THE LIFE INITIATIVE

June 10, 2025

Michael T. Caljouw
Commissioner of Insurance Division of Insurance
1000 Washington Street, Suite 810
Boston, MA 02118

The Honorable Michael D. Hurley Clerk of the Senate
State House, Room 335 Boston, MA 02133

The Honorable Timothy Carroll Clerk of the House
State House, Room 145 Boston, MA 02133

Enclosed please find the 2024 Annual Report and Statement of Financial Condition of the Life Insurance Community Investment Initiative, LLC as required by Section 2(e) of Chapter 259 of the Acts of 1998.

As of December 31, 2024, The Life Initiative has committed more than $747 million to housing, community facilities and economic development throughout the Commonwealth of Massachusetts since our formation.

The Life Initiative celebrated its 25th anniversary in 2024. We are pleased to report that the life insurance company investors have voluntarily elected to continue the fund until 2033, committing $96.3 million for an additional 10 year term.

Should you require any additional information please do not hesitate to contact me.

Very Truly Yours,

Kristen Harol
President
Enclosure

REPORT

TO

COMMISSIONER OF INSURANCE

CLERK OF THE SENATE

CLERK OF THE HOUSE OF REPRESENTATIVES

June 10, 2025

ANNUAL REPORT AND STATEMENT OF FINANCIAL CONDITION
Of the
LIFE INSURANCE COMMUNITY INVESTMENT INTIATIVE, LLC
As of December 31, 2024

This annual report and statement of the financial condition of the Life Insurance Community Investment Initiative, LLC (the "Company") for the year ended December 31, 2024 is presented by the Company in conformity with the requirements of Section 2(e) of Chapter 259 of the Acts and Resolves of 1998 (the "Act").

1. List of Participating Life Insurance Companies and the amount of capital contributed by each for the 2024 taxable year and in aggregate are attached as EXHBIT A.

2. Qualified Investments. The Company committed a total of $33,345,020 in qualified investments, as defined by Section 2(b), in the fiscal year ended December 31, 2024. The total net aggregate cumulative investments of the Company through December 31, 2024 was $ $747,180,633.63. A list of all qualified investments committed in the year ended December 31, 2024, including the value and the type of each is attached as EXHIBIT B.

3. Qualified Interim Investments. The amount of qualified interim investments at December 31, 2024, as defined by Section 2(b), was $0. The fund was fully committed to qualified investments during the year.

4. Regional Meetings. The records of the public meetings held in each MOBD Region are attached as EXHIBIT C.

5. Certified Financial Statements. The financial statements of the Company for its fiscal year ended December 31, 2024 as certified by the Company's independent certified public accountants are attached as EXHIBIT D.

6. Certificate Required by Section 2(e)(3). The certificate pertaining to investments made by the Company in the five original MOBD regions as well as the current MOBD regions in the Commonwealth is attached as EXHIBIT E.

Executed this 10th day of June 2025.
LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE, LLC.

BY____________________________
Kristen Harol
President

COMMONWEALTH OF MASSACHUSETTS
Suffolk. ss.

Then personally appeared the prior-named Kristen Harol. President of The Life Insurance Community Investment Initiative who did state that the information set forth in the foregoing Annual Report and Statement of Financial Condition is true and correct to the best of her knowledge information and belief.

Before me

____

Notary Public Cara Devito

My commission expires 6 · 1 · 2029

Cara J. DeVito
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
June 1, 2029

EXHIBIT A

TO

ANNUAL REPORT AND STATEMENT OF FINANICAL CONDITION OF THE LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE, LLC
As of December 31, 2024

Participating Life Insurance Company	2024 Capital Contributed or Returned	Aggregate Capital Contributed
1. John Hancock Life	$0	$45,090,286
2. Massachusetts Mutual Life	$0	$31,541,209
3. Paul Revere life Insurance	$0	$4,141,114
4. Paul Revere Variable Annuity	$0	$1,383,785
5. Savings Bank Life Insurance	$0	$9,404,316
6. Liberty Life Assurance	-$2,438,614	$0
7. Berkshire Life	$0	$2,464,406
8. Boston Mutual Life	$0	$1,735,829
9. New England Life	$0	$549,290
10. Monarch Life	-$248,655	$0
11. American Health & Life, Primerica	-$240,319	$0
12. Centre Life Insurance of New York	-$24,224	$0
	($2,951,812)	$96,310,235

EXHIBIT B

TO

ANNUAL REPORT AND STATEMENT OF FINANICAL CONDITION OF THE LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE, LLC
As of December 31, 2024

2024 Commitments

$33,345,000 in Qualified Investments
$31,445,000 in Net Commitments

Way Finders, Inc. and Subsidiaries, Greenstead Grove, Ludlow *Impact Rating 7 (out of 10)*
$6,950,000 Construction Loan (50% of a participation with MHIC) for the development of 43 units of affordable rental housing for low- and moderate-income households.

Nectar Community Investments, f/k/a MCCI, Welcome Home, Boston *Impact Rating 8*
$4,000,000 loan to create a $6,000,0000 predevelopment loan fund with the City of Boston to invest in historically underrepresented developers in creating 50-75 units of affordable home ownership.

SWBCDC Neponset Valley Pkwy, Hyde Park Boston *Impact Rating 8*
$60,000 Increase for predevelopment of a naturally occurring affordable housing project.

Dorchester Bay Economic Development Corp., Boston *Impact Rating 8*
$750,000 Predevelopment Line of Credit Renewal to create approximately 66 units of low income, affordable housing, affordable artist space, and affordable commercial opportunities.

Boys & Girls Club of Boston at Horizons Watermark, Roxbury *Impact Rating 8*
$195,000 Tenant Improvement Loan to facilitate the completion of 2,600 SF of office space.

Rutto Bats, LLC, Holyoke *Impact Rating 8*
$500,000 Equipment Loan to a Veteran, Black and Women- owned baseball bat manufacturer in Holyoke.

Fenway Community Development Corporation, Boston *Impact Rating 8*
$2,070,000 Acquisition Loan to create approximately 23 units of affordable rental housing, including 10% of the units dedicated to the formerly homeless.

The Neighborhood Developers, Chelsea *Impact Rating* 8
$1,719,000 Acquisition Loan to finance the acquisition of 7 units of naturally occurring affordable rental housing at two properties.

The Community Builders, Inc., Easthampton *Impact Rating 8*
$1,075,000 Acquisition Loan for the development of 87 units of affordable family housing.

Harborlight Community Partners, Lynn *Impact Rating 8*
$1,552,500 Acquisition financing for the development of 68 units of affordable rental housing.

POUA, Acquisition Loan, Attleboro *Impact Rating 9*
$2,000,000 Acquisition financing (in participation with CEDAC) for the development of a 47-unit emergency, family homeless shelter.

POUA, Acquisition Loan, Gloucester *Impact Rating 8*
$2,000,000 Acquisition loan (in participation with CEDAC) for the development of 55 units of affordable, family, rental housing.

POUA, Construction Loan, Worcester *Impact Rating 8*
$3,800,000 Construction loan to create 22 affordable condominium ownership units in an office-to- residential conversion

New Vision Enterprise, Brockton *Impact Rating 8*
$2,047,500 Bridge financing to Housing Development Incentive Program (HDIP) tax credits for 46 rental apartments, 9 of which will be dedicated to workforce housing.

Caritas Communities, Norwood *Impact Rating 9*
$1,440,000 Acquisition loan to convert an office building into a 20- unit affordable housing development restricted to extremely low-income U.S. Military Veterans and low-income widows/widowers of Veterans.

Creative Hub Worcester LLC, Worcester *Impact Rating 8*
$3,186,020 Bridge financing to federal and state historic tax credits (HTC) to redevelop a vacant historic building into a 34,000 SF facility focused on youth, artists, and neighborhood revitalization.

FEATURED INVESTMENTS

CREATIVE HUB WORCESTER, LLC

Community Facility

LOCATION	2 Ionic Ave., Worcester
PURPOSE	Historic Tax Credit Bridge
AMOUNT	$3,186,020
TERM	24 months
RATE	6.5%
IMPACT SCORE	8

Rehabilitation of a vacant historic building into a multi-use community arts center. Will support a diverse population with a focus on youth, cultural expression, local artists, and small businesses/creative entrepreneurs.

PLANNING OFFICE OF URBAN AFFAIRS (POUA) AND FATHER BILL'S

Supportive shelter housing

LOCATION	27 George St., Attleboro
PURPOSE	Acquisition
AMOUNT	$2 million
TERM	24 months
RATE	5.4%
IMPACT SCORE	9

Acquisition loan in participation with CEDAC to support the development of a 47-unit emergency family homeless shelter.

WELCOME HOME BOSTON NECTAR COMMUNITY INVESTMENTS

Homeownership

LOCATION	Boston
PURPOSE	Pre-development
AMOUNT	$4 million
TERM	36 months
RATE	5.75%
IMPACT SCORE	8

TLI is providing $4 million of a $6 million loan fund to the City of Boston's initiative to create affordable homeownership units on vacant lots. The program promotes opportunities for historically underrepresented development teams. The fund is in participation with Nectar Community Investments.

25th Anniversary Party






Last October The Life Initiative celebrated its 25th Anniversary in the company of our borrowers, funders, lending partners and staff members.

EXHIBIT C

To

ANNUAL REPORT AND STATEMENT OF FINANCIAL CONDITION OF THE LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE

As of December 31, 2024

Information regarding the annual meetings held in each of the MOBD regions:

REGION	DATE	Place represented	HOST
Central	7/19	Worcester	Planning Office of Urban Affairs (POUA) and Synergy
North	7/24	Beverly	Harborlight Community Partners
South	8/13	Bridgewater	CCMPZ
Western	5/22	Holyoke	Rutto Bats
MetroWest	1/11	Lawrence	Esperanza Academy
Gr. Boston	9/6	Somerville	Somerville YMCA

EXHIBIT D

CERTIFIED FINANCIAL STATEMENT

Of The

LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE
As of December 31, 2024

LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE, LLC

FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE, LLC

Contents
December 31, 2024 and 2023

50 Washington Street
Westborough, MA 01581
508.366.9100
aafcpa.com

Independent Auditor's Report

To the Audit Committee and Members of
Life Insurance Community Investment Initiative, LLC:

Opinion

We have audited the financial statements of Life Insurance Community Investment Initiative, LLC (a Massachusetts limited liability company) (the Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Life Insurance Community Investment Initiative, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 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 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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which 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.

AAFCPAs, Inc.

Boston, Massachusetts
May 28, 2025

LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE, LLC

Balance Sheets
December 31, 2024 and 2023

Assets	**2024**	**2023**
Current Assets:		
Cash and cash equivalents	$ 14,002,157	$ 15,057,649
Short-term investments	18,885	21,552
Prepaid expenses and other	14,926	-
Interest receivable on loans and other receivables	1,025,760	637,638
Subtotal	15,061,728	15,716,839
Current portion of loans receivable	29,689,604	33,594,904
Allowance for credit losses	(1,412,319)	(1,417,983)
Net current portion of loans receivable	28,277,285	32,176,921
Total current assets	43,339,013	47,893,760
Loans Receivable, net of current portion	63,619,998	58,399,056
Allowance for credit losses	(4,299,295)	(4,316,539)
Net loans receivable	59,320,703	54,082,517
Investments in Limited Partnership and Others, net of allowance for impairment	132,867	188,549
Total assets	$ 102,792,583	$ 102,164,826
Liabilities and Members' Equity		
Current Liability:		
Accounts payable and accrued expenses	$ 987,726	$ 663,704
Credit Loss Liability - Unfunded Commitments	1,250,352	1,095,721
Total liabilities	2,238,078	1,759,425
Members' Equity:		
Members' capital contributions	96,310,236	96,310,236
Retained earnings - distributable income	3,102,421	2,953,317
Board restricted credit loss reserve	1,141,848	1,141,848
Total members' equity	100,554,505	100,405,401
Total liabilities and members' equity	$ 102,792,583	$ 102,164,826

LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE, LLC

Statements of Operations
For the Years Ended December 31, 2024 and 2023

	2024	**2023**
Operating Revenues:		
Interest on loans	$ 4,818,815	$ 4,670,012
Investment income	679,652	485,763
Loan fees and other	290,259	238,894
Total operating revenues	5,788,726	5,394,669
Recovery of (provision for) credit losses - loans	22,908	(20,244)
Recovery of (provision for) credit losses - unfunded commitments	(154,631)	355,473
Net operating revenues	5,657,003	5,729,898
Operating Expenses:		
Salaries, payroll taxes and fringe benefits	2,052,885	1,982,043
Operating expenses	361,012	334,543
Professional fees	84,281	98,102
Miscellaneous	57,072	27,122
Total operating expenses	2,555,250	2,441,810
Net income	$ 3,101,753	$ 3,288,088

Statements of Changes in Members' Equity
For the Years Ended December 31, 2024 and 2023

	Members' Capital Contributions	Retained Earnings - Distributable Income	Board Restricted Credit Loss Reserve	Total
Balance, December 31, 2022	$ 99,262,048	$ 2,471,545	$ -	$ 101,733,593
Cumulative adjustment from adoption of new credit loss standard	-	-	806,619	806,619
Net income	-	2,952,859	335,229	3,288,088
Distributions to members	(2,951,812)	(2,471,087)	-	(5,422,899)
Balance, December 31, 2023	96,310,236	2,953,317	1,141,848	100,405,401
Net income	-	3,101,753	-	3,101,753
Distributions to members	-	(2,952,649)	-	(2,952,649)
Balance, December 31, 2024	$ 96,310,236	$ 3,102,421	$ 1,141,848	$ 100,554,505

The accompanying notes are an integral part of these statements.

LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE, LLC

Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Net income	$ 3,101,753	$ 3,288,088
Adjustments to reconcile net income to net cash provided by operating activities:		
(Recovery of) provision for credit losses - loans	(22,908)	20,244
(Recovery of) provision for unfunded commitments	154,631	(355,473)
Interest and other amounts paid in-kind	(814,889)	(952,263)
Unrealized/realized loss on investments in limited partnership and others	55,682	32,709
Changes in operating assets and liabilities:		
Prepaid expenses and other	(14,926)	-
Interest receivable on loans and other receivables	(388,122)	50,424
Accounts payable and accrued expenses	324,022	(5,198)
Net cash provided by operating activities	2,395,243	2,078,531
Cash Flows from Investing Activities:		
Issuance of loans receivable	(37,705,314)	(43,741,587)
Principal payments on loans receivable	37,204,561	43,670,631
Return of short-term investments	2,667	26,706
Net cash used in investing activities	(498,086)	(44,250)
Cash Flows from Financing Activities:		
Distributions to members	(2,952,649)	(5,422,899)
Net Change in Cash and Cash Equivalents	(1,055,492)	(3,388,828)
Cash and Cash Equivalents:		
Beginning of year	15,057,649	18,446,477
End of year	$ 14,002,157	$ 15,057,649

1. OPERATIONS AND TAX STATUS

Operations

Life Insurance Community Investment Initiative, LLC (the Company) was organized on December 30, 1998, as authorized by the Act Insuring Community Investment and the Equitable Taxation of Insurance Companies in Massachusetts, 1998 Massachusetts Acts, Chapter 259 (Chapter 259), in accordance with the provisions of the Massachusetts Limited Liability Company Act. The Company is a privately owned limited liability company engaged in the business of making investments in qualified Massachusetts community enterprises to the extent permitted by Chapter 259. The original term of the Company was twenty-five years from the date of organization and was set to expire on December 30, 2023, subject to earlier termination or extensions. The term of the Company has been extended to December 30, 2033 (see Note 10). The Company received initial cumulative contributions of capital from its members of $100,000,000, representing maximum contributions required under Chapter 259 from each of its participating members. During 2019, four of the Company's members elected to no longer receive what would otherwise be their share of the annual undistributed net earnings of the Company and to begin being paid out through distributions of their initial capital contributions to the Company (see Note 10). The cumulative contributions of capital was $96,310,236 as of December 31, 2024 and 2023.

Tax Status

The Company is a Massachusetts limited liability company and has elected to be treated as a partnership for income tax purposes. Items of income, loss, credits, or deductions arising from the Company are reported by the members on their respective income tax returns as allocated in accordance with the Operating Agreement. Accordingly, the accompanying financial statements do not reflect any provisions or credits for income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the 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

For the purpose of the statements of cash flows, cash and cash equivalents consist of checking, money market and savings accounts.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-Term Investments

Short-term investments consist solely of collateralized mortgage obligations. The Company's investments in these debt securities are classified as available-for-sale and valued at fair value.

The Company's methodology for assessing other-than-temporary impairments is based on security specific facts and circumstances as of the balance sheet date, as well as the Company's intent to sell or ability to hold debt securities to recovery of its cost basis or maturity.

Loans and Interest Receivable and Allowance for Credit Losses

General

Loans receivable are stated net of loan participations qualifying as loan sales under ASC Topic 860, *Accounting for Transfers and Servicing of Assets and Liabilities,* and an allowance for credit losses (see Notes 4 and 5). Interest on loans is calculated by using the simple interest method on monthly balances of the principal amount outstanding.

The allowance for credit losses (ACL) represents an amount which, in management's judgment, reflects the lifetime expected losses that may be incurred on outstanding loans and unfunded commitments, at the balance sheet date based on the evaluation of the size and current risk characteristics of the loan portfolio, past events, current conditions, reasonable and supportable forecasts of future economic conditions, and prepayment experience utilizing both quantitative and qualitative assessments. The allowance is measured and recorded upon the initial recognition of a financial asset. The allowance is reduced by charge-offs (net of recoveries of previous losses) and is increased or decreased by a provision (recovery) for credit losses, which is recorded as a current period expense (revenue). Such allowance is based on credit losses over the loans initial expected term.

In 2023, in connection with the adoption of ASC Topic, *Measurement of credit losses on financial instruments*, (ASC Topic 326), the Company made an accounting policy election to exclude interest receivable from the measurement of the ACL and follows a non-accrual policy to reverse any accrued, uncollected interest income as loans are moved to non-accrual status. The Company considers the length of time without payment from the borrower and other triggering events when determining that the loans should be moved to non-accrual status and no longer recognize interest revenue on the loan. Loans are generally considered delinquent when the borrower is late paying beyond the terms of their loan agreement and non-accrual status occurs after three months on non-payment, unless there is a clear plan or agreement to obtain payment.

Determination of the appropriateness of the ACL is inherently complex and requires the use of significant and highly subjective estimates. The reasonableness of the allowance is reviewed periodically by the management.

Loans Under Snapshot/Open Pool Method

The Company's ACL process involves procedures to appropriately consider the unique risk characteristics of its financial assets. The Company determined the ACL using the snapshot/open pool method by pooling their loan portfolio into two main segments: Housing and Commercial and Economic Development (CED). These pooled segments were determined based on similar characteristics, contract terms, collateral types, types of associated industries, and business purpose of the loans.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and Interest Receivable and Allowance for Credit Losses (Continued)

Loans Under Snapshot/Open Pool Method (Continued)

The Company's ACL process involves procedures to appropriately consider the unique risk characteristics of its financial assets. The Company determined the ACL using the snapshot/open pool method by pooling their loan portfolio into two main segments: Housing and Commercial and Economic Development (CED). These pooled segments were determined based on similar characteristics, contract terms, collateral types, types of associated industries, and business purpose of the loans.

Management reviewed the Company's loss history and determined one lookback period for both pools of loans. This lookback period aligns with the most accurate depiction of management's assessment of history of loss and available quality data information in their systems. The lookback period was determined to be fifteen years.

Management also evaluated qualitative adjustment factors that increase the credit risk exposure of the Company upon originating a loan. Management monitors and assesses the qualitative factors (see Note 5) to determine if they continue to be the most predictive indicator of losses with the Company's loan portfolio and may adjust its assumptions to account for differences between expected and actual losses from period to period. The variability of management's assumptions could alter the ACL on loans and impact the future result of operations and financial condition. General qualitative factor characteristics include geographical market conditions, concentrations of credit risk, volume of lending and collateral consideration.

The reasonable and supportable forecast period represents a two-year economic outlook (through December 31, 2024) for the applicable economic variables. At the end of the two-year reasonable and supportable forecast period, assumption variables start to revert to the historical loss rate of the loans. Management of the Company considered significant factors that could affect the expected future collectability of the amortized cost basis of the portfolio and determined that the primary factors are increased volume of lending and leverage, general geographic market conditions and concentration of credit risk.

Individually Assessed Loans

Loans that do not share risk characteristics of a pool are evaluated on an individual basis. Loans evaluated individually are also not included in the collective evaluation. When management determines that the borrower is experiencing financial difficulty or collateral value is at risk at the reporting date, management determines that expected credit losses should be based on a blended rate determined from a multitude of qualitative factors. There were four and three loans evaluated on an individual basis as of December 31, 2024 and 2023 (see Note 5).

Below-Market Rate Loans

U.S. GAAP requires recording interest expense and contribution revenue in connection with loans payable that are interest free or that have below-market interest rates. Likewise, funds loaned to borrowers at below-market interest rates should also result in imputed revenue and contribution expense. Interest rates on loans receivable are disclosed in Note 4.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and Interest Receivable and Allowance for Credit Losses (Continued)

Below-Market Rate Loans (Continued)

The Company believes that the benefits derived from below-market rate loans received are passed through to the borrowers via below-market rate loans made, and that there is no material difference between community development finance market rates and the stated rates of loans in its portfolios. Consequently, no adjustments have been made to the accompanying financial statements to reflect rate differentials.

Unfunded Commitments - Closed Loans

Unfunded loan commitments are reviewed to determine if they are considered unconditionally cancellable. The Company establishes reserves for unfunded commitments that do not meet that criteria and are for closed loans the Company is legally obligated to fund that are not fully drawn as a liability in the balance sheet (see Note 5). The allowance for credit losses for unfunded lending commitments is estimated using the same methodologies as portfolio loans, taking into consideration management's assumption of the likelihood that funding will occur.

Investments in Limited Partnership and Others

Investments in limited partnership consist of the Company's non-marketable interest in a local investment fund for which there is no readily determinable market value. The Company's interest in these investments is reported at the net asset value (NAV) reported by the investment fund managers, which is used as a practical expedient to estimate the fair value.

Dividends from this investment, which represent distributions of partnership earnings, if any, are recorded as investment income. Other distributions are recorded as return of capital and reduce investment cost. In the event of impairment, the investment is written down through an allowance for impairment to estimated net realizable value and the loss is charged to operations.

Investments in others include investments in marketable securities that are recorded in the financial statements at fair value. If an investment is directly held by the Company and an active market with quoted prices exist, the market price of the security is used to report fair value. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period (see Note 8).

Revenue Recognition

Revenues include interest on loans, cash and investments in debt securities, as well as loan fees and other. Loan fees are recognized on the accrual basis as services are delivered or according to relevant benchmarks or criteria of the underlying agreements. All other revenue is recognized as earned. All revenues are recognized as earned on the accrual basis of accounting. Premium or discount on debt securities and loans receivable is amortized over the remaining term to maturity, using the straight-line method which approximates the effective yield method.

Advertising Costs

The Company expenses advertising costs as they are incurred. Advertising expense for 2024 and 2023, was $10,997 and $31,128, respectively, and is included in professional fees in the accompanying statements of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Company follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Company would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Company uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Company. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

The only assets held by the Company that are carried at fair value are cash equivalents in the form of money market accounts, short-term investments (see Note 3) and Investments in others. Investments in limited partnership are reported at NAV (see Note 8 and page 9). Cash equivalents are considered Level 1 in the fair value hierarchy. The Company held $10,710,568 and $11,126,678 in money market accounts as of December 31, 2024 and 2023, respectively, which is included in cash and cash equivalents in the accompanying balance sheets.

Subsequent Events

Subsequent events have been evaluated through May 28, 2025, which is the date the financial statements were available to be issued. No events met the criteria for recognition or disclosure in the financial statements.

3. SHORT-TERM INVESTMENTS

Short-term investments consist of debt securities and are carried at fair value on a recurring basis based on quoted market prices which are considered Level 1 inputs in the fair value hierarchy (see Note 2).

The amortized cost of short-term investments and their approximate fair values are as follows as of December 31:

	2024		2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Collateralized Mortgage Obligations	$ 18,224	$ 18,885	$ 20,889	$ 21,552

Unrealized gains and losses are recorded within investment income in the accompanying statements of operations.

4. LOANS RECEIVABLE

The Company offers the following loan products:

Housing - Made to organizations that increase the availability of housing to low and moderate-income households. These loans are generally used to acquire or develop residential real properties. Housing loans receivable bear interest at rates ranging from 3.25% to 9.50% and mature at various dates through 2037. Principal balances range from $6,281 to $4,049,972. More than half of these loans are secured by mortgages on the properties and borrowers are required to adhere to certain affordability restrictions. The Company's five largest outstanding housing loans receivable were approximately 31% and 38% of the housing portfolio as of December 31, 2024 and 2023, respectively.

Commercial and Economic Development (CED) - Made to support the development and/or expansion of minority or women-owned businesses, small businesses, job creation activities, and community health centers, within low and moderate-income areas that result in job creation or retainage in Massachusetts. The Company also provides financing to small and mid-sized companies with an emphasis on companies relocating to Massachusetts and creating jobs for residents in economic target areas. The CED loans receivable bear interest at rates ranging from 4% to 7.75% and mature at various dates through 2036. Principal balances range from $126,227 to $4,621,262. These loans are generally secured by the borrowers' business assets. The Company's five largest outstanding CED loans receivable were approximately 66% and 57% of the CED portfolio as of December 31, 2024 and 2023, respectively.

Individually Assessed - Loans that no longer fall into the categories of housing or CED due to various factors, specifically declining collateral value. As of December 31, 2024 and 2023, there were four and three loans, respectively, in this category bearing interest at rates ranging from 6% to 7% and maturing at various dates through 2028. Principal balances range from $82,322 to $3,703,406.

4. LOANS RECEIVABLE (Continued)

Loans receivable, net of participations, consist of the following at December 31:

	2024		2023	
	Number of Loans	Outstanding Principal	Number of Loans	Outstanding Principal
Housing	54	$ 67,384,743	50	$ 58,620,294
CED	19	19,689,480	21	27,896,693
Individually assessed loans (see page 13)	4	6,235,379	3	5,476,973
Gross loans receivable	77	93,309,602	74	91,993,960
Less - allowance for credit losses (see Note 5)		(5,711,614)		(5,734,522)
Less - current portion, net of ACL		(28,277,285)		(32,176,921)
Net loans receivable		$ 59,320,703		$ 54,082,517

As of December 31, 2024 and 2023, total participation loans outstanding were $10,816,087 and $8,980,599, respectively. Given the lack of repurchase rights reserved by the Company with respect to the third-party's interest in the underlying loans receivable, the participations meet the requirements for treatment as a loan sale in accordance with the U.S. GAAP criteria for ASC Topic, *Accounting for Transfers and Servicing of Assets and Liabilities*. Accordingly, loans receivable are presented net of participations in the accompanying balance sheets.

Future payments of principal of loans receivable for the next five years are due as follows:

2025	$ 29,689,604
2026	$ 39,074,264
2027	$ 10,253,675
2028	$ 7,014,521
2029	$ 312,157

5. ALLOWANCE FOR CREDIT LOSSES

As disclosed in Note 2, the Company follows ASC Topic 326 to estimate the ACL effective January 1, 2023. Loans are evaluated within a collective pool basis for similar loan types, given the unique nature of each loan. Management believes that calculating the allowance for credit losses on these collective pools provides the most estimate for potential credit losses over the lifetime of the loans. Any historical losses at the collective pool level are the basis of the ACL determination which then is driven by additional qualitative factors as noted in Note 2.

The Company's historical loss rates for each pool and their respective look back periods (see Note 2) applied to the amortized cost basis of loans receivable are as follows below as of December 31, 2024 and 2023. These historical rates were also adjusted for management's determination of qualitative adjustment factors.

	Housing	CED
Historical loss rate	3.47%	4.47%
Qualitative factor adjustment	0.23	0.23
Total loss rate	3.70%	4.70%

5. ALLOWANCE FOR CREDIT LOSSES (Continued)

The Company monitors credit quality indicators on an on-going basis to determine if any of their loans need to be evaluated separately. Once collection from traditional methods is deemed unlikely, each asset is assessed individually under the practical expedient for collateral dependent financial assets. The credit quality indicators assessed by management include security of the loan and collateral coverage.

As of December 31, 2024 and 2023, there were four and three loans with collective balances totaling $6,235,379 and $5,476,973, respectively, that were evaluated on an individual basis. These are commercial loans on office buildings with high vacancies and declining collateral value. Management considered these loans as distressed commercial office loans. These loans were assigned an allowance for credit losses amount based on a blended rate of the original loan pool they were in and certain qualitative factors ranging from 25% - 40%. The total blended rate applied to these loans was 36.90% and 39.68% as of December 31, 2024 and 2023, respectively, in order to correctly present these loans at the value that the Company anticipates that they will recover. The Company will continue to assess the need for additional allowance for credit losses related to these collateral dependent financial assets.

A summary of the activity within the allowance for credit losses is as follows for the years ended December 31, 2024 and 2023:

	Housing	CED	Individually Assessed	Total
Allowance at January 1, 2023, prior to adoption of ASC Topic 326	$ 4,469,261	$ 2,133,587	$ 1,369,243	$ 7,972,091
Cumulative adjustment from adoption of ASC Topic 326	(2,341,102)	(831,989)	915,278	(2,257,813)
Provision for credit losses	10,961	9,283	-	20,244
Allowance at December 31, 2023,	2,139,120	1,310,881	2,284,521	5,734,522
(Recovery of) Provision for credit losses	345,966	(386,057)	17,183	(22,908)
Allowance at December 31, 2024	$ 2,485,086	$ 924,824	$ 2,301,704	$ 5,711,614

At December 31, 2024 and 2023, the Company was committed to fund loans receivable of approximately $33,530,000 and $31,099,000, respectively. Among the tools available to manage liquidity are participation loans and the line of credit (see Note 6). In accordance with Topic 326, the Company has recorded a credit loss liability for unfunded loan commitments (see Note 4) based on the same loss rate used on the loan portfolio as noted on page 12, which are summarized below:

Credit loss liability – unfunded commitment December 31, 2022	$ -
Cumulative adjustment from adoption of ASC Topic 326	1,451,194
Recovery of credit losses - unfunded commitments	(355,473)
Credit loss liability - unfunded commitments, December 31, 2023	1,095,721
Provision for credit losses - unfunded commitments	154,631
Credit loss liability - unfunded commitments, December 31, 2024	$ 1,250,352

6. LINE OF CREDIT

The Company maintains a $15,000,000 revolving line of credit agreement with a bank, renewable annually in June. The interest rate is based on the Federal Home Loan Bank's 1-year rate of 4.32% and 4.94% at December 31, 2024 and 2023, respectively, plus 1.75%. There was no outstanding balance under this line of credit at December 31, 2024 and 2023. The line of credit is secured by substantially all assets of the Company and has certain covenants with which the Company must comply. The Company was in compliance with these covenants as of December 31, 2024 and 2023.

7. MANAGEMENT AGREEMENT

Massachusetts Capital Resource Company (MCRC) provides management and administrative services to the Company, the cost of which is charged to the Company. Salaries and other benefits, including both a defined benefit and defined contribution pension plan for employees of MCRC who work solely on the Company's activities, are charged directly to the Company. Other expenses, such as rent and overhead costs, are allocated between MCRC and the Company based on relative levels of capital. This expense allocation method, which is in accordance with the Operating Agreement, has been approved by the Audit Committees of both the Company and MCRC.

The amount of expense recognized by the Company related to these management and administrative services provided by MCRC during 2024 and 2023 was $2,492,910 and $2,265,357, respectively. The amount payable to MCRC for management fees and other reimbursable expenses at December 31, 2024 and 2023, was $165,463 and $55,053, respectively, and is included in accounts payable and accrued expenses in the accompanying balance sheets.

8. INVESTMENTS IN LIMITED PARTNERSHIP AND OTHERS

Investment in limited partnership (see Note 2) represents a non-controlling interest in one limited partnership, which meets the requirement of a qualified investment in accordance with Chapter 259 of the Massachusetts Acts of 1988. The investments are measured at fair value using the NAV per share. The Company's investment represents less than 20% limited partner interest, and the Company does not exercise control or significant influence over the partnership. Investments in others include shares of common stock.

The balance of investments in limited partnership and others was as follows:

	2024	2023
Beginning Balance	$ 148,839	$ 193,636
Write-off of investment in limited partnership	(47,998)	(44,797)
Ending Balance	100,841	148,839
Investments in others	32,026	39,710
Net investments in limited partnership and others	$ 132,867	$ 188,549

The Company wrote off $47,998 and $44,797 during 2024 and 2023, respectively, which is netted in investment income in the accompanying statements of operations.

8. INVESTMENTS IN LIMITED PARTNERSHIP AND OTHERS (Continued)

The Company did not receive any capital distributions during 2024 or 2023. The Company did not incur any realized gains or losses during 2024 and 2023, respectively.

The Company also holds shares of common stock in two organizations. The fair value of the common stock at December 31, 2024 and 2023, was $32,026 and $39,710, respectively, which is included in investments in limited partnership and others in the accompanying balance sheets. These shares of common stock are valued using Level 1 inputs. Unrealized gains (losses) related to these investments were $(7,684) and $12,088 for the years ended December 31, 2024 and 2023, respectively, and are included in investment income in the accompanying statements of operations.

9. CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances in three banks in Massachusetts and is insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, cash balances exceeded the insured amounts. The Company has not experienced any losses in such accounts and management believes the credit risk related to the Company's cash and cash equivalents is not significant. In relation to the money market accounts (see Note 3), the Company's exposure for uninsured cash and cash equivalents was $10,710,568 and $11,126,678 as of December 31, 2024 and 2023, respectively. In order to minimize the credit risk for cash equivalents, management has invested the cash equivalents in highly-liquid money market accounts designed to maximize FDIC coverage.

10. DISTRIBUTIONS TO MEMBERS

The Company makes annual distributions equal to the cumulative retained earnings of the Company, less the net change in value of derivatives, pursuant to the Articles of the First Amended and Restated Operating Agreement dated September 15, 1999 (the Operating Agreement). Distributable income for the years ended December 31, 2024 and 2023, was $3,102,421 and $2,952,649, respectively. The 2023 and 2022 distributable income of $2,952,649 and $2,471,087 was declared and paid as distributions to members during 2024 and 2023, respectively.

In November 2016, the Company's members approved a Fourth Amendment to the First Amended and Restated Operating Agreement extending the term of the Company to 2033, with a possibility of an extension to 2043. Four of the members (exiting members) representing approximately 4% of members' equity had elected to be liquidated on the following schedule effective January 1, 2019: 5% of the exiting member's capital account balance which has been determined and fixed as of December 31, 2018, commencing in 2019 continuing through 2023, with a final distribution of 80% on December 30, 2023. These exiting members received their final distribution on December 30, 2023.

During 2023, the Company returned $2,951,812 of the exiting members' capital contributions, which is included in distributions to members in the accompanying statements of changes in members' equity for the year ended December 31, 2023. There was no return of member's capital contributions during 2024.

11. RECLASSIFICATIONS

Certain amounts in the 2023 financial statements have been reclassified to conform with the 2024 presentation.

EXHIBIT E

To

ANNUAL REPORT AND STATEMENT OF FINANCIAL CONDITION OF THE LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE, LLC

As of December 31, 2024

In accordance with Section 2(e)3 the investments made by the Life Insurance Community Investment Initiative LLC comply with the provision of paragraphs (l) and (2) of subsection (f). Each MOBD region has received at a minimum its base investment share amount as defined by the 1998 Legislation. The most recent MOBD regions are shown below.

Current MOBD regions, since 2017

Qualified Commitments as of 12/31/24	($747,180,634)
Western Region	134,319,800
Central Region	98,226,733
Northern Region	79,549,250
Metrowest & Merrimack Valley	15,543,000
Greater Boston Region	310,946,742
Southern Region	89,845,109
Statewide	18,750,000
	$747,180,634

Original MOBD regions

Qualified Commitments as of 12/31/24	($747,180,634)
Western Region	134,319,800
Central Region	97,976,733
Northern Region	81,937,000
Greater Boston Region	315,773,492
Southern Region	98,423,609
Statewide	18,750,000
	$747,180,634