DEPOSITORS INSURANCE FUND

2024 Annual Report

Depositors Insurance Fund Annual Report

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DIF Member Banks

Adams Community Bank
Athol Savings Bank
Avidia Bank
Bank of Easton
BankFive
bankHometown
bankESB
BankGloucester
BankProv
BayCoast Bank
Bay State Savings Bank
Bluestone Bank
Bank of Canton
Canton Co-operative Bank
Cape Ann Savings Bank
The Cooperative Bank of Cape Cod
Charles River Bank
Clinton Savings Bank
Coastal Heritage Bank
Commonwealth Cooperative Bank
The Cooperative Bank
Cornerstone Bank
Country Bank
Dean Bank
Dedham Institution for Savings
Eagle Bank
East Cambridge Savings Bank
Everett Bank
Fidelity Bank
Florence Bank
Greenfield Cooperative Bank
Greenfield Savings Bank
Haverhill Bank
Hingham Institution for Savings
Institution for Savings
Lee Bank
The Lowell Five Cent Savings Bank
Main Street Bank
Marblehead Bank
Martha's Vineyard Bank
Mechanics Cooperative Bank
Methuen Co-operative Bank
Monson Savings Bank
MountainOne Bank
MutualOne Bank
Needham Bank
Newburyport Bank
North Brookfield Savings Bank
North Cambridge Co-operative Bank
North Easton Savings Bank
North Shore Bank
OneLocal Bank
Pentucket Bank
Pittsfield Cooperative Bank
Reading Cooperative Bank
Rollstone Bank & Trust
Savers Bank
Seamen's Bank
South Shore Bank
StonehamBank
Stoughton Co-Operative Bank
The Savings Bank
The Village Bank
Wakefield Co-operative Bank
Walpole Co-operative Bank
Washington Savings Bank
Watertown Savings Bank
Webster Five
Winchester Savings Bank
Winchester Co-operative Bank
Wrentham Cooperative Bank

As of December 31, 2024

Officers

Robert Terravecchia, Jr.
Chair

Peter Brown
Vice Chair

Andrew Calamare
President and
Chief Executive Officer

Judith Javidpour
Executive Vice President,
Chief Financial Officer and
Treasurer

Matthew Calnan
Senior Vice President

Kevin Dabrieo
Senior Vice President

Kara McNamara
Senior Vice President

Annemarie Lee
Vice President

Board of Directors

Joseph T. Baptista, Jr.
President and Chief Executive Officer
Mechanics Cooperative Bank

Kaz Borawski
President and Chief Executive Officer
North Brookfield Savings Bank

Peter Brown
President and Chief Executive Officer
Dedham Institution for Savings

David Falwell
Retired Bank Executive

Robert J. Fraser
President and Chief Executive Officer
MountainOne Bank

Robert Karam
President
Beacon, LLC

Edward Manzi, Jr.
Chairman and Chief Executive Officer
Fidelity Bank

Carol McClintock
President and Chief Executive Officer
Commonwealth Cooperative Bank

Meg McIsaac
President and Chief Executive Officer
Bluestone Bank

Robert Terravecchia, Jr.
Chairman, President and
Chief Executive Officer
Coastal Heritage Bank

Raija Vaisanen
Deputy Managing Director of
Workforce Development
Massachusetts Clean Energy Center

Jeffrey Worth
President and Chief Executive Officer
Wakefield Co-operative Bank

As of December 31, 2024

Depositors Insurance Fund Highlights

As of October 31, 2024 and 2023

Deposit Insurance Fund	2024	2023
Annual Assessments	$ 4,718,681	$ 5,713,073
Funds Available	$ 535,440,183	$ 503,940,966
Insured Excess Deposits	$22,418,355,008	$24,183,658,059
Coverage Ratio[1]	2.39%	2.08%

Liquidity Fund	2024	2023
Fund balance	$ 7,862,770	$ 7,479,571

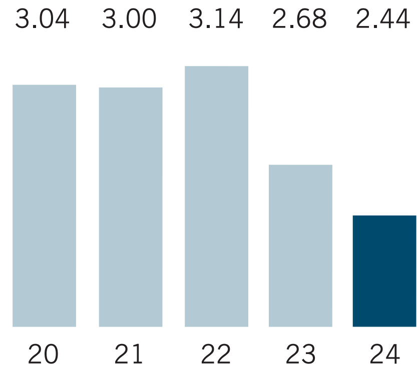
[1]The Coverage Ratio is equal to the DIF's liquid assets available for the insurance of deposits (Funds Available) divided by its Insured Excess Deposits.

Industry Highlights

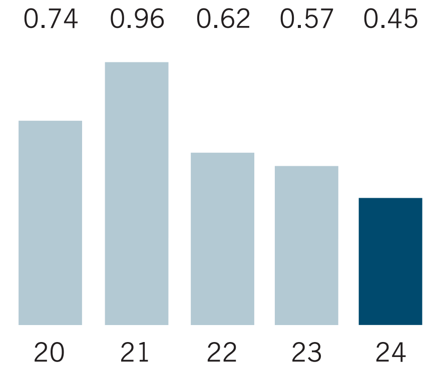
(In thousands, calendar year)	2024	2023
Balance Sheets		
Assets:		
Securities	$11,366,769	$11,222,811
Loans (net)	68,339,412	65,233,981
Other	8,343,435	7,151,912
Total Assets	$88,049,616	$83,608,704
Liabilities:		
Deposits	$69,427,805	$65,290,108
Borrowed Funds	8,439,907	8,849,582
Other	985,918	938,823
Total Liabilities	78,853,630	75,078,513
Equity Capital	9,195,986	8,530,191
Total Liabilities and Equity Capital	$88,049,616	$83,608,704
Income Statements		
Total Interest Income	$ 3,964,051	$ 3,478,242
Total Interest Expense	(1,954,607)	(1,379,098)
Net Interest Income	2,009,444	2,099,144
Losses on Sales of Debt Securities	(11,440)	(18,137)
Gains on Sales of Loans	20,493	21,527
Other Noninterest Income	336,740	311,539
Total Noninterest Expense	(1,900,475)	(1,843,728)
Provision for Loan & Lease Losses	(64,909)	(46,424)
Unrealized & Realized Gains on Equity Securities	100,913	75,142
Income before Taxes	490,766	599,063
Taxes	(103,210)	(130,987)
Net Income	$ 387,556	$ 468,076

Industry Highlights

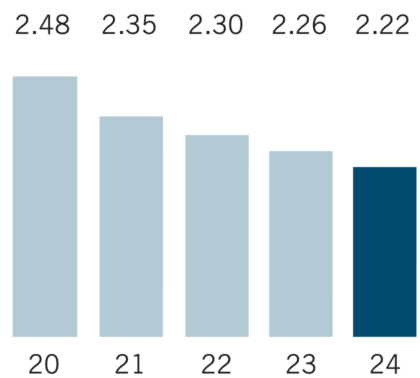
Net Interest Margin



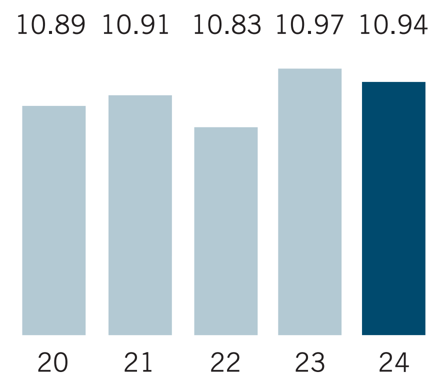
Return on Average Assets



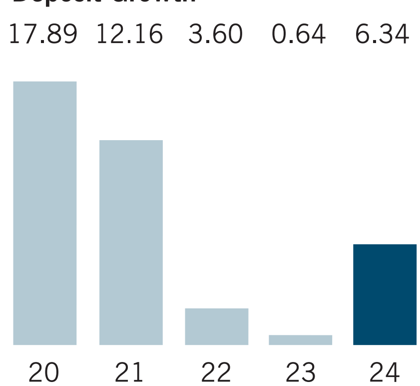
Operating Expense as % of Average Total Assets



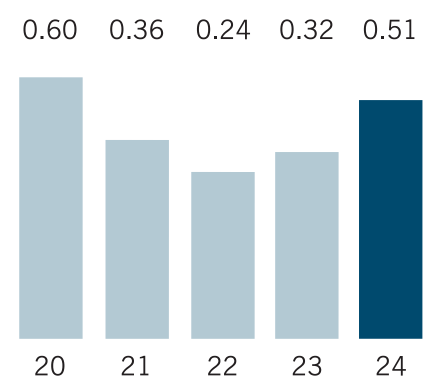
Tier 1 Leverage Capital Ratio



Deposit Growth



Nonperforming Assets as % of Total Loans and OREO



All references to historical industry financial data has been restated to reflect only the current 71 DIF member banks.

To the Board of Directors of the Depositors Insurance Fund:

Opinion

We have audited the financial statements of the Deposit Insurance Fund which comprise the statements of condition as of October 31, 2024, and 2023, and the related statements of net income and comprehensive income, changes in fund balance, and cash flows for the years then ended, and the related notes to the financial statements (collectively, the financial statements).

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Deposit Insurance Fund 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, that raise substantial doubt about the Deposit Insurance Fund'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.

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 Deposit Insurance Fund'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, that raise substantial doubt about the Deposit Insurance Fund'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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wolf & Company, P.C.

Boston, Massachusetts
January 13, 2025

October 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 4,332,886	$ 1,307,423
Certificates of deposit	1,470,000	1,470,000
Securities available for sale, at fair value	527,108,424	498,705,468
Federal Home Loan Bank stock	270,100	270,100
Accrued interest receivable	3,135,640	2,926,465
Life insurance	5,702,438	5,702,438
Other assets	1,359,382	527,285
Total assets	$543,378,870	$510,909,179
Liabilities and Fund Balance		
Accrued expenses and other liabilities	$ 626,274	$ 489,846
Total liabilities	626,274	489,846
Commitments and contingencies (Note 5, 6)		
Undistributed fund balance	548,869,091	533,250,136
Accumulated other comprehensive loss	(6,116,495)	(22,830,803)
Total fund balance	542,752,596	510,419,333
Total liabilities and fund balance	$543,378,870	$510,909,179

The accompanying notes are an integral part of these financial statements.

Years Ended October 31, 2024 and 2023

	2024	2023
Income:		
Interest and dividends on investments	$14,803,754	$9,402,442
Assessments	4,718,681	5,713,073
Net gain (loss) on sales of securities available for sale	5,727	(68,481)
Total income	19,528,162	15,047,034
Expenses:		
Salaries, employee benefits and related expenses	2,768,253	2,459,724
Professional and contract services	632,613	621,343
Technology and related expenses	106,967	195,700
Director fees, meetings and travel	151,531	164,552
Legal	6,039	66,409
Occupancy	82,863	95,577
Insurance	134,272	146,532
Other operating expenses	67,607	83,969
	3,950,145	3,833,806
Expenses allocated to Liquidity Fund	(40,938)	(43,491)
Total expenses, net	3,909,207	3,790,315
Net income	$15,618,955	$11,256,719

The accompanying notes are an integral part of these financial statements.

Years Ended October 31, 2024 and 2023

	2024	2023
Net income	$15,618,955	$11,256,719
Other comprehensive loss:		
Securities available for sale:		
Unrealized holding gains arising during the year	16,205,031	6,127,831
Reclassification adjustment for (gains) losses realized in net income	(5,727)	68,481
Net unrealized gain	16,199,304	6,196,312
Defined benefit plan:		
Gains (losses) arising during the period	464,193	(17,918)
Reclassification adjustment for losses recognized in net income[1]	47,803	52,287
Reclassification adjustment for prior service cost recognized in net income[1]	3,008	7,908
Net unrecognized gain	515,004	42,277
Other comprehensive income	16,714,308	6,238,589
Comprehensive income	$32,333,263	$17,495,308

[1]*Included in other operating expense in the statements of net income.*
The accompanying notes are an integral part of these financial statements.

Years Ended October 31, 2024 and 2023

	Undistributed Fund Balance	Accumulated Other Comprehensive Income (Loss)	Total Fund Balance
Fund balance at October 31, 2022	$521,993,417	$ (29,069,392)	$492,924,025
Comprehensive income	11,256,719	6,238,589	17,495,308
Fund balance at October 31, 2023	533,250,136	(22,830,803)	510,419,333
Comprehensive income	15,618,955	16,714,308	32,333,263
Fund balance at October 31, 2024	$548,869,091	$ (6,116,495)	$542,752,596

The accompanying notes are an integral part of these financial statements.

Years Ended October 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Net income	$ 15,618,955	$ 11,256,719
Adjustments to reconcile net income to net cash provided by operating activities:		
Net (gain) loss on sales of securities available for sale	(5,727)	68,481
Net (amortization) accretion of premiums and discounts on securities available for sale	(1,310,290)	1,410,328
Net change in:		
Accrued interest receivable	(209,175)	(914,436)
Other assets	(317,093)	(337,517)
Accrued expenses and other liabilities	136,428	77,458
Net cash provided by operating activities	13,913,098	11,561,033
Cash flows from investing activities:		
Net change in certificates of deposit	—	245,000
Proceeds from sales of securities available for sale	11,646,728	20,706,982
Proceeds from maturities, calls and paydowns of securities available for sale	123,369,350	131,044,851
Purchases of securities available for sale	(145,903,713)	(182,085,034)
Net cash used in investing activities	(10,887,635)	(30,088,201)
Net change in cash and cash equivalents	3,025,463	(18,527,168)
Cash and cash equivalents at beginning of year	1,307,423	19,834,591
Cash and cash equivalents at end of year	$ 4,332,886	$ 1,307,423

The accompanying notes are an integral part of these financial statements.

Years Ended October 31, 2024 and 2023

1. DESCRIPTION OF BUSINESS

Depositors Insurance Fund

The Depositors Insurance Fund (the “DIF”), which conducted business under the name Mutual Savings Central Fund, Inc. until February 1993, was established by the Massachusetts Legislature in 1932 and is now comprised of the Deposit Insurance Fund and the Liquidity Fund. The two funds may not be commingled and the assets of one do not stand behind the liabilities of the other. The Deposit Insurance Fund and the Liquidity Fund share office space and personnel. Costs incurred are generally paid by the Deposit Insurance Fund and allocated to the Liquidity Fund. The DIF is an organization described under Section 501(c)(14) of the Internal Revenue Code (the “Code”) and is exempt from taxes on related income under Section 501(a) of the Code.

In the event a DIF member bank obtains a federal charter or merges into a nonmember bank, its membership in the DIF is terminated and the DIF retains all amounts paid into the DIF by the member bank. Banks whose membership in the DIF has been terminated as a result of obtaining a federal charter may reapply for excess deposit insurance. There is currently one federal member bank in the DIF.

Deposit Insurance Fund

The Deposit Insurance Fund (the “Fund”) was established in 1934 for the insurance of all deposits in Massachusetts savings banks. Since 1986, the Fund’s deposit insurance function has been that of an excess deposit insurer, insuring all deposits in member banks in excess of the Federal Deposit Insurance Corporation (“FDIC”) limit as defined by the FDIC. In 2020, the Co-operative Central Bank merged into the DIF and all Massachusetts co-operative banks became members of the DIF.

In consideration for the insurance provided, the Fund charges assessments at rates determined by the Board of Directors and approved by the Commissioner of Banks of the Commonwealth of Massachusetts (the “Commissioner”). The assessments are based upon the excess deposits of each bank insured by the Fund and the assessment rate may vary based on risk classifications assigned to each bank.

The Fund insures depositors for the amount of their excess deposits plus accrued interest in the event the Commissioner determines a member bank to be insolvent. In addition, the Fund is empowered to provide assistance to a member bank when the Commissioner determines it is inadvisable or inexpedient for the member bank to continue to transact business without receiving financial assistance from the Fund.

A member bank that is determined by the Board of Directors of the DIF to pose a greater than normal loss exposure risk to the Fund can, with the approval of the Commissioner, be required to take action(s) to mitigate the risk. As an alternative to taking any such action(s), the bank can withdraw from membership in the DIF. In such event (i) the DIF retains all amounts paid into the DIF by the bank, and the bank retains its rights to share in any dividends paid by the DIF and the proceeds of any liquidation of the Fund; and (ii) the Fund continues to insure the term excess deposits in the bank as of the date of withdrawal until their maturity and all other excess deposits in the bank on such date for one year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

Income and expenses of the Fund are recognized on the accrual method of accounting.

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at 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. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the reserve for insurance losses and the determination of the defined benefit pension plan obligation. See Note 4 – Anticipated Deposit Insurance Losses and Note 5 – Employee Benefit Plans.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Fund considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Fair Value Hierarchy

The Fund groups its assets that are measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value.

Level 1 – Valuation is based on quoted prices in active markets for identical assets. Valuations are obtained from readily available pricing sources.

Level 2 – Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Transfers into and out of levels are determined by a third-party pricing service based on inputs used in pricing models.

Pension plan investments in pooled separate accounts are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient and have not been classified in the fair value hierarchy.

Reclassification

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

Securities

Securities classified as "available for sale" are carried at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. Premiums and discounts are recognized in interest income using the interest method over the terms of the securities, with the exception of callable debt security premiums, which are amortized to the earliest call date. Gains and losses on the sales of securities are recorded on the trade date and are determined using the specific identification method.

Each reporting period, the Fund evaluates all securities classified as available for sale with a decline in fair value below the amortized cost of the investment to determine whether or not an allowance for credit losses should be recorded. The Fund first assesses if there is intent to sell, or if it is more likely than not that the Fund will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through a provision for credit losses charged to earnings. For debt securities available for sale that the Fund intends to hold, management evaluates whether the decline in fair value has resulted from credit losses or other factors. The Fund considers both quantitative and qualitative factors in making this assessment. Credit loss is measured based on a discounted cash flow analysis and recorded in a valuation allowance. The allowance is limited by the amount that the fair value is less than the amortized cost basis. Changes in the allowance shall be recorded in the period of the change as credit loss expense (or reversal of credit loss expense).

All of the securities held by the Fund are issued by the U.S. Government, agencies of the U.S. Government, or both. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a history of no credit losses. The Fund reviewed the financial strength of these investments and has concluded that the amortized cost remains supported by the expected future cash flows of the securities. Accordingly, there were no allowance for credit losses established on available for sale debt securities during the year ended October 31, 2024.

The DIF has an agreement with an unrelated investment advisor whereby the advisor provides investment management services to the Fund. Investment authority has been granted to the investment advisor within prescribed limits on allowable investments. At October 31, 2024 and 2023, assets under management had a fair value of $361,822,635 and $340,601,618, respectively. These are included in securities available for sale on the statements of condition.

Federal Home Loan Bank Stock

Federal Home Loan Bank stock is a restricted equity security and is carried at cost.

Split Dollar Life Insurance

Collaterally assigned split dollar arrangements are reflected on the statement of condition at the lesser of cash surrender value or premiums paid plus accrued interest.

Anticipated Deposit Insurance Losses on Member Banks

An accrued liability for anticipated deposit insurance losses may be recorded with respect to certain banks determined by DIF management, in consultation with regulatory authorities, to be experiencing serious financial difficulties, as well as general losses based on many factors such as historical experience and current economic conditions. Substantial weight is accorded to indications from regulatory authorities that a member bank has an extremely high or near-term possibility of failure. See Note 4 – Anticipated Deposit Insurance Losses.

Pension Plan

The compensation cost of an employee's pension benefit is recognized on the net periodic pension cost method over the employee's approximate service period. The aggregate cost method is utilized for funding purposes. The Fund (1) recognizes on its statement of condition the funded status of the pension plan, (2) measures the plan's assets and its obligations that determine its funded status as of the end of the DIF's fiscal year, and (3) recognizes, through other comprehensive income (loss), changes in the funded status of the pension plan that are not recognized as net periodic benefit cost. The service cost component of net periodic pension cost is included in salaries, employee benefits and related expenses and the remaining components are included in other operating expenses in the statements of net income. See Note 5 – Employee Benefit Plans.

Comprehensive Income (Loss)

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities and unrecognized pension benefit cost elements, are reported as a separate component of the fund balance section of the statement of condition, such items, along with net income, are components of comprehensive income (loss).

The components of accumulated other comprehensive income (loss), included in the fund balance at October 31, 2024 and 2023, are as follows:

	2024	2023
Net unrealized loss on securities available for sale	$ (6,353,000)	$(22,552,304)
Defined benefit pension plan:		
Unrecognized actuarial gain	236,505	(275,490)
Unrecognized prior service cost	—	(3,009)
	$ (6,116,495)	$(22,830,803)

Assessments

Assessments are recorded as income in the fiscal year that the insurance coverage to which they apply is provided to depositors.

Expense Allocation

Expenses of the Fund are allocated to the Liquidity Fund based on a formula of 2% of qualified expenses, excluding those expenses directly related only to the Fund.

3. INVESTMENTS

Securities Available for Sale

Mortgage- and asset-backed securities are issued by government-sponsored enterprises or federal agencies, or are fully guaranteed by the U.S. government. Of the mortgage- and asset-backed securities at October 31, 2024, approximately 86% are backed by mortgages.

The amortized cost, fair value, and unrealized gains and losses on securities classified as available for sale at October 31, 2024 and 2023, by contractual maturity, are presented in the following tables:

2024	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury obligations and guarantees:				
Due in one year or less	$ 67,719,619	$ 14,856	$ (712,046)	$ 67,022,429
Due after one year through five years	248,845,994	729,730	(3,169,911)	246,405,813
Due after five years through ten years	4,468,213	—	(22,643)	4,445,570
	321,033,826	744,586	(3,904,600)	317,873,812
U.S. government-sponsored enterprise obligations:				
Due in one year or less	50,513,981	480	(1,128,831)	49,385,630
Due after one year through five years	99,002,141	324,768	(810,475)	98,516,434
	149,516,122	325,248	(1,939,306)	147,902,064
Mortgage- and asset-backed securities:				
Due in one year or less	3,650,746	—	(16,944)	3,633,802
Due after one year through five years	41,971,787	38,864	(583,987)	41,426,664
Due after five years through ten years	5,380,177	478	(333,413)	5,047,242
Due after ten years	11,908,766	12,987	(696,913)	11,224,840
	62,911,476	52,329	(1,631,257)	61,332,548
Total securities available for sale	$533,461,424	$1,122,163	$ (7,475,163)	$527,108,424

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
2023				
U.S. Treasury obligations and guarantees:				
Due in one year or less	$ 90,313,737	$ 542	$ (2,060,941)	$ 88,253,338
Due after one year through five years	229,986,204	119,815	(10,345,722)	219,760,297
	320,299,941	120,357	(12,406,663)	308,013,635
U.S. government-sponsored enterprise obligations:				
Due in one year or less	21,148,464	—	(435,373)	20,713,091
Due after one year through five years	122,562,529	—	(6,211,220)	116,351,309
	143,710,993	—	(6,646,593)	137,064,400
Mortgage- and asset-backed securities:				
Due in one year or less	863,709	—	(8,285)	855,424
Due after one year through five years	35,825,159	—	(1,644,571)	34,180,588
Due after five years through ten years	5,949,331	—	(529,056)	5,420,275
Due after ten years	14,608,639	8,356	(1,445,849)	13,171,146
	57,246,838	8,356	(3,627,761)	53,627,433
Total securities available for sale	$521,257,772	$ 128,713	$(22,681,017)	$498,705,468

Maturities are based on the final contractual payment dates, and do not reflect the impact of scheduled payments, prepayments or early redemptions that may occur.

Proceeds from sales of securities available for sale during fiscal 2024 and 2023 were $11,646,728 and $20,706,982, respectively. Gross realized gains amounted to $18,877 and $0 for fiscal 2024 and 2023, respectively. Gross realized losses amounted to $13,150 and $68,481 for fiscal 2024 and 2023, respectively.

Gross unrealized losses on securities available for sale and the fair value of the related securities, aggregated by category and length of time that individual securities have been in a continuous unrealized loss position, at October 31, 2024 and 2023, are as follows:

	Less Than Twelve Months		Over Twelve Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
2024						
U.S. Treasury obligations and guarantees	$ 66,635,901	$ (529,284)	$150,004,836	$ (3,375,316)	$216,640,737	$ (3,904,600)
U.S. government-sponsored enterprise obligations	4,487,625	(7,828)	94,502,625	(1,931,478)	98,990,250	(1,939,306)
Mortgage- and asset-backed securities	12,990,751	(69,857)	35,489,691	(1,561,400)	48,480,442	(1,631,257)
	$ 84,114,277	$ (606,969)	$279,997,152	$ (6,868,194)	$364,111,429	$ (7,475,163)

	Less Than Twelve Months		Over Twelve Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
2023						
U.S. Treasury obligations and guarantees	$ 92,879,758	$ (2,065,413)	$211,621,574	$(10,341,250)	$304,501,332	$(12,406,663)
U.S. government-sponsored enterprise obligations	58,341,154	(1,297,118)	78,723,246	(5,349,475)	137,064,400	(6,646,593)
Mortgage- and asset-backed securities	23,223,119	(847,818)	29,936,079	(2,779,943)	53,159,198	(3,627,761)
	$174,444,031	$ (4,210,349)	$320,280,899	$(18,470,668)	$494,724,930	$(22,681,017)

At October 31, 2024, 191 debt securities with unrealized losses have aggregate depreciation of 2% of their amortized cost and are reflective of interest rate changes. The principal and accrued interest on all of the securities are guaranteed by the U.S. Government, agencies of the U.S. Government, or both. Because the decline in market value is attributable to changes in interest rates and not to credit quality, and because the Fund does not intend to sell the securities and it is unlikely that it will be required to sell the securities before recovery of their amortized cost bases (which may be at maturity), management does not consider these securities to be credit impaired at October 31, 2024.

Federal Home Loan Bank Stock

The DIF is a member of the Federal Home Loan Bank of Boston ("FHLBB"). As a condition of membership, the DIF is required to maintain an investment in FHLBB stock based on the DIF's total assets. Additional stock purchases are required based on growth of the DIF's total assets and/or usage of FHLBB advances and related services. The DIF reviews its investment for impairment based on the ultimate recoverability of the cost basis in the FHLBB stock. As of October 31, 2024, no impairment has been recognized.

At October 31, 2024 and 2023, the DIF's investment in FHLBB stock was $270,100.

The DIF also has a master agreement with the FHLBB regarding advances, which are secured by the DIF's FHLBB stock and specifically-pledged securities. As of October 31, 2024 and 2023, the DIF had no outstanding advances from the FHLBB and, accordingly, no securities were specifically pledged.

4. ANTICIPATED DEPOSIT INSURANCE LOSSES

In fulfilling its insurance responsibilities described in Note 1, the Fund may sustain losses in subsequent accounting periods as a result of honoring claims associated with excess deposits in insolvent banks. In addition, there are several types of assistance which may be given when it appears that a bank should not continue to transact business unassisted or as an independent institution. It is possible that the Fund could sustain losses in subsequent accounting periods as a result of providing assistance to members. Any such losses could be material. Because many of the factors that might contribute to future losses to the Fund are beyond the DIF's control, the amount of such losses, if any, generally cannot be determined or reasonably estimated (and, accordingly, are not reflected in the accrued liability for deposit insurance losses).

Assessing the adequacy of the accrued liability for deposit insurance losses on member banks involves substantial uncertainties and is based upon management's evaluation, after weighing various factors, of the amount required to meet estimated future losses for payment to depositors in insolvent banks having excess deposits. DIF management monitors the condition of insured member banks by reviewing their financial statements and regulatory examination reports and by meeting regularly with officials of the Commonwealth of Massachusetts Division of Banks, the FDIC and the Federal Reserve Bank to discuss industry conditions and specific problem banks. Substantial weight is accorded to indications from regulatory authorities that a member bank has an extremely high or near-term possibility of failure. Among the other factors management may consider regarding member banks are the amount of excess deposits, the amount of nonperforming assets in relation to regulatory capital and total loans and leases, the capital ratio, the recency and results of regulatory examinations, current economic conditions, and trends in the amount of excess deposits at banks which have failed. Ultimate losses may vary from current estimates. There was no accrued liability for deposit insurance losses for the years ended October 31, 2024 and 2023.

The DIF has no independent authority to examine member banks, nor does it have independent authority to pay depositors or provide assistance unless the Commissioner has acted to close the member bank or to approve the assistance, respectively. Examinations of DIF members are conducted by the Commonwealth of Massachusetts Division of Banks, the FDIC and the Federal Reserve Bank of Boston.

During fiscal 2024 and 2023, no member banks were closed by the Commissioner, and no deposit insurance payments were made by the DIF from the Fund.

5. EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plan

All employees of the DIF participate in a defined benefit pension plan offered and administered by the Savings Banks Employees Retirement Association ("SBERA" or the "Association"). Employees become eligible to participate in the plan after reaching 21 years of age and completing one year of service, and become 100% vested after completing three years of service. The DIF's policy is to fund the plan within the allowable range under current law, determined on a discretionary basis. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

Information pertaining to the activity in the plan for the years ended October 31, 2024 and 2023 is as follows:

	2024	2023
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 6,397,792	$6,345,432
Service cost	168,787	169,484
Interest cost	421,654	405,541
Actuarial (gain) loss	612,221	(77,414)
Benefits paid	(445,251)	(445,251)
Benefit obligation at end of year	7,155,203	6,397,792
Change in plan assets:		
Fair value of plan assets at beginning of year	6,775,243	6,459,052
Actual return on plan assets	1,559,690	361,442
Employer contribution	480,000	400,000
Benefits paid	(445,251)	(445,251)
Fair value of plan assets at end of year	8,369,682	6,775,243
Funded status and pension asset at end of year	$(1,214,479)	$ (377,451)
Accumulated benefit obligation	$ 6,476,219	$5,837,598

The funded status of the pension plan, representing a net asset, and the associated pension cost as of October 31, 2024 and 2023, are included within ‘Other Assets’ on the statement of condition. The actuarial gain as of October 31, 2024 was primarily driven by changes in the discount rate, lump sum rates and assumptions related to retirement rates, turnover and form of benefit.

The following table presents certain assumptions used in determining the benefit obligation at October 31, 2024 and 2023 and the benefit cost for the years then ended:

	2024	2023
Discount rate - funded status at year-end	6.11%	6.88%
Discount rate - benefit cost	6.88	6.67
Rate of increase in compensation levels - funded status at year-end	4.00	4.00
Rate of increase in compensation levels - benefit cost	4.00	4.00
Expected long-term rate of return	7.00	7.00

In general, the DIF’s assumption with respect to the expected long-term rate of return is based on prevailing yields on high-quality, fixed-income investments increased by a premium for equity return expectations.

The components of net periodic pension cost for the years ended October 31, 2024 and 2023 are as follows:

	2024	2023
Service cost	$ 168,787	$ 169,484
Interest cost	421,654	405,541
Expected return on plan assets	(483,276)	(456,774)
Amortization of prior service cost	3,008	7,908
Recognized net actuarial loss	47,803	52,287
	$ 157,976	$ 178,446

The fair value of major categories of pension plan assets at October 31, 2024 and 2023, and the measurement levels within the fair value hierarchy, are summarized below.

	2024	
Asset Category	Level 1	Total
Collective funds	$1,016,703	$1,016,703
Equity securities	1,118,788	1,118,788
Mutual funds	849,448	849,448
	$2,984,939	2,984,939
Investments in funds measured at net asset value		5,384,743
Investments at fair value		$8,369,682

	2023	
Asset Category	Level 1	Total
Collective funds	$ 754,552	$ 754,552
Equity securities	1,127,009	1,127,009
Mutual funds	955,509	955,509
	$2,837,070	2,837,070
Investments in funds measured at net asset value		3,938,173
Investments at fair value		$6,775,243

For investments measured at net asset value, there are no redemption restrictions for these investments, which can be redeemed on a daily basis.

The plan assets measured at fair value in Level 1 are based on quoted market prices in an active exchange market. There are no plan assets measured at fair value in Level 2 or 3.

The benefits expected to be paid for each of the following five fiscal years and the aggregate for the five fiscal years thereafter are as follows:

Year Ending October 31,	Amount
2025	$ 601,912
2026	740,864
2027	554,652
2028	561,806
2029	569,149
2030-2034	3,314,247

The DIF plans to make a contribution to the plan during the year ending October 31, 2025 in the amount of approximately $325,000.

SBERA offers a common and collective trust as the underlying investment structure for pension plans participating in the Association. The target allocation mix for the common and collective trust portfolio calls for an equity-based investment deployment range from 49% to 63% of total portfolio assets. The remainder of the portfolio is allocated to fixed income from 28% to 42% and other investments including global asset allocation and hedge funds from 3% to 12%. The Trustees of SBERA, through the Association's Investment Committee, select investment managers for the common and collective trust portfolio. A professional investment advisory firm is retained by the Investment Committee to provide allocation analysis, performance measurement and assistance with manager searches. The overall investment objective is to diversify equity investments across a spectrum of investment types (e.g., small cap, large cap, international, etc.) and styles (e.g., growth, value, etc.) to limit risks from large market swings.

Defined Contribution Plan

All employees of the DIF participate in a defined contribution plan offered and administered by SBERA. Employees become eligible to participate in the plan upon employment. Participating employees make contributions to the plan based on a percentage of their salary. The DIF matches a percentage of the amounts contributed by employees. Employees become 100% vested in the DIF's matching contributions immediately. For fiscal 2024 and 2023, the DIF's matching contribution expense for the defined contribution plan was $56,119 and $54,859, respectively.

6. COMMITMENTS, CONTINGENCIES, AND OTHER MATTERS

In the normal course of business, there are outstanding commitments and contingencies which are not reflected in the Fund's financial statements, as follows:

Employment Agreements

The DIF has entered into employment agreements with certain senior executives that generally provide for a specified minimum annual compensation. Employment may be terminated for cause, as defined, without incurring any continuing obligations. The agreements have a continual expiration date of one year.

Operating Lease Commitments

The DIF has a lease providing for the use of its office space. The lease is cancelable by the DIF or the lessor. Total rent expense for fiscal 2024 and 2023 amounted $63,868 and $75,186, respectively.

Legal Claims

Various legal claims arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Fund's financial statements.

7. RELATED PARTY TRANSACTIONS

A majority of the DIF's twelve directors are associated with member banks.

8. FAIR VALUE OF ASSETS AND LIABILITIES

Determination of Fair Value

The Fund uses fair value measurements to record fair value adjustments to certain assets. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. All fair value measurements are obtained from a third-party pricing service and are not adjusted by management.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets measured at fair value on a recurring basis at October 31, 2024 and 2023 are summarized below. There were no liabilities measured at fair value on a recurring basis at October 31, 2024 or 2023.

2024	Level 1	Level 2	Level 3	Total Fair Value
Securities available for sale:				
U.S. Treasury obligations and guarantees	$302,567,226	$ 15,306,586	$ —	$317,873,812
U.S. government-sponsored enterprise obligations	—	147,902,064	—	147,902,064
Mortgage- and asset-backed securities	—	61,332,548	—	61,332,548
Total	$302,567,226	$224,541,198	$ —	$527,108,424

2023	Level 1	Level 2	Level 3	Total Fair Value
Securities available for sale:				
U.S. Treasury obligations and guarantees	$282,181,401	$ 25,832,234	$ —	$308,013,635
U.S. government-sponsored enterprise obligations	—	137,064,400	—	137,064,400
Mortgage- and asset-backed securities	—	53,627,433	—	53,627,433
Total	$282,181,401	$216,524,067	$ —	$498,705,468

During the year ended October 31, 2024 and 2023, the Fund had no assets that are considered Level 3 assets. There were no transfers, into or out of Level 3 assets during 2024 or 2023.

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

There were no assets or liabilities measured at fair value on a non-recurring basis at October 31, 2024 or 2023.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 13, 2025, which is the date the financial statements were available to be issued.

To the Board of Directors of the Depositors Insurance Fund:

Opinion

We have audited the financial statements of the Liquidity Fund, which comprise the statements of condition as of October 31, 2024, and 2023, and the related statements of net income and comprehensive income, changes in fund balance, 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 the Liquidity Fund as of October 31, 2024, and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Liquidity Fund 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, that raise substantial doubt about the Liquidity Fund'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.

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 Liquidity Fund’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, that raise substantial doubt about the Liquidity Fund’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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Wolf & Company, P.C.

Boston, Massachusetts
January 13, 2025

October 31, 2024 and 2023

	2024	2023
Assets		
Cash	$1,245,586	$ 212,764
Securities available for sale, at fair value	6,599,614	7,265,847
Accrued interest receivable	37,077	22,416
Total assets	$7,882,277	$7,501,027
Liabilities and Fund Balance		
Other payables	$ 19,507	$ 21,456
Total liabilities	19,507	21,456
Undistributed fund balance	8,003,335	7,860,086
Accumulated other comprehensive loss	(140,565)	(380,515)
Total fund balance	7,862,770	7,479,571
Total liabilities and fund balance	$7,882,277	$7,501,027

The accompanying notes are an integral part of these financial statements.

Years Ended October 31, 2024 and 2023

	2024	2023
Income:		
Interest and dividends on investments	$185,767	$155,640
Expenses:		
Expenses allocated from the Deposit Insurance Fund	40,938	43,491
Other expenses	1,580	1,566
Total expenses	42,518	45,057
Net income	143,249	110,583
Other comprehensive income:		
Unrealized holding gains on securities available for sale arising during the period	239,950	54,071
Comprehensive income	$383,199	$164,654

The accompanying notes are an integral part of these financial statements.

Years Ended October 31, 2024 and 2023

	Undistributed Fund Balance	Accumulated Other Comprehensive Income (Loss)	Total Fund Balance
Fund balance at October 31, 2022	$7,749,503	$(434,586)	$7,314,917
Comprehensive income	110,583	54,071	164,654
Fund balance at October 31, 2023	7,860,086	(380,515)	7,479,571
Comprehensive income	143,249	239,950	383,199
Fund balance at October 31, 2024	$8,003,335	$(140,565)	$7,862,770

The accompanying notes are an integral part of these financial statements.

Years Ended October 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Net income	$ 143,249	$ 110,583
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization of securities	(14,695)	(18,853)
Change in accrued interest receivable	(14,661)	(5,954)
Change in other payables	(1,949)	(450)
Net cash provided by operating activities	111,944	85,326
Cash flows from investing activities:		
Maturities of securities available for sale	2,365,000	1,965,000
Purchases of securities available for sale	(1,444,122)	(2,070,295)
Net cash provided by (used in) investing activities	920,878	(105,295)
Net change in cash	1,032,822	(19,969)
Cash at beginning of year	212,764	232,733
Cash at end of year	$ 1,245,586	$ 212,764

The accompanying notes are an integral part of these financial statements.

Years Ended October 31, 2024 and 2023

1. DESCRIPTION OF BUSINESS

Depositors Insurance Fund

The Depositors Insurance Fund (the "DIF"), which conducted business under the name Mutual Savings Central Fund, Inc. until February 1993, was established by the Massachusetts Legislature in 1932 and is now comprised of the Liquidity Fund and the Deposit Insurance Fund. The two funds may not be commingled and the assets of one do not stand behind the liabilities of the other. The Liquidity Fund and the Deposit Insurance Fund share office space and personnel. Costs incurred are generally paid by the Deposit Insurance Fund and allocated to the Liquidity Fund. The DIF is an organization described under Section 501(c)(14) of the Internal Revenue Code (the "Code") and is exempt from taxes on related income under Section 501(a) of the Code.

Liquidity Fund

The Liquidity Fund (the "Fund") was established in 1932 for the purpose of providing temporary liquidity to member banks by making loans to them secured by assets of the borrowing banks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

Income and expenses of the Fund are recognized on the accrual method of accounting.

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at 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 purposes of the statements of cash flows, the Fund considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Fair Value Hierarchy

The Fund groups its assets that are measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value.

Level 1 – Valuation is based on quoted prices in active markets for identical assets. Valuations are obtained from readily available pricing sources.

Level 2 – Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Securities Available for Sale

All securities are classified as "available for sale" and carried at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. Premiums and discounts are recognized in interest income using the interest method over the terms of the securities, with the exception of callable debt security premiums, which are amortized to the earliest call date. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Each reporting period, the Fund evaluates all securities classified as available for sale with a decline in fair value below the amortized cost of the investment to determine whether or not an allowance for credit losses should be recorded. The Fund first assesses if there is intent to sell, or if it is more likely than not that the Fund will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through a provision for credit losses charged to earnings. For debt securities available for sale that the Fund intends to hold, management evaluates whether the decline in fair value has resulted from credit losses or other factors. The Fund considers both quantitative and qualitative factors in making this assessment. Credit loss is measured based on a discounted cash flow analysis and recorded in a valuation allowance. The allowance is limited by the amount that the fair value is less than the amortized cost basis. Changes in the allowance shall be recorded in the period of the change as credit loss expense (or reversal of credit loss expense).

All of the securities held by the Fund are issued by the U.S. Government, agencies of the U.S. Government, or both. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a history of no credit losses. The Fund reviewed the financial strength of these investments and has concluded that the amortized cost remains supported by the expected future cash flows of the securities. Accordingly, there were no allowance for credit losses established on available for sale debt securities during the year ended October 31, 2024.

Dividends

The Fund may pay discretionary dividends on a quarterly or semi-annual basis which are accrued by a charge to the undistributed fund balance when approved by the DIF Board of Directors.

Comprehensive Income (Loss)

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the fund balance section of the statement of condition, such items, along with net income, are components of comprehensive income (loss).

Expense Allocation

The Fund shares office space and personnel with the Deposit Insurance Fund, and 2% of the Deposit Insurance Fund's expenses, excluding those expenses directly related only to the Deposit Insurance Fund, are allocated to the Liquidity Fund.

3. INVESTMENTS

Securities Available for Sale

The amortized cost, fair value, and unrealized gains and losses of securities classified as available for sale at October 31, 2024 and 2023, by contractual maturity, are as follows:

2024	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury obligations:				
Due in one year or less	$1,890,073	$ —	$ (8,366)	$1,881,707
Due after one year through five years	3,859,433	—	(127,426)	3,732,007
	5,749,506	—	(135,792)	5,613,714
U.S. government-sponsored enterprise obligations:				
Due after one year through five years	990,673	—	(4,773)	985,900
	990,673	—	(4,773)	985,900
Total securities available for sale	$6,740,179	$ —	$(140,565)	$6,599,614

2023	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury obligations:				
Due in one year or less	$2,358,452	$ —	$ (69,913)	$2,288,539
Due after one year through five years	4,293,007	—	(280,705)	4,012,302
	6,651,459	—	(350,618)	6,300,841
U.S. government-sponsored enterprise obligations:				
Due after one year through five years	994,903	—	(29,897)	965,006
	994,903	—	(29,897)	965,006
Total securities available for sale	$7,646,362	$ —	$(380,515)	$7,265,847

There were no sales of securities available for sale during fiscal 2024 and 2023. There were no gross realized gains or losses during fiscal 2024 and 2023.

Gross unrealized losses on securities available for sale and the fair value of the related securities, aggregated by category and length of time that individual securities have been in a continuous unrealized loss position, at October 31, 2024 and 2023, are as follows:

	Less Than Twelve Months		Over Twelve Months		Total	
2024	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury obligations	$1,433,973	$ (9,463)	$ 4,179,741	$ (126,329)	$5,613,714	$ (135,792)
U.S. government-sponsored enterprise	985,900	(4,773)	—	—	985,900	(4,773)
	$2,419,873	$ (14,236)	$ 4,179,741	$ (126,329)	$6,599,614	$ (140,565)

	Less Than Twelve Months		Over Twelve Months		Total	
2023	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury obligations	$1,056,770	$ (24,133)	$ 5,244,071	$ (326,485)	$6,300,841	$ (350,618)
U.S. government-sponsored enterprise	965,006	(29,897)	—	—	965,006	(29,897)
	$2,021,776	$ (54,030)	$ 5,244,071	$ (326,485)	$7,265,847	$ (380,515)

As of October 31, 2024, 6 debt securities with unrealized losses have aggregate depreciation of 2% of amortized cost and are reflective of interest rate changes. The principal and accrued interest on all of the securities are guaranteed by the U.S. Government, an agency of the U.S. Government, or both. Because the Fund does not intend to sell the securities and it is unlikely that it will be required to sell the securities before recovery of their amortized cost bases (which may be at maturity), management does not consider these securities to be credit impaired at October 31, 2024.

4. RELATED PARTY TRANSACTIONS

A majority of the DIF's twelve directors are associated with member banks.

5. FAIR VALUE OF ASSETS AND LIABILITIES

Determination of Fair Value

The Fund uses fair value measurements to record fair value adjustments to certain assets. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

All fair value measurements are obtained from a third-party pricing service and are not adjusted by management.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets measured at fair value on a recurring basis at October 31, 2024 and 2023 are summarized below. There were no liabilities measured at fair value on a recurring basis at October 31, 2024 or 2023.

October 31, 2024	Level 1	Level 2	Level 3	Total Fair Value
Securities available for sale:				
U.S. Treasury obligations	$5,613,714	$ —	$ —	$ 5,613,714
U.S. government-sponsored enterprise obligations	—	985,900	—	985,900
	$5,613,714	$ 985,900	$ —	$ 6,599,614
October 31, 2023				
Securities available for sale:				
U.S. Treasury obligations	$6,300,841	$ —	$ —	$ 6,300,841
U.S. government-sponsored enterprise obligations	—	965,006	—	965,006
	$6,300,841	$ 965,006	$ —	$ 7,265,847

Assets and Liabilities Measured at Fair Value on a Non-recurring Basis

There were no assets or liabilities measured at fair value on a non-recurring basis at October 31, 2024 or 2023.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 13, 2025, which is the date the financial statements were available to be issued. There were no subsequent events that required adjustment or disclosure in the financial statements.

Notes

DIF DEPOSITORS INSURANCE FUND

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