

**Annual Report for the Combined Estate of
RETIREMENT VALUE, LLC & HILL COUNTRY FUNDING LLC
Year Ending December 31, 2023**

This report summarizes the Estate's financial position as of **December 31, 2023**.

The Estate began the year with approximately \$7.5 million in cash, policies worth about \$13.6 million, and litigation recoveries. During the year, the Estate's largest expenses were \$4.8 million in portfolio premiums and \$990 thousand in fees and expenses¹; and its largest collections were \$7.4 million in death benefits and \$354 thousand from interest. The Estate ended the year with \$9.5 million in cash, \$9.3 million in accounts receivable;² policies worth \$13.3 million, and the uncollected litigation recoveries. The Estate's sources and uses of cash since the receivership's inception and for the year are summarized below.

Cash

	5/5/10 thru 12/31/2022	1/1/2023 thru 12/31/2023	Since Inception
Beginning Balance	\$23,150,192	\$7,567,543	\$23,150,192
<i>Plus</i>			
Death Benefits	\$60,496,497	7,388,106.00	\$67,884,603
Asset Sale/Recovery	\$3,660,438	39,000.00	\$3,699,438
Litigation	\$9,850,984	-	\$9,850,984
Interest Rec'd	\$1,493,264	354,672.73	\$1,847,937
Interest accrued	\$0	-	
<i>Sub total</i>	\$75,501,182	7,781,778.73	\$83,282,960
<i>Less</i>			
Premiums Paid	(\$62,626,006)	(4,851,874.62)	(\$67,477,881)
RV Mortgage (P&I)	(\$45,488)	-	(\$45,488)
Taxes	(\$4,295,809)	(29,153.35)	(\$4,324,962)
Fees and Expenses	(\$12,328,059)	(990,095.95)	(\$13,318,155)
3rd Party Disb.	(\$950,929)	-	(\$950,929)
Distributions	(\$10,837,541)	2,103.84	(\$10,835,437)
<i>Sub total</i>	(\$91,083,831)	(5,869,020.08)	(\$96,952,851)
Ending Balance	\$7,567,543	\$9,480,302	\$9,480,302

As of December 31, 2023, the Estate held 24 policies on 21 individuals with an aggregate face value of \$64.6 million. Since inception, the Estate has had 30 maturities (25 decedents). **There were three**

¹ Fees and Expenses consist of: the ordinary expenses for the Receiver and Receiver's counsel (\$97K); litigation expenses regarding the six disputed policies (\$800K); expenses associated with collecting the outstanding judgments (\$35K); accountants (\$17K); policy servicing (\$30K) and actuarial services (\$11K).

² The circumstances surrounding two decedents (six of the policies) gave rise to disputes with the respective carriers. The disputes surrounding one decedent have been largely resolved in the Estate's favor. The Estate collected \$2.0 million on two of the subject policies in FY 2022, and \$1,735,106 on the other two policies in FY 2023. \$514,894 remains outstanding pending resolution of a final issue. The disputes surrounding the other decedent, \$8.0 million across two policies, remains in litigation. The remaining \$750,000 in accounts receivable pertains to a policy that matured in November. The death benefits were collected in the 1st quarter of 2024.

maturities (three lives) during FY 2023 in the aggregate amount of \$6,400,000. The table below reflects the portfolio's actual mortalities through December 31, 2023:

Insurance Portfolio Profile

	<u># of Policies</u>	<u># of Lives</u>	<u>Face Value</u>
As of May 5, 2010	54	46	\$141,585,000
Maturities (prior periods)	27	22	70,585,000
Maturities (this Year)	3	3	6,400,000
As of December 31, 2023	24	21	\$64,600,000

The portfolio's valuation was last updated as of March 31, 2023. Its estimated fair market value is based on the net present value of the future stream of cash flows (i.e., the payment of projected premiums, collections of death benefits, etc.) discounted to the valuation date. The policies remaining in the portfolio as of December 31, 2023 had an estimated fair market value, based on an 18% discount rate, of \$13.3 million.

Total approved investor claims against the Estate are \$80.4 million; of which \$11 million have been paid and \$69.4 million remain outstanding. Through December 31, 2023, investors have recovered about 13.7% of their initial investment.

The most readily apparent proxy for the claims' current value is their estimated participation in an immediate liquidation of the Estate's assets. The table below reflects the potential recovery from liquidation per dollar of claim: (i) as to the investors' total claim, taking into account the \$11 million in prior distributions; and (ii) as to the outstanding claim balances.

Liquidation Analysis (as of December 31, 2023)

		<u>Total Investor Claims</u>	<u>Outstanding Investor Claims</u>
Assets			
	Policies (as of 12/31/23)	\$13,311,319	\$13,311,319
	Claims Pending Collection	9,261,894	\$9,261,894
	Cash On Hand	9,480,302	\$9,480,302
	Prior Distributions	<u>10,931,872</u>	<u>0</u>
Est Liquidation Value		42,985,387	32,053,515
Claims		80,354,220	69,422,347
Liquidation Recovery per \$ Claimed		\$0.53	\$0.46

A maturity does not automatically translate into a distribution to the claimants. In order to collect the \$64.6 million in the portfolio's face value outstanding as of March 30, 2023, the Estate anticipates paying an additional \$30.8 million in premiums. The March 2023 stochastic analysis further indicates that in order to adequately reserve for 97.5% of the modelled circumstances, the Estate's premium reserves should be \$12 million. The Estate must use the death benefits from earlier maturities to reload the reserves so that it can pay future premiums. The Estate can only make cash distributions when the premium reserves are sufficient to ensure that the Estate is able to make premium payments, even if the portfolio underperforms. The Estate's cash-on-hand does not currently support a distribution.