

Fides Insurance Group, Inc. and Subsidiary

Audited Consolidated Financial Statements with Supplementary Information and Required Supplementary Information

*Years ended June 30, 2025 and 2024
with Report of Independent Auditors*

Fides Insurance Group, Inc. and Subsidiary

Audited Consolidated Financial Statements
with Supplementary Information
and Required Supplementary Information

Years ended June 30, 2025 and 2024

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Report of Independent Auditors

Board of Directors
Fides Insurance Group, Inc. and Subsidiary

Opinion

We have audited the consolidated financial statements of Fides Insurance Group, Inc. and Subsidiary (Fides), which comprise the consolidated balance sheets as of June 30, 2025 and 2024, and the related consolidated statements of operations, changes in member's equity, and cash flows for the years 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 Fides as of June 30, 2025 and 2024, 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 Fides 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 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 Fides'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 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 Fides'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 Fides'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 sheets and the consolidating statements of operations on pages 27 - 30 are presented for purposes of additional analysis and are 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the disclosures about short-duration insurance contracts, including incurred and cumulative paid losses and allocated loss adjustment expenses and average annual percentage payout of incurred claims by age, on pages 32 - 39 be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Williston, Vermont
December 17, 2025
Vermont Firm Registration 092-0000267

Fides Insurance Group, Inc. and Subsidiary

Consolidated Balance Sheets

	As of June 30,	
	2025	2024
Assets		
Cash and cash equivalents	\$ 8,897,095	\$ 6,227,939
Investments, at fair value	13,480,177	12,620,613
Accounts receivable	110,000	110,000
Accrued investment income	8,451	-
Prepaid losses	-	19,518
Other assets	89,713	131,366
Segregated cell assets - Springfield	3,052,325	2,788,017
Total Assets	<u>\$ 25,637,761</u>	<u>\$ 21,897,453</u>
Liabilities and Member's Equity		
Liabilities:		
Losses and loss adjustment expenses	\$ 3,840,679	\$ 4,463,682
Losses payable	12,093	-
Deferred consulting income	110,000	110,001
Due to Springfield	9,782	1,750
Accounts payable and accrued expenses	320,127	202,538
Segregated cell liabilities and member's equity - Springfield	3,052,325	2,788,017
Total Liabilities	7,345,006	7,565,988
Member's Equity:		
Contributed capital	100,000	100,000
Retained earnings	18,192,755	14,231,465
Total Member's Equity	18,292,755	14,331,465
Total Liabilities and Member's Equity	<u>\$ 25,637,761</u>	<u>\$ 21,897,453</u>

See accompanying notes to the consolidated financial statements.

Fides Insurance Group, Inc. and Subsidiary

Consolidated Statements of Operations

	Years ended June 30,	
	2025	2024
Revenues		
Premiums written and earned	\$ 7,610,000	\$ 6,810,000
Net investment income	67,039	-
Net investment gains	931,645	953,972
Consulting income	<u>484,487</u>	<u>409,759</u>
Total Revenues	9,093,171	8,173,731
Expenses		
Losses and loss adjustment expenses	3,710,452	5,382,199
Policy acquisition costs	28,918	25,878
Personnel expenses	665,962	626,713
Consulting expenses	284,127	335,406
General and administrative expenses	<u>442,422</u>	<u>514,486</u>
Total Expenses	<u>5,131,881</u>	<u>6,884,682</u>
Net Income	<u>\$ 3,961,290</u>	<u>\$ 1,289,049</u>

See accompanying notes to the consolidated financial statements.

Fides Insurance Group, Inc. and Subsidiary

Consolidated Statements of Changes in Member's Equity

Years ended June 30, 2025 and 2024

	Contributed Capital	Retained Earnings	Total Member's Equity
Balance at July 1, 2023	\$ 100,000	\$ 14,942,416	\$ 15,042,416
Dividend	-	(2,000,000)	(2,000,000)
Net income	-	1,289,049	1,289,049
Balance at June 30, 2024	100,000	14,231,465	14,331,465
Net income	-	3,961,290	3,961,290
Balance at June 30, 2025	<u>\$ 100,000</u>	<u>\$ 18,192,755</u>	<u>\$ 18,292,755</u>

See accompanying notes to the consolidated financial statements.

Fides Insurance Group, Inc. and Subsidiary

Consolidated Statements of Cash Flows

	Years ended June 30,	
	2025	2024
Cash Flows from Operating Activities		
Net income	\$ 3,961,290	\$ 1,289,049
Add (deduct) items not affecting cash:		
Net investment gains	(931,645)	(953,972)
Changes in assets and liabilities:		
Accounts receivable	-	41,885
Due from Springfield	-	99,442
Accrued investment income	(8,451)	-
Recoveries receivable - paid losses	-	41,445
Prepaid losses/losses payable	31,611	198,426
Other assets	41,653	85,272
Losses and loss adjustment expenses	(623,003)	1,089,749
Due to Springfield	8,032	1,750
Accounts payable and accrued expenses	117,589	21,775
Net cash provided by operating activities	2,597,076	1,914,821
Cash Flows from Investing Activities		
Proceeds from sales of investments	4,957,961	2,322,200
Cost of investments purchased	(4,885,881)	(322,200)
Net cash provided by investing activities	72,080	2,000,000
Cash Flows from Financing Activities		
Dividend	-	(2,000,000)
Net change in cash and cash equivalents	2,669,156	1,914,821
Cash and cash equivalents, beginning of year	6,227,939	4,313,118
Cash and cash equivalents, end of year	<u>\$ 8,897,095</u>	<u>\$ 6,227,939</u>

See accompanying notes to the consolidated financial statements.

Fides Insurance Group, Inc. and Subsidiary
Notes to the Consolidated Financial Statements

Years ended June 30, 2025 and 2024

Note A - Nature of Operations and Significant Accounting Policies

Organization

Fides Insurance Group, Inc. (Fides) was incorporated as a nonprofit corporation under the laws of the State of Vermont on June 4, 2014, and was issued a Certificate of Authority on June 26, 2014, permitting it to transact business as a captive insurance company to insure its member, the Roman Catholic Archbishop of Boston, a corporation sole (RCAB).

On December 16, 2016, Fides formed a wholly owned subsidiary, Ratio Risk Services, LLC (Ratio Risk) located in the Commonwealth of Massachusetts. Ratio Risk provides risk management, training and administrative services to Fides, RCAB and other Catholic and non-Catholic entities and institutions.

Effective July 1, 2020, following approval from the Board of Directors and the State of Vermont, the Roman Catholic Diocese of Springfield, a sole corporation (Diocese of Springfield) became an insured of Fides. The Diocese of Springfield's program was formed as a separate account under Vermont state statutes 8 V.S.A. 6006(q).

Effective July 1, 2021, following approval from the Board of Directors and the State of Vermont, Fides converted to a sponsored captive insurance company with a general account and two initial protected cells.

All assets, liabilities and member's equity of Fides' primary business were assumed by Cell 1, an unincorporated cell, with RCAB as the sole member and participant. RCAB is the sponsor of the general account, and \$100,000 of core capital transferred from Cell 1 to the general account at the conversion. Fides continues as the sole member of Ratio Risk.

All assets, liabilities and member's equity of the separate account were assumed by Cell 2 (Cell 2 or Springfield), incorporated as a Vermont nonprofit corporation named RCB Springfield Mass Incorporated Cell, with the Diocese of Springfield as the sole member and participant.

Basis of Reporting

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP), as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards codification (the guidance). The consolidated financial statements include the accounts of the general account and Cell 1, comprising Fides and Ratio Risk (collectively referred to hereafter as Fides). All significant intercompany accounts and transactions have been eliminated in consolidation.

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note A - Nature of Operations and Significant Accounting Policies (Continued)

Fides is not the primary beneficiary of Cell 2 and is not entitled to the residual profits or assets of Cell 2 nor required to absorb losses of Cell 2. As such, Cell 2 is accounted for separately on the books and records of Fides to reflect the financial condition and results of operations; therefore, Springfield's activities have been segregated, are separately reported on the consolidated balance sheet and are more fully disclosed in Note F.

Preparation of consolidated financial statements in conformity with 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.

Subsequent Events

Fides has evaluated subsequent events for disclosure and recognition through December 17, 2025, the date these consolidated financial statements were available to be issued.

Credit Losses

Fides 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 consolidated balance sheets, with the offset recorded as credit loss income (expense) in the consolidated statements of operations. As the estimate of expected credit losses changes with subsequent evaluations, those increases and decreases are recognized in current operations. Fides writes off uncollectible amounts against the allowance for credit losses when it determines that a financial asset is partially or fully uncollectible.

Cash and Cash Equivalents

Fides considers investments in highly liquid investments with a maturity of three months or less from the date of acquisition to be cash equivalents. The Federal Deposit Insurance Corporation (FDIC) insures amounts on deposit with each financial institution up to limits as prescribed by law. Fides may hold funds with financial institutions in excess of the FDIC insured limit, however, Fides has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

Cash consists of the following at June 30:

	<u>2025</u>	<u>2024</u>
KeyBank Basic Checking	\$ 8,730,536	\$ 6,227,939
Goldman Sachs Money Market Fund	<u>166,559</u>	<u>-</u>
Total	<u>\$ 8,897,095</u>	<u>\$ 6,227,939</u>

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note A - Nature of Operations and Significant Accounting Policies (Continued)

Investments

Fides invests in various investment securities. Investment securities are exposed to various risks such as market and liquidity risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and those changes could materially affect the amounts reported on the consolidated balance sheets.

During November 2017, Fides acquired shares in the Performa (US) Intermediate Bond Fund (the Bond Fund). The investment objective of the Bond Fund is to achieve, through individual portfolios, an above average rate of return by investing primarily in fixed income securities. During February 2021, Fides acquired shares in the Performa (US) High Yield Fund (the High Yield Fund). The investment objective of the High Yield Fund is to achieve an above average rate of total return while attempting to limit investment risk by investing in a diversified portfolio of fixed income securities, investing primarily in high yield debt instruments of U.S. and non-U.S. issuers. During February 2021, Fides acquired shares in the Performa (US) Equity Fund (the Equity Fund). The investment objective of the Equity Fund is to achieve, through individual portfolios, an above average rate of total return by investing primarily in equity securities, via a diversified approach, with exposure to different equity markets characterized by company market capitalization and geography. During August 2021, Fides acquired shares of the Performa (US) International Equity Fund (International Equity Fund). The investment objective of the International Equity Fund is to achieve an above average rate of return by investing primarily in equity securities. Fides' investments are collectively referred to as "the Funds".

The Funds are carried at fair value with changes in fair value recognized in net investment gains. The fair value of the Funds are estimated based on the net asset value (NAV) per share (or its equivalent). Fides is permitted as a practical expedient under GAAP to estimate the fair value for the Funds based on the NAV.

There are no restrictions on the Funds and redemptions may be made daily. The Funds have no unfunded commitments. During 2025, Fides sold its investments in the the High Yield Fund, the Equity Fund, and the International Equity Fund.

Investments also include exchange traded funds reported at fair value with changes in fair value recognized in net investment gains. Dividend income is recognized as a component of net investment income when earned. Investment income is reported net of related investment fees.

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note A - Nature of Operations and Significant Accounting Policies (Continued)

Fair Value Measurements

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).

Fair values are based upon quoted market prices when available (Level 1). When market prices are not available, fair values are obtained from independent pricing services which utilize modeling techniques and matrix pricing to estimate fair value (Level 2). For securities where there is no market activity for similar instruments, pricing is obtained directly from the investment manager and reflects the Company's own assumptions about the inputs that market participants would use (Level 3).

Investments in limited partnerships estimated at fair value based on NAV are excluded from the fair value hierarchy and are presented as a reconciling item.

Consulting Income and Expense

Ratio Risk provides risk management, training and administrative services to Fides, RCAB, Springfield and other Catholic and non-Catholic entities and institutions, earning consulting income pursuant to administrative and loss control service contracts. Administrative contracts include performance obligations for executive and administrative management, underwriting services, maintenance of policy data, and claims litigation and management. Revenue from administrative contracts is recognized on a straight-line basis over the course of the contract term and amounted to \$387,000 during the years ended June 30, 2025 and 2024, respectively.

Performance obligations for loss control service contracts vary based on the contract and include, but are not limited to, active shooter training, safety workshops and safety audits. Revenue from loss control service contracts is earned at the point in time when services are performed and amounted to \$97,487 and \$22,759 during the years ended June 30, 2025 and 2024, respectively.

Consulting income related to services not yet fulfilled are recorded as deferred consulting income. A summary of consulting income receivables (contract receivables) and deferred consulting income (contract liabilities) as of June 30, 2025 and 2024, are as follows:

	2025		2024	
	<u>Opening Balance</u>	<u>Closing Balance</u>	<u>Opening Balance</u>	<u>Closing Balance</u>
Contract receivables	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 220,885</u>	<u>\$ 110,000</u>
Contract liabilities	<u>\$ 110,001</u>	<u>\$ 110,000</u>	<u>\$ 110,001</u>	<u>\$ 110,001</u>

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note A - Nature of Operations and Significant Accounting Policies (Continued)

Ratio Risk contracts with third parties to perform certain services and training on its behalf and records these fees as consulting expenses.

Receivables are reported net of an allowance for credit losses. Management monitors the credit quality of its receivables on a quarterly basis through review of aging schedules. Fides measures the allowance for credit loss 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 Fides' 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. Changes in the allowance for credit loss on receivables are recorded as credit loss income (expense) on the consolidated statements of operations. There was no allowance for credit loss on receivables as of June 30, 2025 and 2024.

Recognition of Premium Revenue

Premiums written are earned ratably over the terms of the policies to which they relate. The policies coincide with the fiscal year, therefore there are no unearned premiums recorded at June 30, 2025 and 2024.

Losses and Loss Adjustment Expenses

The liability for unpaid losses and loss adjustment expenses includes case-basis estimates of reported losses plus supplemental amounts for projected incurred but not reported losses (IBNR). IBNR is calculated based upon industry data utilizing the findings of an independent consulting actuary. The principal methods utilized by Fides' actuary are the loss development, Bornhuetter-Ferguson and IBNR-to-case methods. Fides' IBNR reserve is the difference between the projected ultimate losses and the sum of case-basis estimates and inception-to-date paid losses. An estimate of ultimate losses is projected at each reporting date. Management believes that its liability for losses and loss adjustment expenses recorded as of June 30, 2025 and 2024, represents its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses. However, because of the limited population of insured risks, lack of historical information, economic conditions, inflation, judicial decisions, legislation and other matters, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability. Accordingly, the ultimate liability could be significantly in excess of or less than the amount indicated in these consolidated financial statements. As adjustments to this estimate become necessary, such adjustments are reflected in current operations.

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note A - Nature of Operations and Significant Accounting Policies (Continued)

Federal Income Taxes

Fides is included in the United States Catholic Conference Group Ruling (Group Ruling) and in the Official Catholic Directory and is therefore exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Fides adopted guidance recognizing the financial statement benefit of a tax position only after determining that the relevant tax authority would more-likely-than-not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant tax authority. Fides' management has reviewed the tax positions for open periods and determined that no provision for income tax is required in Fides' financial statements, and that no material federal income tax related interest or penalties have been incurred during the years ended June 30, 2025 and 2024.

Note B - Insurance Activity

Effective July 1, 2014, Fides provides property insurance for the various properties owned by RCAB and other Catholic organizations participating in RCAB's risk management program with a limit of \$500,000 per occurrence, excess of varying deductibles. Effective July 1, 2015, claims with paid losses and loss adjustment expenses in excess of \$50,000 erode a \$1 million aggregate. Upon erosion of the \$1 million aggregate, Fides' per occurrence limit decreases to \$100,000.

Effective July 1, 2023, Fides provides excess property insurance for the various properties owned by RCAB and other Catholic organizations participating in RCAB's risk management program with a limit of 5 percent of \$10,000,000 per occurrence, excess of \$500,000 per occurrence. Upon erosion of the \$1 million aggregate, Fides assumes 5 percent of \$10,000,000 per occurrence, excess of \$100,000 per occurrence.

Effective July 1, 2016, Fides began providing coverage on certain policies pursuant to the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA). TRIPRA is a Federal program that requires property and casualty insurers writing direct business in the United States to offer coverage for certified acts of terrorism, as defined by the Secretary of the United States Department of Treasury. Losses incurred under TRIPRA are partially reimbursed by the United States based on a percentage of covered terrorism losses exceeding the statutorily established graduated deductible paid by Fides. Fides is responsible for the graduated deductible and co-insurance under TRIPRA.

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note B - Insurance Activity (Continued)

Fides provides the following liability coverages from first dollar to RCAB and other Catholic organizations participating in RCAB's risk management program:

<u>Coverage</u>	<u>Per Occurrence Limit</u>	<u>Policy Aggregate Limit</u>	<u>Effective Date</u>	<u>Retroactive Date</u>
General liability	\$250,000	Unlimited	7/1/2016	N/A
Errors & omissions liability*	\$250,000	\$1,000,000	7/1/2016	3/31/1984
Volunteer attorney errors & omissions liability*	\$250,000	\$1,000,000	7/1/2016	7/1/2007
Computer-related liability*	\$250,000	\$1,000,000	7/1/2016	7/1/2007
Nursing home professional liability	\$250,000	\$1,000,000	7/1/2016	N/A
Automobile liability and automobile physical damage	\$25,000 - \$250,000	Unlimited	7/1/2017	N/A
Sexual misconduct limited liability*	\$250,000	\$1,000,000	7/1/2017	1/1/1989
Commercial crime liability	\$50,000 - \$200,000	Unlimited	7/1/2017	N/A
Cyber liability*	\$25,000 - \$100,000	Unlimited	7/1/2017	7/1/2017
Boiler & machinery	\$10,000	Unlimited	7/1/2018	N/A
Directors' & Officers' legal liability*	\$250,000	\$1,000,000 - Unlimited	7/1/2018	1/1/2014

*Denotes claims-made coverage.

Errors & omissions liability coverage pertains to all losses under school board legal liability, employee benefits liability and errors and omissions coverages.

Effective July 1, 2025, Fides increased its general liability and auto liability coverages to \$1,000,000 per occurrence with no aggregate limit. Fides cedes \$750,000 excess \$250,000 per occurrence to The National Catholic Risk Retention Group, Inc. (TNCRRG), a Vermont company that provides liability insurance to qualifying Roman Catholic archdioceses, dioceses, religious organizations, and risk pooling trusts.

The components of the liability for losses and loss adjustment expenses are as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Case-basis reserves	\$ 2,364,008	\$ 2,938,117
IBNR reserves	1,476,671	1,525,565
Total	<u>\$ 3,840,679</u>	<u>\$ 4,463,682</u>

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note B - Insurance Activity (Continued)

Losses and loss adjustment expenses activity is as follows for the year ended June 30:

	<u>2025</u>	<u>2024</u>
Liability, as of beginning of the year	\$ 4,463,682	\$ 3,373,933
Incurred related to:		
Current year	4,888,215	5,119,641
Development of prior years	<u>(1,177,763)</u>	<u>262,558</u>
Total incurred during the year	3,710,452	5,382,199
Paid related to:		
Current year	(2,911,506)	(3,162,239)
Prior years	<u>(1,421,949)</u>	<u>(1,130,211)</u>
Total paid during the year	<u>(4,333,455)</u>	<u>(4,292,450)</u>
Liability, as of end of the year	<u><u>\$ 3,840,679</u></u>	<u><u>\$ 4,463,682</u></u>

As of June 30, 2025, favorable development of prior years is due to lower than expected losses on the 2022 and 2023 Directors' & Officers' legal liability coverages and the 2022 property coverage.

As of June 30, 2024, unfavorable development of prior years is due to higher than expected losses on the 2022 and 2023 general liability coverages and the 2023 auto liability coverage, partially offset by favorable development on the 2023 property coverage.

The reconciliation of the incurred and paid loss development tables to the liability for losses and loss adjustment expenses on the consolidated balance sheet as of June 30, 2025 is as follows (in thousands):

Property	\$ 1,260
General liability	1,245
Directors' & Officers' legal liability	1,075
Other short-duration insurance lines	<u>261</u>
Total liability for losses and loss adjustment expenses	<u><u>\$ 3,841</u></u>

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note B - Insurance Activity (Continued)

The following is information about incurred and cumulative paid losses and loss adjustment expenses, and total IBNR reserves plus expected development on reported claims and the cumulative number of reported claims as of June 30, 2025, by significant category (in thousands, except number of reported claims):

Property:

Accident Year	Incurred	Cumulative Paid	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2016	\$ 2,070	\$ 2,070	\$ -	126
2017	928	928	-	99
2018	2,524	2,524	-	197
2019	3,125	3,120	-	141
2020	1,425	1,411	5	104
2021	2,814	2,814	-	128
2022	2,390	2,382	3	100
2023	2,010	2,008	2	70
2024	3,200	2,994	141	103
2025	<u>3,200</u>	<u>2,175</u>	<u>94</u>	99
Total	<u>\$ 23,686</u>	<u>\$ 22,426</u>	<u>\$ 245</u>	

General liability:

Accident Year	Incurred	Cumulative Paid	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2017	\$ 565	\$ 486	\$ 4	19
2018	499	499	-	28
2019	305	305	-	21
2020	340	286	14	20
2021	280	230	30	17
2022	600	308	19	15
2023	400	223	87	14
2024	350	63	16	14
2025	<u>350</u>	<u>44</u>	<u>169</u>	15
Total	<u>\$ 3,689</u>	<u>\$ 2,444</u>	<u>\$ 339</u>	

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note B - Insurance Activity (Continued)

Directors' & Officers' legal liability:

Accident Year	Incurred	Cumulative Paid	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2019	\$ 665	\$ 601	\$ 4	14
2020	500	465	10	15
2021	190	102	13	1
2022	275	182	59	9
2023	300	172	88	9
2024	300	87	184	7
2025	600	146	344	5
Total	<u>\$ 2,830</u>	<u>\$ 1,755</u>	<u>\$ 702</u>	

Fides determines the number of reported claims by tracking the number of claims at the claimant level, with the exception of catastrophic claims which are grouped by event. Claims that are closed without payment are not counted.

Note C - Investments

The following table presents the levels within the fair value hierarchy at which Fides' securities are measured on a recurring basis at June 30, 2025:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds and ETFs - equity	\$ 2,617,693	\$ -	\$ -	\$ 2,617,693
Mutual funds and ETFs - debt	<u>2,029,271</u>	<u>-</u>	<u>-</u>	<u>2,029,271</u>
Subtotal	<u>4,646,964</u>	<u>-</u>	<u>-</u>	<u>4,646,964</u>
Limited partnerships at net asset value using the practical expedient				<u>8,833,213</u>
Total investments	<u>\$ 4,646,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,480,177</u>

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note C - Investments (Continued)

Major components of net investment income and net investment gains for the years ended June 30, 2025 and 2024, are summarized as follows:

	<u>2025</u>	<u>2024</u>
Net Investment Income:		
Interest income	\$ 8,451	\$ -
Dividend income	97,229	-
Investment expense	<u>(38,641)</u>	<u>-</u>
Net investment income	<u>\$ 67,039</u>	<u>\$ -</u>
Net Investment Gains:		
Net recognized gains on securities still held at year end	\$ 618,542	\$ 984,483
Net gains (losses) recognized during the year on securities sold	<u>313,103</u>	<u>(30,511)</u>
Net investment gains	<u>\$ 931,645</u>	<u>\$ 953,972</u>

Note D - Related Party Transactions

Several officers and directors of Fides are employees of RCAB or Ratio Risk. One director of Cell 1 is also a director of Cell 2. A director and officer of Fides is also a director and officer of TNCRRG.

An allocation of personnel expenses for certain employees of RCAB is made to Ratio Risk based on an estimate of time incurred. Personnel expenses incurred by Ratio Risk are \$665,962 and \$626,713 for the years ending June 30, 2025 and 2024, respectively.

Certain finance, investment management, information technology, risk management, Chancellor, human resources, parish, general counsel and pastoral center services are provided by RCAB pursuant to a management agreement. Expenses related to this agreement are \$69,321 and \$79,467 for the years ending June 30, 2025 and 2024, respectively, and are included as a component of consulting expenses on the consolidated statements of operations.

Policy administration, accounting, regulatory compliance, records retention and related services are provided by Strategic Risk Solutions (Vermont), LTD. pursuant to a management agreement.

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note E - Member's Equity

In accordance with the laws of the State of Vermont, for the purpose of submitting its consolidated financial statements to the Vermont Department of Financial Regulation (the Department) for regulatory purposes, Fides is required to use GAAP with the exception of variances prescribed by Vermont laws and regulations or permitted by the Department. Pursuant to laws of the State of Vermont, Fides is required to maintain minimal capital and surplus (member's equity) of \$100,000 in the general account.

Vermont law provides that no dividends or other distributions with respect to capital and surplus shall be paid to members without prior approval of the Insurance Commissioner of the Department. No dividends were declared or paid during the year ended June 30, 2025. Fides declared and paid a \$2,000,000 return of capital during the year ended 2024 following approvals of the Board of Directors and the Department.

A reconciliation of net income and member's equity as reported in the 2025 Vermont Captive Insurance Company Annual Report to the corresponding amounts reported herein is as follows:

	2025	
	Net Income	Member's Equity
As reported in the Annual Report	\$ 3,965,639	\$ 18,297,104
General and administrative expenses	(4,347)	(4,347)
Rounding	(2)	(2)
As reported in these financials	<u>\$ 3,961,290</u>	<u>\$ 18,292,755</u>

There are no differences, other than rounding, between net income and member's equity as reported in the 2024 Vermont Captive Insurance Annual Report and the corresponding amounts reported herein.

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note F - Springfield Financial Information and Insurance Activity

The segregated cell assets and liabilities and member's capital and surplus of Cell 2 are as follows as of June 30:

	2025	2024
Cash and restricted cash	\$ 2,960,051	\$ 2,753,092
Funds withheld	63,587	30,000
Other assets	28,687	4,925
Total Assets	<u>\$ 3,052,325</u>	<u>\$ 2,788,017</u>
Liabilities:		
Losses and loss adjustment expenses	\$ 1,061,347	\$ 710,606
Losses payable	-	80,622
Accounts payable and accrued expenses	27,974	30,253
Total Liabilities	1,089,321	821,481
Member's Equity:		
Retained earnings	1,963,004	1,966,536
Total Member's Equity	<u>1,963,004</u>	<u>1,966,536</u>
Total Liabilities and Member's Equity	<u>\$ 3,052,325</u>	<u>\$ 2,788,017</u>

The revenues and expenses of Cell 2 for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Premiums written and earned	\$ 865,000	\$ 877,000
Losses and loss adjustment expenses	(778,570)	(670,023)
Policy acquisition costs	(3,287)	(3,333)
General and administrative expenses	(86,675)	(81,243)
Net (loss) income	<u>\$ (3,532)</u>	<u>\$ 122,401</u>

Significant accounting policies and insurance activity relating to Springfield are as follows:

Recognition of Premium Revenues

Premiums written are earned ratably over the terms of the policies to which they relate. Springfield's policies coincide with the fiscal year, therefore, there are no unearned premiums recorded at June 30, 2025 and 2024.

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note F - Springfield Financial Information and Insurance Activity (Continued)

Losses and Loss Adjustment Expenses

The liability for unpaid losses and loss adjustment expenses includes case-basis estimates of reported losses plus supplemental amounts for projected IBNR. IBNR is calculated based upon industry data utilizing the findings of an independent consulting actuary. The principal methods utilized by the actuary are the loss development, Bornhuetter-Ferguson and IBNR-to-case methods. Springfield's IBNR reserve is the difference between the projected ultimate losses and the sum of case-basis estimates and inception-to-date paid losses. An estimate of ultimate losses is projected at each reporting date. Management believes that its liability for losses and loss adjustment expenses recorded as of June 30, 2025 and 2024 represents its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses. However, because of the limited population of insured risks, lack of historical information, economic conditions, judicial decisions, legislation and other matters, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability. Accordingly, the ultimate liability could be significantly in excess of or less than the amount indicated in these consolidated financial statements. As adjustments to this estimate become necessary, such adjustments are reflected in current operations.

Cash and Restricted Cash

Springfield considers investments in highly liquid investments with a maturity of three months or less from the date of acquisition to be cash equivalents. The FDIC insures amounts on deposit with each financial institution up to limits as prescribed by law. Springfield may hold funds with financial institutions in excess of the FDIC insured amount, however, Springfield has not experienced losses in such accounts and management believes it is not exposed to any significant credit risk on cash. As of June 30, 2025 and 2024, cash consists of a checking account with KeyBank. As of June 30, 2025, restricted cash consists of a \$50,000 loss escrow account with Citibank, N.A. for the benefit of a third party claims administrator (TPA) to pay claims.

Funds Withheld

Cell 2 has funds withheld by its TPAs to facilitate the payment of claims. Management monitors the credit quality of funds withheld annually through review of A.M. Best credit ratings. Management considers the TPAs' A.M. Best ratings, financial condition, and past experience with the TPAs, adjusted for current conditions, and reasonable and supportable forecasts when evaluating credit risk on Springfield's funds withheld accounts. Changes in allowance for credit loss are recorded as credit loss income (expense) on the statements of operations. There was no allowance for credit loss on the funds withheld accounts as of June 30, 2025 and 2024.

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note F - Springfield Financial Information and Insurance Activity (Continued)

Federal Income Taxes

As of and for the year ending June 30, 2020, management determined that Fides' Group Ruling extended to Springfield. Upon conversion to a sponsored captive insurance company, Cell 2 obtained its own employer identification number and is included in the Group Ruling and in the Official Catholic Directory maintaining its tax exempt status under Section 501(c)(3) of the Internal Revenue Code. Management has reviewed the tax positions for open periods and determined that no provision for income tax is required for Springfield, and that no material federal income tax related interest or penalties have been incurred during the years ended June 30, 2025 and 2024.

Insurance Activity

From July 1, 2020 to June 30, 2021, Fides provided insurance coverage to the Diocese of Springfield via the separate account. Effective July 1, 2021, Cell 2 provides coverage directly to the Diocese of Springfield and all separate account business was transferred to Cell 2.

Effective July 1, 2020, property insurance for the various properties owned by the Diocese of Springfield is provided with a limit of \$500,000 per occurrence, excess of varying deductibles. Claims with paid losses and loss adjustment expenses in excess of \$50,000 erode a \$1 million aggregate. Upon erosion of the \$1 million aggregate, the per occurrence limit decreases to \$100,000.

Effective July 1, 2020, coverage is provided to the Diocese of Springfield on certain policies pursuant to TRIPRA. Losses incurred under TRIPRA are partially reimbursed by the United States based on a percentage of covered terrorism losses exceeding the statutorily established graduated deductible paid by Cell 2, and Cell 2 is responsible for the graduated deductible and co-insurance under TRIPRA.

The following liability coverages from first dollar are provided to the Diocese of Springfield:

<u>Coverage</u>	<u>Per Occurrence Limit</u>	<u>Policy Aggregate Limit</u>	<u>Effective Date</u>	<u>Retroactive Date</u>
General liability	\$250,000	Unlimited	7/1/2020	N/A
Automobile liability and physical damage	\$250,000	Unlimited	7/1/2020	N/A
Sexual misconduct limited liability*	\$250,000	\$1,000,000	7/1/2020	7/1/2020
Commercial crime liability	\$75,000 - \$250,000	Unlimited	7/1/2020	N/A
Cyber liability*	\$25,000 - \$100,000	Unlimited	7/1/2020	7/1/2017
Boiler & machinery	\$10,000	Unlimited	7/1/2020	N/A
Employment practices liability*	\$250,000	Unlimited	7/1/2020	10/17/1989
Terrorism insured deductible*	\$10,000	Unlimited	7/1/2024	7/1/2024

*Denotes claims-made coverage.

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note F - Springfield Financial Information and Insurance Activity (Continued)

The components of the liability for losses and loss adjustment expenses as of June 30 are as follows:

	2025	2024
Case-basis reserves	\$ 1,007,566	\$ 682,068
IBNR reserves	<u>53,781</u>	<u>28,538</u>
Total	<u><u>\$ 1,061,347</u></u>	<u><u>\$ 710,606</u></u>

Losses and loss adjustment expense activity is as follows for the years ended June 30 is as follows:

	2025	2024
Liability, as of beginning of the year	\$ 710,606	\$ 431,864
Incurred related to:		
Current year	735,854	586,529
Development of prior years	<u>42,716</u>	<u>83,494</u>
Total incurred during the year	778,570	670,023
Paid related to:		
Current year	(249,022)	(286,271)
Prior years	<u>(178,807)</u>	<u>(105,010)</u>
Total paid during the year	<u>(427,829)</u>	<u>(391,281)</u>
Liability, as of end of the year	<u><u>\$ 1,061,347</u></u>	<u><u>\$ 710,606</u></u>

During the year ended June 30, 2025, unfavorable development of prior years is due to higher than expected losses on the 2023 property and general liability coverages, partially offset by favorable development on the 2021 general liability coverage.

During the year ended June 30, 2024, unfavorable development of prior years is due to higher than expected losses on the 2021 general liability coverage.

The reconciliation of the incurred and paid losses development tables to the liability for losses and loss adjustment expenses on Springfield's balance sheet as of June 30, 2025 is as follows (in thousands):

Springfield property	\$ 785
Springfield general liability	150
Other short-duration insurance lines	<u>126</u>
Total liability for losses and loss adjustment expenses	<u><u>\$ 1,061</u></u>

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note F - Springfield Financial Information and Insurance Activity (Continued)

The following is information about incurred and cumulative paid losses and allocated loss adjustment expenses, and total IBNR plus expected development on reported claims and allocated the cumulative number of reported claims as of June 30, 2025, by category (in thousands, except number of reported claims):

Springfield property:

Accident Year	Incurred	Cumulative Paid	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2021	\$ 174	\$ 174	\$ -	12
2022	127	127	-	10
2023	59	59	-	4
2024	545	218	21	23
2025	<u>670</u>	<u>212</u>	<u>2</u>	11
Total	<u>\$ 1,575</u>	<u>\$ 790</u>	<u>\$ 23</u>	

Springfield general liability:

Accident Year	Incurred	Cumulative Paid	Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2021	\$ 5	\$ 5	\$ -	3
2022	150	110	-	9
2023	-	-	-	-
2024	111	11	-	16
2025	<u>10</u>	<u>-</u>	<u>5</u>	6
Total	<u>\$ 276</u>	<u>\$ 126</u>	<u>\$ 5</u>	

Springfield determines the number of reported claims by tracking claims at the claimant level.

Member's Equity

Vermont law provides that no dividends or other distributions with respect to capital and surplus shall be paid to members without prior approval of the Department. No dividends were declared or paid by Springfield during the years ending June 30, 2025 and 2024.

Fides Insurance Group, Inc. and Subsidiary

Notes to the Consolidated Financial Statements (Continued)

Note F - Springfield Financial Information and Insurance Activity (Continued)

A reconciliation of net loss and member's equity as reported in the 2025 Vermont Captive Insurance Company Annual Report to the corresponding amounts reported herein is as follows:

	2025	
	Net Loss	Member's Equity
As reported in the Annual Report	\$ (16,928)	\$ 1,949,608
General and administrative expenses	13,395	13,395
Rounding	1	1
As reported in these financials	<u>\$ (3,532)</u>	<u>\$ 1,963,004</u>

There are no differences, other than rounding, between net income and member's equity as reported in the 2024 Vermont Captive Insurance Annual Report and the corresponding amounts reported herein.

Supplementary Information

Fides Insurance Group, Inc. and Subsidiary

Consolidating Balance Sheet

As of June 30, 2025

	Core	Cell 1		Eliminating	Total
		Fides	Ratio Risk	Entries	
Assets					
Cash and cash equivalents	\$ 100,000	\$ 6,769,502	\$ 2,027,593	\$ -	\$ 8,897,095
Investments, at fair value	-	13,480,177	-	-	13,480,177
Accounts receivable	-	-	110,000	-	110,000
Accrued investment income	-	8,451	-	-	8,451
Other assets	-	17,879	71,834	-	89,713
Segregated cell assets - Springfield	3,052,325	-	-	-	3,052,325
Total Assets	<u>\$ 3,152,325</u>	<u>\$ 20,276,009</u>	<u>\$ 2,209,427</u>	<u>\$ -</u>	<u>\$ 25,637,761</u>
Liabilities and Member's Equity					
Liabilities					
Losses and loss adjustment expenses	\$ -	\$ 3,840,679	\$ -	\$ -	\$ 3,840,679
Losses payable	-	12,093	-	-	12,093
Deferred consulting income	-	-	110,000	-	110,000
Due to Springfield	-	9,782	-	-	9,782
Accounts payable and accrued expenses	-	245,663	74,464	-	320,127
Segregated cell liabilities and member's equity - Springfield	3,052,325	-	-	-	3,052,325
Total Liabilities	3,052,325	4,108,217	184,464	-	7,345,006
Member's Equity					
Contributed capital	100,000	-	50,000	(50,000)	100,000
Retained earnings	-	16,167,792	1,974,963	50,000	18,192,755
Total Member's Equity	100,000	16,167,792	2,024,963	-	18,292,755
Total Liabilities and Member's Equity	<u>\$ 3,152,325</u>	<u>\$ 20,276,009</u>	<u>\$ 2,209,427</u>	<u>\$ -</u>	<u>\$ 25,637,761</u>

Fides Insurance Group, Inc. and Subsidiary

Consolidating Balance Sheet

As of June 30, 2024

	Core	Cell 1		Eliminating	Total
		Fides	Ratio Risk	Entries	
Assets					
Cash	\$ 100,000	\$ 4,300,877	\$ 1,827,062	\$ -	\$ 6,227,939
Investments, at fair value	-	12,620,613	-	-	12,620,613
Accounts receivable	-	-	110,000	-	110,000
Prepaid losses	-	19,518	-	-	19,518
Other assets	-	57,827	80,400	(6,861)	131,366
Segregated cell assets - Springfield	2,788,017	-	-	-	2,788,017
Total Assets	<u>\$ 2,888,017</u>	<u>\$ 16,998,835</u>	<u>\$ 2,017,462</u>	<u>\$ (6,861)</u>	<u>\$ 21,897,453</u>
Liabilities and Member's Equity					
Liabilities					
Losses and loss adjustment expenses	\$ -	\$ 4,463,682	\$ -	\$ -	\$ 4,463,682
Deferred consulting income	-	-	110,001	-	110,001
Due to Springfield	-	1,750	-	-	1,750
Accounts payable and accrued expenses	-	141,419	67,980	(6,861)	202,538
Segregated cell liabilities and member's equity - Springfield	2,788,017	-	-	-	2,788,017
Total Liabilities	2,788,017	4,606,851	177,981	(6,861)	7,565,988
Member's Equity					
Contributed Capital	100,000	-	50,000	(50,000)	100,000
Retained earnings	-	12,391,984	1,789,481	50,000	14,231,465
Total Member's Equity	100,000	12,391,984	1,839,481	-	14,331,465
Total Liabilities and Member's Equity	<u>\$ 2,888,017</u>	<u>\$ 16,998,835</u>	<u>\$ 2,017,462</u>	<u>\$ (6,861)</u>	<u>\$ 21,897,453</u>

Fides Insurance Group, Inc. and Subsidiary

Consolidating Statement of Operations

For the year ended June 30, 2025

	Core	Cell 1		Eliminating	Total
		Fides Cell 1	Ratio Risk	Entries	
Revenues					
Premiums written and earned	\$ -	\$ 7,610,000	\$ -	\$ -	\$ 7,610,000
Net investment income	-	67,039	-	-	67,039
Net investment gains	-	931,645	-	-	931,645
Consulting income	-	-	1,189,487	(705,000)	484,487
Total Revenues	-	8,608,684	1,189,487	(705,000)	9,093,171
Expenses					
Losses and loss adjustment expenses	-	3,710,452	-	-	3,710,452
Policy acquisition costs	-	28,918	-	-	28,918
Personnel expenses	-	-	665,962	-	665,962
Consulting expenses	-	774,321	214,806	(705,000)	284,127
General and administrative expenses	-	319,184	123,238	-	442,422
Total Expenses	-	4,832,875	1,004,006	(705,000)	5,131,881
Net Income	\$ -	\$ 3,775,809	\$ 185,481	\$ -	\$ 3,961,290

Fides Insurance Group, Inc. and Subsidiary

Consolidating Statement of Operations

For the year ended June 30, 2024

	Core	Cell 1		Eliminating	Total
		Fides Cell 1	Ratio Risk	Entries	
Revenues					
Premiums written and earned	\$ -	\$ 6,810,000	\$ -	\$ -	\$ 6,810,000
Net investment gains	-	953,972	-	-	953,972
Consulting income	-	-	1,114,759	(705,000)	409,759
Total Revenues	-	7,763,972	1,114,759	(705,000)	8,173,731
Expenses					
Losses and loss adjustment expenses	-	5,382,199	-	-	5,382,199
Policy acquisition costs	-	25,878	-	-	25,878
Personnel expenses	-	-	626,713	-	626,713
Consulting expenses	-	784,467	255,939	(705,000)	335,406
General and administrative expenses	-	396,162	118,324	-	514,486
Total Expenses	-	6,588,706	1,000,976	(705,000)	6,884,682
Net Income	\$ -	\$ 1,175,266	\$ 113,783	\$ -	\$ 1,289,049

Required Supplementary Information

Fides Insurance Group, Inc. and Subsidiary

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses (Unaudited)

The following is information about incurred and paid claims development, by significant category, for the years ended June 30 (in thousands) for Fides Insurance Group, Inc.:

Property

Accident Year	Incurred Losses and Allocated Loss Adjustment Expenses									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2016	\$ 2,200	\$ 2,034	\$ 2,070	\$ 2,070	\$ 2,070	\$ 2,070	\$ 2,070	\$ 2,070	\$ 2,070	\$ 2,070
2017		1,440	1,000	928	928	928	928	928	928	928
2018			2,675	2,700	2,625	2,521	2,522	2,525	2,524	2,524
2019				3,200	3,161	3,154	3,150	3,140	3,125	3,125
2020					1,450	1,196	1,430	1,430	1,425	1,425
2021						2,850	2,150	2,900	2,814	2,814
2022							2,550	2,450	2,390	2,390
2023								2,500	2,250	2,010
2024									3,250	3,200
2025										<u>3,200</u>
Total										23,686

Fides Insurance Group, Inc. and Subsidiary

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses (Unaudited) (Continued)

Property

Accident Year	Cumulative Paid Losses and Allocated Loss Adjustment Expenses									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2016	\$ 1,024	\$ 1,953	\$ 2,070	\$ 2,070	\$ 2,070	\$ 2,070	\$ 2,070	\$ 2,070	\$ 2,070	\$ 2,070
2017		781	832	928	928	928	928	928	928	928
2018			1,688	2,473	2,510	2,519	2,519	2,524	2,524	2,524
2019				2,644	3,049	3,236	3,236	3,233	3,120	3,120
2020					843	1,106	1,279	1,367	1,411	1,411
2021						1,229	1,485	2,742	2,814	2,814
2022							2,036	2,350	2,382	2,382
2023								1,599	2,020	2,008
2024									2,280	2,994
2025										2,175
Total										<u>22,426</u>
Liability for losses and loss adjustment expenses										<u><u>\$ 1,260</u></u>

Fides Insurance Group, Inc. and Subsidiary

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses (Unaudited) (Continued)

General liability

Accident Year	Incurred Losses and Allocated Loss Adjustment Expenses									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	
2017	\$ 550	\$ 210	\$ 480	\$ 380	\$ 540	\$ 590	\$ 630	\$ 680	\$ 565	
2018		540	330	480	520	430	500	500	499	
2019			600	375	250	250	305	355	305	
2020				600	525	400	285	330	340	
2021					450	400	250	275	280	
2022						550	565	665	600	
2023							150	350	400	
2024								400	350	
2025									350	
Total										3,689

Fides Insurance Group, Inc. and Subsidiary

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses (Unaudited) (Continued)

General liability

Accident Year	Cumulative Paid Losses and Allocated Loss Adjustment Expenses									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	
2017	\$ 14	\$ 31	\$ 31	\$ 70	\$ 135	\$ 196	\$ 319	\$ 388	\$ 486	
2018		40	74	115	188	379	496	499	499	
2019			22	71	134	166	244	303	305	
2020				35	153	209	261	277	286	
2021					89	141	165	205	230	
2022						23	206	275	308	
2023							33	102	223	
2024								40	63	
2025									44	
Total									<u>2,444</u>	
Liability for losses and loss adjustment expenses									<u>\$ 1,245</u>	

Fides Insurance Group, Inc. and Subsidiary

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses (Unaudited) (Continued)

Directors' & Officers' legal liability

Accident Year	Incurred Losses and Allocated Loss Adjustment Expenses						
	2019	2020	2021	2022	2023	2024	2025
2019	\$ 1,000	\$ 1,025	\$ 800	\$ 725	\$ 675	\$ 700	\$ 665
2020		925	875	825	600	600	500
2021			300	175	125	200	190
2022				475	400	375	275
2023					475	500	300
2024						550	300
2025							600
Total							2,830

Directors' & Officers' legal liability

Accident Year	Cumulative Paid Losses and Allocated Loss Adjustment Expenses						
	2019	2020	2021	2022	2023	2024	2025
2019	\$ 145	\$ 353	\$ 460	\$ 498	\$ 547	\$ 601	\$ 601
2020		154	353	435	456	464	465
2021			20	23	33	102	102
2022				51	141	166	182
2023					67	168	172
2024						74	87
2025							146
Total							1,755
Liability for losses and loss adjustment expenses							\$ 1,075

Fides Insurance Group, Inc. and Subsidiary

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses (Unaudited) (Continued)

The following is information about incurred and paid claims development, by significant category, for the years ended June 30 (in thousands) for RCB Springfield Mass Incorporated Cell:

Springfield property

Accident Year	Incurred Losses and Allocated Loss Adjustment Expenses				
	2021	2022	2023	2024	2025
2021	\$ 235	\$ 232	\$ 180	\$ 174	\$ 174
2022		120	140	127	127
2023			95	70	59
2024				330	545
2025					670
Total					1,575

Springfield property

Accident Year	Cumulative Paid Losses and Allocated Loss Adjustment Expenses				
	2021	2022	2023	2024	2025
2021	\$ 164	\$ 219	\$ 174	\$ 174	\$ 174
2022		71	127	127	127
2023			38	38	59
2024				101	218
2025					212
Total					790
Liability for losses and loss adjustment expenses					<u>\$ 785</u>

Fides Insurance Group, Inc. and Subsidiary

Incurred and Cumulative Paid Losses and Allocated Loss Adjustment Expenses (Unaudited) (Continued)

Springfield general liability

Accident Year	Incurred Losses and Allocated Loss Adjustment Expenses				
	2021	2022	2023	2024	2025
2021	\$ 50	\$ 30	\$ 10	\$ 10	\$ 5
2022		60	285	380	150
2023			-	-	-
2024				63	111
2025					10
Total					276

Springfield general liability

Accident Year	Cumulative Paid Losses and Allocated Loss Adjustment Expenses				
	2021	2022	2023	2024	2025
2021	\$ -	\$ 5	\$ 5	\$ 5	\$ 5
2022		2	10	110	110
2023			-	-	-
2024				2	11
2025					-
Total					126
Liability for losses and loss adjustment expenses					<u>\$ 150</u>

Fides Insurance Group, Inc. and Subsidiary

Average Annual Percentage Payout of Incurred Claims by Age (Unaudited)

The following is the average annual percentage payout of incurred claims by age as of June 30, 2025, by significant category for Fides Insurance Group, Inc.:

	<u>Average Annual Percentage Payout of Incurred Claims by Age</u>									
Years	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
Property	69.2 %	21.2 %	8.6 %	1.3 %	0.5 %	(0.07)%	- %	- %	- %	- %
General liability	10.7 %	16.7 %	13.7 %	11.2 %	17.8 %	14.1 %	7.7 %	6.1 %	17.3 %	N/A
Directors' & Officers' legal liability	21.9 %	23.9 %	9.6 %	13.0 %	3.0 %	4.2 %	- %	N/A	N/A	N/A

The following is the average annual percentage payout of incurred claims by age as of June 30, 2025, by significant category for RCB Springfield Mass Incorporated Cell:

	<u>Average Annual Percentage Payout of Incurred Claims by Age</u>				
Years	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Springfield property	52.9 %	24.3 %	3.2 %	- %	- %
Springfield general liability	0.6 %	28.4 %	22.2 %	- %	- %