LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE, LLC

FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE, LLC

Contents
December 31, 2022 and 2021

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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, 2022 and 2021, and the related statements of operations and other comprehensive income, 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, 2022 and 2021, and the results of its operations and other comprehensive income 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 9, 2023

LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE, LLC

Balance Sheets
December 31, 2022 and 2021

Assets	**2022**	**2021**
Current Assets:		
Cash and cash equivalents	$ 18,446,477	$ 11,947,623
Short-term investments	48,048	55,258
Current portion of loans receivable, net of allowance for loan losses of $3,096,863 and $2,916,200 as of December 31, 2022 and 2021, respectively	32,241,906	30,431,685
Interest receivable on loans and other receivables	688,062	1,234,741
Total current assets	51,424,493	43,669,307
Loans Receivable, net of current portion and allowance for loan losses of $4,875,228 and $5,588,752 as of December 31, 2022 and 2021, respectively	50,756,744	58,320,816
Investments in Limited Partnership and Others, net of allowance for impairment	221,258	1,601,509
Total assets	$ 102,402,495	$ 103,591,632
Liabilities and Members' Equity		
Current Liability:		
Accounts payable and accrued expenses	$ 668,902	$ 800,144
Members' Equity:		
Members' capital contributions	99,262,048	99,446,536
Retained earnings	2,471,087	3,342,084
Accumulated other comprehensive income	458	2,868
Total members' equity	101,733,593	102,791,488
Total liabilities and members' equity	$ 102,402,495	$ 103,591,632

The accompanying notes are an integral part of these statements.

LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE, LLC

Statements of Operations and Other Comprehensive Income
For the Years Ended December 31, 2022 and 2021

	2022	2021
Operating Revenues:		
Interest on loans	$ 4,462,943	$ 5,333,256
Loan fees and other	336,500	241,649
Investment income (loss)	(581,150)	184,675
Total operating revenues	4,218,293	5,759,580
Add - recovery of loan losses	504,952	-
Net operating revenues	4,723,245	5,759,580
Operating Expenses:		
Salaries, payroll taxes and fringe benefits	1,827,046	1,988,491
Operating expenses	326,182	313,012
Professional fees	68,497	60,383
Miscellaneous	31,222	55,610
Total operating expenses	2,252,947	2,417,496
Net income	2,470,298	3,342,084
Other Comprehensive Income (Loss):		
Unrealized loss on short-term investments	(2,410)	(788)
Total comprehensive income	$ 2,467,888	$ 3,341,296

LIFE INSURANCE COMMUNITY INVESTMENT INITIATIVE, LLC

Statements of Changes in Members' Equity
For the Years Ended December 31, 2022 and 2021

	Members' Capital Contributions	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2020	$ 99,631,024	$ 2,601,075	$ 3,656	$ 102,235,755
Net income	-	3,342,084	-	3,342,084
Other comprehensive loss	-	-	(788)	(788)
Distributions to members	(184,488)	(2,601,075)	-	(2,785,563)
Balance, December 31, 2021	99,446,536	3,342,084	2,868	102,791,488
Net income	-	2,470,298	-	2,470,298
Other comprehensive loss	-	-	(2,410)	(2,410)
Distributions to members	(184,488)	(3,341,295)	-	(3,525,783)
Balance, December 31, 2022	$ 99,262,048	$ 2,471,087	$ 458	$ 101,733,593

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, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Net income	$ 2,470,298	$ 3,342,084
Adjustments to reconcile net income to net cash provided by operating activities:		
Recovery of loan losses	(504,952)	-
Amortization, net	4,800	4,457
Interest and other amounts paid in-kind	(1,195,155)	(1,019,645)
Unrealized/realized (gain)/loss in limited partnership and others	678,785	(178,748)
Changes in operating assets and liabilities:		
Interest receivable on loans and other receivables	546,679	(22,015)
Accounts payable and accrued expenses	(131,242)	25,672
Net cash provided by operating activities	1,869,213	2,151,805
Cash Flows from Investing Activities:		
Issuance of loans receivable	(40,635,683)	(36,440,945)
Principal payments on loans receivable	48,089,641	31,770,034
Return on investments in limited partnership and others	701,466	213,699
Net cash provided by (used in) investing activities	8,155,424	(4,457,212)
Cash Flows from Financing Activities:		
Distributions to members	(3,525,783)	(2,785,563)
Net Change in Cash and Cash Equivalents	6,498,854	(5,090,970)
Cash and Cash Equivalents:		
Beginning of year	11,947,623	17,038,593
End of year	$ 18,446,477	$ 11,947,623

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. Therefore, the cumulative contributions of capital continue to decrease each year and were $99,262,048 and $99,446,536 as of December 31, 2022 and 2021, respectively (see Note 10).

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

The Company's short-term investments are debt securities accounted for by the Company in accordance with the provisions of ASC 320, *Investments - Debt and Equity Securities* (ASC 320). ASC 320 requires that an enterprise classify these securities into one of three categories: held-to-maturity, available-for-sale, or trading. The Company's investments in these debt securities are classified as available-for-sale and valued at fair value. Short-term investments consist solely of collateralized mortgage obligations and U.S. Treasury securities with original maturities of more than three months, but less than one year.

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.

Temporary gains (losses) on investment securities are recorded as unrealized gains (losses) as a component of other comprehensive income.

Loans Receivable and Allowance for Loan Losses

Loans receivable are carried at unpaid principal, adjusted for the allowance for losses, where applicable (see Notes 4 and 5). The terms of the loans vary and include differing repayment schedules for principal and interest, and contingent interest. The Company provides capital to projects that benefit low- and moderate-income communities and households with more than half of the capital secured by first and second positions on certain assets of the borrower. Interest on loans is calculated by using the simple interest method on monthly balances of the principal amount outstanding.

The Company accounts for impairments of loans receivable in accordance with ASC 310, *Receivables* (ASC 310). ASC 310 requires that a loan be classified and accounted for as an impaired loan when it is probable that the Company will be unable to collect all amounts due, both interest and principal, according to the contractual terms of the loan agreement. Specifically, ASC 310 requires that impaired loans are valued based on the present value of expected cash flows discounted at the loan's effective interest rate or, as a practical expedient, the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. Impairment exists when the recorded investment in the loan exceeds the value measured using the above described techniques. Such impairment is recognized as a valuation reserve which is included as part of the overall allowance for losses.

Investments in Limited Partnership and Others

Investment in limited partnership consist of the Company's non-marketable interest in a local investment fund. Because the Company does not exercise significant influence over its investment in the limited partnership, the Company records the investment using the cost method of accounting (see Note 8). Under this method of accounting, the Company records its investment at initial cost and periodically assesses the possibility of the impairment of cost.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in Limited Partnership and Others (Continued)

Investments in other 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. 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 2022 and 2021 was $5,675 and $4,011, respectively, and is included in professional fees in the accompanying statements of operations and other comprehensive income.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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 marketable securities (see Note 8). Cash equivalents are considered Level 1 in the fair value hierarchy. The Company held $16,111,488 and $6,033,348 in money market accounts as of December 31, 2022 and 2021, respectively, which is included in cash and cash equivalents in the accompanying balance sheets.

Subsequent Events

Subsequent events have been evaluated through May 9, 2023, 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:

	2022		2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Collateralized Mortgage Obligations	$ 47,590	$ 48,048	$ 52,390	$ 55,258

Unrealized gains and losses are recorded within accumulated other comprehensive income, a component of members' equity. There were unrealized losses of $2,410 and $788 for the years ended December 31, 2022 and 2021, respectively.

During 2022 and 2021, the Company recognized no other-than-temporary impairment on short-term investments.

4. LOANS RECEIVABLE

The Company offers the following loan products:

Affordable Housing - Made to organizations that increase the availability of affordable housing to low and moderate-income households. These loans are generally used to acquire or develop residential real properties. Affordable housing loans receivable bear interest at rates ranging from 3.25% to 6.5% and mature at various dates through 2037. Principal balances range from $13,358 to $9,072,347. 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 affordable housing loans receivable were approximately 40% and 29% of the affordable housing portfolio as of December 31, 2022 and 2021, respectively.

4. LOANS RECEIVABLE (Continued)

Commercial and Economic Development - 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. Commercial and economic development loans receivable bear interest at rates ranging from 4% to 7% and mature at various dates through 2036. Principal balances range from $24,912 to $4,008,072. These loans are generally secured by the borrowers' business assets. The Company's five largest outstanding commercial and economic development loans receivable were approximately 54% and 55% of the commercial and economic development portfolio as of December 31, 2022 and 2021, respectively.

Loans receivable consist of the following at December 31:

	2022		2021	
	Number of Loans	Outstanding Principal	Number of Loans	Outstanding Principal
Affordable housing	53	$ 57,930,111	56	$ 68,019,797
Commercial and economic development	25	33,040,630	22	29,237,656
Total loans receivable	78	90,970,741	78	97,257,453
Less - allowance for loan losses (see Note 5)		(7,972,091)		(8,504,952)
Less - current portion		(32,241,906)		(30,431,685)
Loans receivable, net		$ 50,756,744		$ 58,320,816

As of December 31, 2022 and 2021, total participation loans outstanding were $8,720,520 and $15,147,810, 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:

2023	$ 35,338,769
2024	$ 14,225,310
2025	$ 21,748,079
2026	$ 8,825,773
2027	$ 4,552,547

At December 31, 2022 and 2021, the Company was committed to fund loans receivable of approximately $39,754,000 and $31,511,000, respectively. All commitments contain pullback provisions which are at the sole option of the Company. Among the tools available to manage liquidity are participation loans and the line of credit (see Note 6).

5. ALLOWANCE FOR LOSSES ON LOANS RECEIVABLE

The Company provides an allowance for expected loan losses. The allowance is based on the Company's loan rating policy, which is updated periodically for changes related to individual loans receivable. Loans are rated on a scale of A to E. Loans rated A are considered exceptional and no loan loss is assigned to them. Loans rated B to C are considered performing loans and an initial loan loss allowance is assigned to them. This allowance is adjusted each year, as necessary, based on analysis of each borrower's operating performance.

Loans rated D and E have a specific reserve percentage. These loans have a higher probability of loss of interest income and principal and are considered substandard. For these loans, the major risk factors that drive the loan loss allocation decision are:

- Borrower has a weak balance sheet and has shown consistent losses;
- Cash flow may be inadequate to service the debt;
- Collateral may be less than 100% of outstanding loan;
- Weak management;
- Credit history shows sporadic delinquencies; and
- Guarantor has minimal and illiquid net worth.

The loan loss allowance according to the Company's risk rating policy is as follows as of December 31:

		2022		2021	
Category	Risk Rating	Loan Balance	Loan Loss Allowance	Loan Balance	Loan Loss Allowance
Exceptional	A	$ 2,279,433	$ -	$ 2,377,494	$ -
Performing	B - C	84,712,856	6,977,478	89,586,203	7,021,766
Substandard	D - E	3,978,452	994,613	5,293,756	1,483,186
		$ 90,970,741	$ 7,972,091	$ 97,257,453	$ 8,504,952

The loan loss allowance, which has been allocated proportionally to the long-term and current portions of the loan portfolio in the accompanying balance sheets, consists of the following:

	Commercial and Economic Development	Affordable Housing	Total
Balance, December 31, 2020	$ 2,938,923	$ 5,566,029	$ 8,504,952
Reclassification of allowance between loan product categories	19,858	(19,858)	-
Balance, December 31, 2021	2,958,781	5,546,171	8,504,952
Write-off of uncollectable loans previously reserved	(27,909)	-	(27,909)
Provision for (recovery of) loan losses	351,314	(856,266)	(504,952)
Balance, December 31, 2022	$ 3,282,186	$ 4,689,905	$ 7,972,091

The Company reports recoveries of loans previously written-off in prior years as income when the amount is collected, or collection is assured.

5. ALLOWANCE FOR LOSSES ON LOANS RECEIVABLE (Continued)

Troubled Debt Restructuring

A troubled debt restructuring (TDR) occurs when a creditor, for economic or legal reasons related to a borrower's financial condition, grants a concession to the borrower that it would not otherwise consider, such as below-market interest rates, principal reductions extending the maturity of a loan, or a combination of these. As is common in the lending industry, the Company makes loan amendments in the normal course of business to extend the loan term when the take-out financing is delayed or under other similar circumstances. If the Company determines that the amendment is not due to the financial difficulties of the borrower and continues to expect full repayment of the loan, the amendment is not classified as a TDR. As of December 31, 2022 and 2021, there were no loans that met the criteria as being a TDR.

At the time a loan is modified in a TDR, the Company considers several factors in determining whether the loan should accrue interest, including:

- Cash flow necessary to pay the interest.
- Whether the customer is current on their interest payments.
- Whether the Company expects the borrower to perform under the revised terms of the restructuring.

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 bank's floating base rate (4.47% and 0.10% at December 31, 2022 and 2021, respectively), plus 1.75%. There was no outstanding balance under this line of credit at December 31, 2022 and 2021. 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, 2022 and 2021.

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 2022 and 2021 was $2,074,085 and $2,295,734, respectively. The amount payable to MCRC for management fees and other reimbursable expenses at December 31, 2022 and 2021, was $119,152 and $140,420, 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 partnership 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:

	2022	2021
Carried cost, beginning of year	$ 1,917,334	$ 1,967,049
Capital distributions	(701,466)	(49,715)
Write-off of investment in limited partnership	(1,022,232)	-
Carried cost, end of year	193,636	1,917,334
Less - allowance for impairment	-	(400,000)
Net investments in limited partnership	193,636	1,517,334
Investments in other	27,622	84,175
Net investments in limited partnership and others	$ 221,258	$ 1,601,509

As of December 31, 2021, management had recorded estimated allowances for impairment totaling $400,000 for the investment in the limited partnership. The Company's management determined the impairment estimates using unobservable, or Level 3, inputs under the fair value framework (see Note 2). These inputs are estimated future net cash flows based upon internal financial statements and other information received from investment fund managers. During 2022, there was a write-off of the investment in limited partnership of $1,022,232, of which $400,000 represented the allowance previously booked. The net amount of the write-off and allowance of $622,232 is included in investment income (loss) in the accompanying statement of operations and other comprehensive income for the year ended December 31, 2022. There were no write-offs or provisions for impairment recorded during 2021.

The Company received, as a return of capital, distributions of $701,466 and $49,715 for 2022 and 2021, respectively. The Company incurred a realized gain of $163,984 in 2021, which was distributed to the Company and is included in investment income (loss) in the accompanying statement of operations and other comprehensive income for the year ended December 31, 2021. The Company did not incur any realized gains or losses during 2022.

The Company also holds shares of common stock in two organizations. The fair value of the common stock at December 31, 2022 and 2021, was $27,622 and $84,175, 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 $(56,553) and $20,691 for the years ended December 31, 2022 and 2021, respectively, and are included in investment income (loss) in the accompanying statements of operations and other comprehensive income.

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 page 9), the Company's exposure for uninsured cash and cash equivalents was $16,111,488 and $6,033,348 as of December 31, 2022 and 2021, 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, 2022 and 2021, was $2,470,298 and $3,342,084, respectively. The 2021 and 2020 distributable income of $3,341,295 and $2,601,075 was declared and paid as distributions to members during 2022 and 2021, 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 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 will not continue to receive distributions of earnings, but will only receive distributions of their capital contribution amounts. The remainder of the exiting members' capital will remain in the Company until fully distributed.

During 2022 and 2021, the Company returned $184,488 of the exiting members' capital contributions, which is included in distributions to members in the accompanying statements of changes in members' equity for the years ended December 31, 2022 and 2021.