></b>	<b><u>\$ 40,296,601</u></b>

The carrying value and fair value of debt securities at December 31, 2024, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties

	<u>Carrying Value</u>	<u>Fair Value</u>
Due in one year or less	\$ 6,362,125	\$ 6,362,103
Due after one year through five years	2,501,838	2,432,710
Due after five years through ten years	10,157,700	9,643,148
Due after ten years	30,157,653	27,168,039
Mortgage-backed securities	2,569,883	2,574,048
Asset-backed securities	879,777	859,473
	<b><u>\$ 52,628,976</u></b>	<b><u>\$ 49,039,521</u></b>

## Farm Bureau Finance Company and Subsidiary

### Notes to Consolidated Financial Statements (Continued)

#### Note 2 - Investments (continued)

The following table sets forth the fair value and unrealized losses of debt securities in an unrealized loss position that are not deemed to be other-than-temporarily impaired. These are listed by investment category and the length of time the securities have been in an unrealized loss position as of December 31, 2024 and 2023.

December 31, 2024	Less than 12 Months		Greater than 12 Months		Total	
	Unrealized		Unrealized		Unrealized	
	Fair Value	Loss	Fair Value	Loss	Fair Value	Loss
U.S. government	\$ 6,671,319	\$ (11,177)	\$ 1,242,440	\$ (71,294)	\$ 7,913,759	\$ (82,471)
Political subdivision	3,580,110	(83,221)	6,905,604	(1,202,330)	10,485,714	(1,285,551)
Special revenue	5,113,923	(108,111)	17,361,431	(1,843,320)	22,475,354	(1,951,431)
Industrial	-	-	1,766,136	(337,393)	1,766,136	(337,393)
Total bonds	<u>\$ 15,365,352</u>	<u>\$ (202,509)</u>	<u>\$ 27,275,611</u>	<u>\$ (3,454,337)</u>	<u>\$ 42,640,963</u>	<u>\$ (3,656,846)</u>

December 31, 2023	Less than 12 Months		Greater than 12 Months		Total	
	Unrealized		Unrealized		Unrealized	
	Fair Value	Loss	Fair Value	Loss	Fair Value	Loss
U.S. government	\$ 962,459	\$ (23,849)	\$ 236,768	\$ (29,922)	\$ 1,199,227	\$ (53,771)
States	-	-	327,494	(96,890)	327,494	(96,890)
Political subdivision	-	-	7,331,611	(968,382)	7,331,611	(968,382)
Special revenue	614,860	(2,125)	19,122,675	(1,664,221)	19,737,535	(1,666,346)
Industrial	243,893	(54)	1,506,746	(351,316)	1,750,639	(351,370)
Hybrid securities	-	-	223,450	(26,550)	223,450	(26,550)
Total bonds	<u>\$ 1,821,212</u>	<u>\$ (26,028)</u>	<u>\$ 28,748,744</u>	<u>\$ (3,137,281)</u>	<u>\$ 30,569,956</u>	<u>\$ (3,163,309)</u>

Management monitors the credit quality of its held-to-maturity debt securities on an annual basis through review of external credit ratings. The following table presents held-to-maturity debt securities aggregated by S&P credit rating as of December 31:

	2024	2023
AAA	\$ 2,434,095	\$ 1,657,736
AA+ to AA-	35,800,493	25,685,130
A+ to A-	11,661,087	13,396,797
BBB+ to BBB-	2,373,055	2,132,836
BB+ and lower	125,000	125,000
Not rated	235,246	317,014
Amortized cost before allowance	<u>52,628,976</u>	<u>43,314,513</u>
Held-to-maturity debt securities, net	<u>\$ 52,628,976</u>	<u>\$ 43,314,513</u>

Various state insurance departments require WCIC to maintain deposits with acceptable financial institutions in cash or acceptable securities. This requirement is met by the deposit of securities with a carrying value of \$1,710,048 and \$1,718,131 at December 31, 2024 and 2023, respectively.

## Farm Bureau Finance Company and Subsidiary

### Notes to Consolidated Financial Statements (Continued)

#### Note 2 - Investments (continued)

The components of investment gains (losses) for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Investment gains:		
Equity securities		
Unrealized gain/(loss) on equity securities held as of December 31	\$ 840,940	\$ -
(Loss) gain recognized during the year on equity securities sold	(171,670)	83,906
Total	669,270	83,906
Debt securities		
Gross realized gains	13,779	31,463
Gross realized losses	(36,226)	(1,156)
Total	(22,447)	30,307
Total net investment gain on securities	\$ 646,823	\$ 114,213

Proceeds from the sale of bonds were \$500,625 and \$499,786 in 2024 and 2023, respectively. Total maturities, calls and paydowns were \$3,649,459 and \$2,509,533 in 2024 and 2023, respectively.

Current accounting guidance establishes a three-level hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1), the next priority to quoted prices for identical assets in inactive markets or similar assets in active markets (Level 2) and the lowest priority to unobservable inputs (Level 3).

The following table sets forth by level, within the fair value hierarchy, the Company's assets that are recorded at fair value as of December 31, 2024 and 2023.

December 31, 2024	Level 1	Level 2	Level 3	Fair value
Common stocks	\$ 5,095,557	\$ -	\$ -	\$ 5,095,557
Total	\$ 5,095,557	\$ -	\$ -	\$ 5,095,557
December 31, 2023	Level 1	Level 2	Level 3	Fair value
Preferred stocks	\$ -	\$ 778,600	\$ -	\$ 778,600
Common stocks	4,424,194	-	-	4,424,194
Total	\$ 4,424,194	\$ 778,600	\$ -	\$ 5,202,794

## Farm Bureau Finance Company and Subsidiary

### Notes to Consolidated Financial Statements (Continued)

#### Note 3 - Finance Receivables

At December 31, 2024 and 2023 finance receivables consisted of the following:

	2024	2023
Premium finance loans	\$ 414,639	\$ 370,785
Consumer installment loans	70,809,090	74,734,791
	71,223,729	75,105,576
Less allowance for current expected credit losses	(704,720)	(1,114,029)
	\$ 70,519,009	\$ 73,991,547

The following table presents changes in the allowance for credit losses on consumer installment loans as of December 31:

	2024	2023
Beginning balance	\$ 1,114,029	\$ 1,093,297
Add: current-period provision for expected credit losses	266,842	127,771
Less: writeoffs of uncollectible amounts charged against the allowance	(676,151)	(107,039)
Ending balance	\$ 704,720	\$ 1,114,029

#### Note 4 - Insurance Activity

As disclosed in Note 1, WCIC cedes and the Parent assumes 100% of the underwriting activity of the Company. Additionally, WCIC receives a 33.5% ceding commission from the Parent to cover acquisition costs on policies ceded. The amounts related to this agreement are outlined in the table below.

	2024	2023
Unearned premiums	\$ 44,754,144	\$ 35,844,605
Reserve for losses and LAE	28,150,520	34,408,344
Premiums written	90,785,792	73,929,473
Premiums earned	81,876,252	68,558,505
Losses and loss adjustment expenses incurred	31,775,131	29,940,242
Ceded premiums payable	27,860,000	23,214,339
Reinsurance commissions receivable	2,268,574	1,522,785
Ceding commissions	30,413,239	24,430,432

At December 31, 2024 and 2023, there would be \$14,992,638 and \$11,828,720, respectively, of commissions due to be paid back to the Parent if the reinsurance treaty was canceled.

## Farm Bureau Finance Company and Subsidiary

### Notes to Consolidated Financial Statements (Continued)

#### **Note 5 - Income Taxes**

Current federal income taxes incurred by the Company are determined by applying the statutory rate of 21% to taxable income as defined according to the provisions of the Internal Revenue Code. The provision for income taxes consistent of the following at December 31:

	2024	2023
Current:		
Federal	\$ 1,357,140	\$ 1,239,169
State	182,185	192,904
Under (over) accrual of prior year	210	(1,690)
Deferred:		
Federal	(140,446)	(127,836)
State	-	(7,047)
Income tax expense	\$ 1,399,089	\$ 1,295,500

Significant components of the Company's deferred tax assets and liabilities as of December 31, 2024 and 2023 are as follows:

	2024	2023
Deferred tax assets:		
Allowance for bad debts	\$ 147,991	\$ 284,991
Unearned ceding commission	256,575	66,993
Other	25,431	31,669
Total deferred tax assets	429,997	383,653
Valuation allowance	-	(2,353)
Deferred tax assets, net of valuation allowance	429,997	381,300
Deferred tax liabilities:		
Unrealized capital gains on marketable equity securities	564,246	435,832
Other	275,041	259,534
Total deferred tax liabilities	839,287	695,366
Net deferred tax liabilities	\$ (409,290)	\$ (314,066)

#### **Note 6 - Line of Credit**

The Company has a \$12,000,000 line of credit with interest at the Secured Overnight Financing Rate plus 1.7%. There were no borrowings against the line of credit as of December 31, 2024 and 2023.

## Farm Bureau Finance Company and Subsidiary

### Notes to Consolidated Financial Statements (Continued)

#### Note 7 - Subordinated Debentures

Authority was obtained in 2024 and 2023 to issue unsecured subordinated debenture notes in amounts up to \$30,000,000. Notes are issued for periods of 1 month to 10 years, but are customarily redeemed at any time upon request, subject to an interest penalty. At maturity, notes automatically renew at current interest rates offered and for the same period of time originally selected unless the owner surrenders the note to the Company. Notes are offered and sold only to bona-fide residents of the State of Idaho. During 2024, interest rates on outstanding debentures varied from 0.10% to 6.00%, depending on maturity and issuance date. During 2023, interest rates on outstanding debentures varied from 0.80% to 6.50%, depending on maturity and issuance date.

#### Note 8 - Common Stock

The Company has two classes of common stock which are voting Class A and nonvoting Class B. The Company has 100,000,000 shares authorized of each with no par value. The Company has 4,841,500 Class A shares issued and outstanding as of December 31, 2024 and 2023. The Parent owned 97.08% of Class A shares as of December 31, 2024 and 2023. The Company has 2,765,030 and 2,825,702 Class B shares issued and outstanding as of December 31, 2024 and 2023. No individual owns greater than 7% of Class B shares as of December 31, 2024 and 2023.

WCIC grants to key officers and employees stock options to purchase shares of the Company's common stock at book value on the date the option is granted. WCIC's obligation for the difference between the stock option exercise price and the book value per share of the Company at its year-end has been accrued and included in accounts payable. The Company's liability on the outstanding 3,600 shares under option at December 31, 2024 and 2023, was \$64,936 and \$49,348, respectively.

#### Note 9 - Statutory Capital Requirements

The NAIC established risk-based capital (RBC) requirements to help state regulators monitor the financial strength and stability of property and casualty insurers by identifying those companies that may be inadequately capitalized. Under the NAIC's requirements, each insurer must maintain its total capital above a calculated threshold or take corrective measures to achieve the threshold. WCIC calculated its RBC level and determined that its capital and surplus is in excess of threshold requirements as of December 31, 2024 and 2023.

Key statutory balance sheet amounts related to WCIC as of December 31, are:

	<u>2024</u>	<u>2023</u>
Total admitted assets	\$ 79,657,294	\$ 69,994,998
Total liabilities	<u>30,537,287</u>	<u>24,498,986</u>
Total capital and surplus	<u>\$ 49,120,007</u>	<u>\$ 45,496,012</u>

## Farm Bureau Finance Company and Subsidiary

### Notes to Consolidated Financial Statements (Continued)

#### **Note 9 - Statutory Capital Requirements (continued)**

The maximum amount of dividends which can be paid by State of Idaho insurance companies to stockholders without prior approval of the Insurance Commissioner is subject to restrictions relating to surplus. The maximum dividend payout which may be made without prior approval for 2024 and 2023 by the Insurance Company is \$4,912,001 and \$4,549,601, respectively. No dividend payments were made during 2024 and 2023.

#### **Note 10 - Related Party Transactions**

The Company engages in various transactions with companies having common management.

Included in accounts payable on the balance sheets is \$492,265 for 2024 and \$477,912 for 2023 for amounts due to the Company's parent for reimbursement of personnel costs and other expenses.

Automobiles owned by the Company are leased to these same companies. The cost of the leased automobiles at December 31, 2024 and 2023 was \$3,338,120 and \$3,006,478, respectively. Income from the lease of these automobiles totaled \$657,748 in 2024 and \$661,402 in 2023. Included in finance receivables at December 31, 2024 and 2023 are loans receivable from officers and the Parent employees assigned to the Company in the amount of \$143,247 for 2024 and \$102,696 for 2023. Included in subordinated debenture notes payable are notes payable to officers and employees assigned to the Company in the amount of \$258,835 for 2024 and \$354,130 for 2023.

The Parent provides personnel, office space, and other services to the Company on a month to month basis. The Company reimbursed its parent for the cost of the services provided. The Company paid to the Parent \$3,018,312 and \$2,524,223 for the years ended December 31, 2024 and 2023.

The Parent provides management services to WCIC. WCIC paid a management fee of 17% of premiums written to the Parent for 2024 and 2023. Management fees paid totaled \$15,433,585 for 2024 and \$12,568,010 for 2023. WCIC also paid the Parent a county service fee of .5% of premiums written for 2023 for a total fee of \$369,647. The county service fee was discontinued for 2024.

The following amounts are included in WCIC's accounts payable affiliates at December 31, 2024 and 2023:

	2024	2023
Accounts payable affiliates		
Management, county service fees, commissions, and other expense reimbursements due parent	\$ 2,041,116	\$ 1,318,343
Credit card account advance	288,924	45,344
Premium collection service fees due parent	4,404	13,392
	\$ 2,334,444	\$ 1,377,079

## Farm Bureau Finance Company and Subsidiary

### Notes to Consolidated Financial Statements (Continued)

#### **Note 11 - Notes Payable**

Notes payable to related companies at December 31, 2024 and 2023 totaled \$17,097,031 and \$15,734,285, respectively. Interest rates on notes payable during 2024 and 2023 ranged from 3% to 6.50%. Notes are issued for periods of 1 year to 5 years. Interest expense pertaining to related companies during 2024 and 2023 totaled \$870,776 and \$848,507, respectively.

The carrying value of the total notes payable at December 31, 2024, by contractual maturity, is shown below:

	<u>Carrying Value</u>
Due in one year or less	\$ 3,889,381
Due after one year through five years	<u>15,604,084</u>
	<u>\$ 19,493,465</u>

**Farm Bureau Finance Company and Subsidiary**  
**Supplemental Schedule of Consolidating Balance Sheet**  
**As of December 31, 2024**

	Farm Bureau Finance Company	Western Community Insurance Company	Total	Eliminating Entries	Consolidating Total
<b>Assets</b>					
Cash and cash equivalents	\$ 1,468,940	\$ 1,337,519	\$ 2,806,459	\$ -	\$ 2,806,459
Investments:			-		-
Bonds - held to maturity	5,969,023	46,659,953	52,628,976	-	52,628,976
Investment in subsidiary	46,572,388	-	46,572,388	(46,572,388)	-
Stocks - at fair value	2,470,859	2,624,698	5,095,557	-	5,095,557
Accounts receivable	120,779	-	120,779	-	120,779
Premiums receivable	-	28,479,468	28,479,468	-	28,479,468
Reinsurance recoverable on unpaid losses	-	28,150,520	28,150,520	-	28,150,520
Reinsurance commissions receivable	-	2,268,574	2,268,574	-	2,268,574
Prepaid reinsurance premiums	-	44,754,144	44,754,144	-	44,754,144
Accrued interest and dividends	606,170	498,530	1,104,700	-	1,104,700
Prepaid expenses	3,229	-	3,229	-	3,229
Guaranty funds receivable	-	57,126	57,126	-	57,126
Finance receivables	70,519,009	-	70,519,009	-	70,519,009
Property and equipment	1,461,380	-	1,461,380	-	1,461,380
<b>Total assets</b>	<b>\$ 129,191,777</b>	<b>\$ 154,830,532</b>	<b>\$ 284,022,309</b>	<b>\$ (46,572,388)</b>	<b>\$ 237,449,921</b>
<b>Liabilities and stockholders' equity</b>					
<b>Liabilities</b>					
Reserve for loss and loss adjustment expenses	\$ -	\$ 28,150,520	\$ 28,150,520	\$ -	\$ 28,150,520
Unearned premium	-	44,754,144	44,754,144	-	44,754,144
Deferred ceding commission	-	1,221,788	1,221,788	-	1,221,788
Accounts payable	672,163	37,175	709,338	-	709,338
Accounts payable - affiliates	-	2,334,444	2,334,444	-	2,334,444
Payable for securities	-	706,053	706,053	-	706,053
Advanced premiums	-	962,749	962,749	-	962,749
Notes payable - affiliates	19,493,465	-	19,493,465	-	19,493,465
Finance loans in progress	322,913	-	322,913	-	322,913
Subordinated debenture notes payable	14,255,409	-	14,255,409	-	14,255,409
Taxes, licenses, and fees	-	297,250	297,250	-	297,250
Ceded reinsurance premiums payable	-	27,860,000	27,860,000	-	27,860,000
Income taxes payable	(162,054)	261,683	99,629	-	99,629
Deferred income tax liability	319,357	89,933	409,290	-	409,290
<b>Total liabilities</b>	<b>34,901,253</b>	<b>106,675,739</b>	<b>141,576,992</b>	<b>-</b>	<b>141,576,992</b>
<b>Stockholders' equity</b>					
Common stock - Class A, no par value	607,129	3,349,360	3,956,489	(3,349,360)	607,129
Common stock - Class B, no par value	12,993,788	-	12,993,788	-	12,993,788
Paid in capital	-	322,801	322,801	(322,801)	-
Retained earnings	80,689,607	44,482,632	125,172,239	(44,479,704)	80,692,535
Non-controlling interest	-	-	-	1,579,477	1,579,477
<b>Total stockholders' equity</b>	<b>94,290,524</b>	<b>48,154,793</b>	<b>142,445,317</b>	<b>(46,572,388)</b>	<b>95,872,929</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 129,191,777</b>	<b>\$ 154,830,532</b>	<b>\$ 284,022,309</b>	<b>\$ (46,572,388)</b>	<b>\$ 237,449,921</b>

# Subscription Agreement

Farm Bureau Finance Company  
P. O. Box 4848  
Pocatello, Idaho 83205-4848



To purchasers of Subordinated Debenture Notes of the Farm Bureau Finance Company

These securities are offered and sold only to bona-fide residents of the State of Idaho. To confirm this sale and that you have received and reviewed the attached Prospectus, and also to confirm that you are an Idaho resident, please sign and return to us the certificate of residency attached below. No Debenture Note will be issued in your name or delivered to you until this form is received.

## Agreement and Certificate of Residency

I, the undersigned, hereby subscribe for and agree to invest \$ \_\_\_\_\_ in **Farm Bureau Finance Company Debenture Notes** for a period of \_\_\_\_\_ at \_\_\_\_\_ % interest.

I would like the interest (please check) \_\_\_\_\_ Paid or \_\_\_\_\_ Compounded quarterly.

I understand I am investing for a specified term and if I request redemption of my Note prior to the maturity date stated on my certificate, the interest rate shall be reduced to reflect an interest penalty. THE COMPANY RESERVES THE RIGHT TO REFUSE REQUESTS FOR EARLY REDEMPTION AT ANY TIME.

I certify that I am a bona-fide resident of the State of Idaho for all purposes, and that my residence address is as set forth below. I further certify that I am not purchasing said notes for or on behalf of a non-resident or non-residents of the State of Idaho.

I acknowledge that I have received a copy of the Prospectus describing this offering.

**Name(s) exactly as They should appear.** Name(s) \_\_\_\_\_  
(Please Print)

Street \_\_\_\_\_

\_\_\_\_\_, Idaho, \_\_\_\_\_ Phone \_\_\_\_\_  
Zip

Social Security Number \_\_\_\_\_

Under the penalties of perjury, I certify this to be the correct Social Security Number of the first named person on this agreement.

Dated \_\_\_\_\_ Signed \_\_\_\_\_  
(If jointly owned, both must sign)

Checks should be made payable to: **Farm Bureau Finance Company**

**For Office Use Only** Account Number \_\_\_\_\_ Date Received \_\_\_\_\_  
Debenture Number \_\_\_\_\_ Amount Received \_\_\_\_\_  
Received by \_\_\_\_\_