

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

MAREMONT CORPORATION,¹

Reorganized Debtor.

Chapter 11

Case No. 19-10118 (LSS)

NOTICE OF FILING

PLEASE TAKE NOTICE that, on April 13, 2022, the **Annual Report, Financial Statements and Results of Operations of the Maremont Asbestos Personal Injury Trust for the Fiscal Year Ended December 31, 2021**, was filed electronically by Stutzman, Bromberg, Esserman & Plifka, A Professional Corporation with the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware.

Dated: April 13, 2022

**STUTZMAN, BROMBERG, ESSERMAN &
PLIFKA, A Professional Corporation**

By: /s/ Sander L. Esserman

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**COUNSEL FOR THE MAREMONT
ASBESTOS PERSONAL INJURY TRUST**

¹ The last four digits of the Reorganized Debtor's federal taxpayer identification number are 6138. The mailing address for the Reorganized Debtor is 7324 Gaston Avenue, Suite 124, LB 430, Dallas, Texas 75214.

CERTIFICATE OF SERVICE

I, Andrea L. Ducayet, an attorney, hereby certify that, on April 13, 2022, a true and correct copy of the attached **Annual Report, Financial Statements and Results of Operations of the Maremont Asbestos Personal Injury Trust for the Fiscal Year Ended December 31, 2021**, was served this day upon the parties listed on the attached Service List via email and electronically through the Court's CM/ECF System.

/s/ Andrea L. Ducayet

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

MAREMONT CORPORATION,¹

Reorganized Debtor.

Chapter 11

Case No. 19-10118 (LSS)

**ANNUAL REPORT, FINANCIAL STATEMENTS AND RESULTS OF OPERATIONS
OF THE MAREMONT ASBESTOS PERSONAL INJURY TRUST
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

Alan B. Rich, the Trustee of the Maremont Asbestos Personal Injury Trust (the “**Trust**”), created pursuant to the Modified Joint Prepackaged Plan of Reorganization of Maremont Corporation and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code (the “**Plan**”),² hereby files this Annual Report, Financial Statements and Results of Operations of the Maremont Asbestos Personal Injury Trust for the Fiscal Year Ended December 31, 2021.³

I. General

On January 22, 2019, Maremont Corporation and three affiliated debtors⁴ filed voluntary petitions for relief under Chapter 11, Title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the District of Delaware (“**Bankruptcy Court**”). On May 17, 2019, the Bankruptcy Court entered the Findings of Fact, Conclusions of Law and Order (I) Approving the Adequacy of the Disclosure Statement, (II) Approving the

¹ The last four digits of the Reorganized Debtor’s federal taxpayer identification number are 6138. The mailing address for the Reorganized Debtor is 7324 Gaston Avenue, Suite 124, LB 430, Dallas, Texas 75214.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

³ Pursuant to the *Order (I) Granting Final Decree Closing the Chapter 11 Cases and (II) Terminating Claims and Noticing Services* (Docket No. 358), the Clerk of the Court shall accept for filing on the docket of Maremont Corporation’s case (Case No. 19-10118 (LSS)), without the requirement that any party in interest seek to reopen Maremont Corporation’s case, any report submitted by the Trust.

⁴ The three affiliated debtors were Maremont Exhaust Products, Inc., AVM, Inc., and Former Ride Control Operating Company, Inc. (f/k/a ArvinMeritor, Inc., a Delaware corporation).

Prepetition Solicitation Procedures, and (III) Confirming the Modified Joint Prepackaged Plan of Reorganization of Maremont Corporation and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code (the “**Confirmation Order**”), which confirmed the Plan of the above-referenced debtors. On June 27, 2019, the United States District Court for the District of Delaware entered its Order Affirming the Bankruptcy Court’s Findings of Fact, Conclusions of Law, and Order Confirming the Modified Joint Prepackaged Plan of Reorganization of Maremont Corporation and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code.

Pursuant to the Plan, the Trust was established on July 9, 2019.

Pursuant to the Plan, Perry Browder, Beth Gori, John Cooney, Marcus Raichle, Jr., and Joseph Belluck are the members of the Trust Advisory Committee (“**TAC**”) and James L. Patton is the Future Claimants’ Representative (“**FCR**”).

II. Reporting Requirements

Section 2.2(c) of the Maremont Asbestos Personal Injury Trust Agreement (the “**Trust Agreement**”) requires the Trustee to account to the Bankruptcy Court and file an annual report containing financial statements of the Trust and a summary of the number and type of claims disposed of by the Trust during the period covered by the financial statements. Pursuant to the Trust Agreement, the annual report shall also include a description of the amounts paid during the reporting period to the Trustee, the Delaware Trustee, the TAC, and the FCR.

A. Financial Statements

A copy of the Trust’s audited special-purpose financial statements for the year ended December 31, 2021, is attached hereto as **Exhibit A**. Under Section 3.3 of the Trust Agreement, the Trust reports payments for Trust expenses. The Trust’s operating expenses are listed in the

Special-Purpose Statements of Changes in Net Claimants' Equity. See Exhibit A attached hereto at page 5.

B. Asbestos Personal Injury Claims

The Trust began accepting Asbestos Personal Injury Claims on October 21, 2019.⁵ From inception of the Trust through the period ending December 31, 2021, 3,330 Asbestos Personal Injury Claims have been submitted to the Trust, including 1,237 Asbestos Personal Injury Claims submitted in 2021, as follows:

Disease Level	Claims submitted from Trust's inception through 12/31/21	Claims submitted in 2021
Mesothelioma 2 (Level V)	788	353
Mesothelioma (Level IV)	393	161
Lung Cancer (Level III)	1,727	607
Other Cancer (Level II)	246	26
Severe Asbestosis (Level I)	176	90
Total:	3,330	1,237

Of the 3,330 Asbestos Personal Injury Claims submitted to the Trust, the Trust has not approved 2,878 claims, consisting of rejected claims, claims with uncured deficiencies, and withdrawn and deferred claims. In 2021, the Trust liquidated and paid 118 Asbestos Personal Injury Claims, totaling \$1,699,694, after application of the Payment Percentage.⁶

⁵ MFR Claims Processing, Inc. serves as the Trust's claims processor.

⁶ Asbestos Personal Injury Claims paid by the Trust in 2021 are reported herein on a cash basis.

C. Compensation and Expenses of the Trustee, TAC and FCR

Pursuant to Sections 4.5(c), 5.6, and 6.5 of the Trust Agreement, the annual report shall also include a description of the amounts paid during the period from January 1, 2021 through December 31, 2021, to the Trustee, the Delaware Trustee, the Trust Advisory Committee, and the Future Claimants' Representative. Please reference the Special-Purpose Statements of Changes in Net Claimants' Equity in the Trust's financial statements, attached hereto, for this information.

Dated: April 13, 2022

Respectfully submitted,

**STUTZMAN, BROMBERG, ESSERMAN &
PLIFKA, A Professional Corporation**

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**COUNSEL FOR THE MAREMONT
ASBESTOS PERSONAL INJURY TRUST**

EXHIBIT A

**MAREMONT ASBESTOS PERSONAL
INJURY TRUST**

Special-Purpose Financial Statements
and
Report of Independent Auditors

Years Ended December 31, 2021 and 2020

MAREMONT ASBESTOS PERSONAL INJURY TRUST

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REPORT OF INDEPENDENT AUDITORS

To the Trustee of
Maremont Asbestos Personal Injury Trust

Opinion

We have audited the accompanying special-purpose financial statements of the Maremont Asbestos Personal Injury Trust (the “Trust”, organized in the State of Delaware), which comprise the special-purpose statements of net claimants’ equity as of December 31, 2021 and 2020, and the related special-purpose statements of changes in net claimants’ equity for the years then ended, and the related notes to the special-purpose financial statements (collectively, the “Financial Statements”).

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the net claimants’ equity of the Trust as of December 31, 2021 and 2020 and the changes in net claimants’ equity for the years then ended in conformity with the special-purpose basis of accounting described in Note 2 to the Financial Statements.

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 Trust 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 our audit opinion.

Emphasis of Matter – Basis of Accounting

As described in Note 2 of the Financial Statements, these Financial Statements are prepared on a special-purpose basis of accounting and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. The special-purpose basis of accounting has been used in order to present the amount of equity presently available to current and future claimants and the changes in equity during the periods. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with the special-purpose basis of accounting; this includes determining that the special-purpose basis of accounting is an acceptable basis for the preparation of the Financial Statements in these circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Financial Statements that are free from material misstatement, whether due to error or fraud.

In preparing the Financial Statements, management is required to evaluate where there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern within one year after the date 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 Trust'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 Trust'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.

Restriction on Use

This report is intended solely for the information and use of the management of the Trust, the Trustee, the beneficiaries of the Trust and the United States Bankruptcy Court for the District of Delaware and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which, upon filing with the United States Bankruptcy Court for the District of Delaware, is a matter of public record.

BKM Aowan Horan, LLP

Dallas, Texas
April 11, 2022

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Special-Purpose Statements of Net Claimants' Equity

	December 31,	
	2021	2020
ASSETS		
Cash and cash equivalents		
Unrestricted	\$ 690,448	\$ 1,776,618
Restricted	66,400	56,800
Investments in marketable securities and certificate of deposit	59,479,426	57,097,610
Investment in common stock of Maremont Corporation	1,400,000	1,400,000
Accrued interest and dividend income	443,027	486,895
Purchased interest	-	4,269
Prepaid expenses	11,205	11,205
Prepaid federal income taxes	22,212	-
	<u>62,112,718</u>	<u>60,833,397</u>
Total assets	\$ <u>62,112,718</u>	\$ <u>60,833,397</u>
LIABILITIES AND NET CLAIMANTS' EQUITY		
Accrued expenses	\$ 94,820	\$ 87,098
Accrued payments to claimants	1,270,858	551,179
Claims processing deposits	66,400	56,800
Payable on pending investment purchases	-	289,174
Deferred tax liability, net	2,310,818	1,330,276
	<u>3,742,896</u>	<u>2,314,527</u>
Total liabilities	3,742,896	2,314,527
Net claimants' equity	\$ <u>58,369,822</u>	\$ <u>58,518,870</u>

See accompanying notes to special-purpose financial statements.

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Special-Purpose Statements of Changes in Net Claimants' Equity

	Years Ended December 31,	
	2021	2020
Additions		
Net gain on investments in marketable securities, net of management fees, custody fees and bond amortization	\$ 1,443,187	\$ 2,478,491
Interest and dividend income	2,324,492	1,930,296
Filing fees collected on withdrawn claims	19,600	3,800
Cash from Maremont Corporation	-	160,000
Total additions	3,787,279	4,572,587
Deductions		
Payments to claimants	2,419,373	2,018,396
Income tax expense, net	1,021,330	1,088,933
Legal fees	168,539	237,630
Trustee fees and expenses	58,409	75,977
Accounting fees	56,681	61,830
Future Claimants' Representative fees and expenses	46,181	67,162
Claims processing fees	31,356	32,427
Trust Advisory Committee counsel fees and expenses	28,516	28,079
Financial consulting	28,000	28,000
Trustee fiduciary fee	25,000	25,000
Audit fees	19,413	5,175
Insurance expense	18,743	18,795
Consulting fees	9,000	10,377
Delaware Trustee fees and expenses	3,000	3,000
Miscellaneous expenses	2,786	2,652
Foreign tax expense	-	2,324
Total deductions	3,936,327	3,705,757
Net increase (decrease) in net claimants' equity	(149,048)	866,830
Net claimants' equity, beginning of year	58,518,870	57,652,040
Net claimants' equity, end of year	\$ 58,369,822	\$ 58,518,870

See accompanying notes to special-purpose financial statements.

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Notes to Special-Purpose Financial Statements

Note 1 - Nature of Trust

Description of Trust

The Maremont Asbestos Personal Injury Trust (the “Trust”) was established in accordance with the Modified Joint Prepackaged Plan of Reorganization (the “Plan”) of Maremont Corporation and its Debtor Affiliates (“Maremont”) pursuant to Chapter 11 of the United States Bankruptcy Code. The purpose of the Trust is:

- to assume all liabilities and responsibility for all Asbestos Personal Injury Claims (“Claims”);
- to direct the processing, liquidation and payment of all Claims in accordance with the Plan, the Trust Distribution Procedures (“TDP”), and the Confirmation Order;
- to preserve, hold, manage, and maximize the assets of the Trust for use in paying and satisfying Claims;
- to use the Trust’s assets and income to pay holders of all Claims in accordance with the Trust Agreement and the TDP in such a way that such holders of Claims are treated fairly, equitably, and reasonably in light of the finite assets available to satisfy such claims, and
- to comply in all respects with the requirements for a trust set forth in Section 524(g)(2)(B) of the Bankruptcy Code.

The Trust was established on July 9, 2019, the Effective Date of the Plan (“Effective Date”) and is a Qualified Settlement Fund under Internal Revenue Code (the “Code”) Section 468B for holders of Claims (“Qualified Settlement Fund”). The Trust operates as the Maremont Asbestos Personal Injury Trust.

Pursuant to the Plan, Maremont paid \$47,632,372 in cash at formation of the Trust. Maremont also transferred its rights under insurance policies to the Trust, including \$8,000,000 from a certain insurer. Finally, the Trust received a 100% common stock interest in Maremont Corporation, the reorganized debtor, with an initial fair value of \$1,400,000 (see Note 3). In March 2020, Maremont Corporation transferred \$160,000 to the Trust representing surplus funds after payment of the post-effective date expenses.

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Notes to Special-Purpose Financial Statements

Note 1 - Nature of Trust – (Continued)***Description of Trust - continued***

The Trust is governed by a Trust Agreement and TDP that establish the framework and criteria for allowance and payment of Claims by the Trust. The Trust Agreement and TDP were approved by the United States District and Bankruptcy Courts as part of the Plan. There are five disease levels specified in the TDP. Each claimant who meets the medical and exposure requirements of the TDP for a particular disease level may apply for expedited review and a specified payment amount. Certain claimants also have an alternative, under the TDP, to submit additional documentation and request a more expansive review of their Claim (“Individual Review Process”).

The Trust’s assets consist primarily of cash and cash equivalents, investments in marketable securities, and common stock of the Maremont Corporation, which, with the earnings or losses on such investments, are intended to be totally consumed by the allowance and payment of claims and operation of the Trust. The percentage amount of each allowed claim that will actually be paid will be determined by projections of total allowed Claims and operational expenses of the Trust, on the one hand, and total assets and net earnings or losses on the other. The Trust began accepting Claims on October 21, 2019 and began to pay claims in August 2020. The initial payment percentage has been set at 28.4% and is subject to review and adjustment, in accordance with the Trust Agreement and the TDP. The Trustee is a fiduciary and is responsible for administering the Trust and the Trust’s assets in accordance with the Trust Agreement and the Plan.

Termination

The Trust Agreement (Section 7.2) provides that the Trust shall automatically terminate on the date (“Dissolution Date”) ninety (90) days after the first to occur of the following events:

- The date on which the Trustee decides to dissolve the Trust because (A) the Trustee deems it unlikely that any new asbestos claims will be filed against the Trust, (B) all asbestos claims duly filed with the Trust have been liquidated and paid to the extent provided in the Trust Agreement and TDP, or disallowed by a final, non-appealable order, to the extent possible based upon the funds available through the Plan and (C) twelve (12) consecutive months have elapsed during which no new asbestos claims have been filed with the Trust.
- If the Trustee has procured and has in place irrevocable insurance policies and has established claims handling agreements and other necessary arrangements with suitable third parties adequate to discharge all expected remaining obligations and expenses of the Trust in a manner consistent with the Trust Agreement and the TDP, the date on which the Bankruptcy Court enters an order approving such insurance and other arrangements and such order becomes a final order, or

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Notes to Special-Purpose Financial Statements

Note 1 - Nature of Trust – (Continued)

Termination - continued

- To the extent that any rule against perpetuities shall be deemed applicable to the Trust, that date which is twenty-one (21) years less ninety-one (91) days after the death of the last survivor of all of the descendants of the late Joseph P. Kennedy, Sr., father of the late President John F. Kennedy, living on the date of the Trust agreement.

On the Dissolution Date or as soon as reasonably practicable, after the wind-up of the Trust's affairs by the Trustee and payment of all the Trust's liabilities have been provided for as required by applicable law, all remaining assets shall be applied to such charitable purposes, if practicable, which shall be related to the treatment of research on, or the relief of individuals suffering from asbestos-related disorders and such charitable organizations should not have any relationship with Maremont.

Following the dissolution and distribution of the assets of the Trust, the Trust shall terminate, and the Trustee shall execute and file a Certificate of Cancellation.

COVID-19 Consideration

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Trust's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity and operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Trust is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021 and beyond.

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Notes to Special-Purpose Financial Statements

Note 2 - Summary of Significant Accounting Policies

Basis of accounting

The Trust's special-purpose financial statements ("Financial Statements") are prepared using special-purpose accounting methods that differ from accounting principles generally accepted in the United States of America ("GAAP"). The special-purpose accounting methods are being used to better communicate the equity available to satisfy current and future claims. Since the accompanying Financial Statements and transactions are not based upon GAAP, accounting treatment by other parties for these same transactions may differ as to timing and amount. These special-purpose accounting methods and the differences from GAAP are summarized as follows:

- The Financial Statements are prepared using the accrual basis of accounting, except as otherwise described herein.
- The statement of net claimants' equity is not classified, resulting in no separation between current and noncurrent assets.
- These Financial Statements do not include a statement of cash flows.
- Cash and cash equivalents are recorded at cost with accrued income shown separately.
- The funding received from Maremont and insurance settlements has been recorded directly to net claimants' equity. These funds do not represent taxable income to the Trust. Payments to claimants are reported as deductions from net claimants' equity and do not represent tax-deductible expenses of the Trust.
- At December 31, 2021 and 2020, the liability for accrued payments to claimants reflected in the statement of net claimants' equity represents unpaid outstanding and accepted offers, respectively. No liability is recorded for future claims filings and filed claims on which no offer has been made. Net claimants' equity represents funding available to pay present and future claims on which no liability has been recorded.

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Notes to Special-Purpose Financial Statements

Note 2 - Summary of Significant Accounting Policies – (Continued)

Basis of accounting – continued

- At December 31, 2021 and 2020, the Trust's investments in marketable debt securities are considered as available for sale. The unrealized holding gains (losses) on these investments are included in net gain on investments in marketable securities net of management fees, custody fees and bond amortization on the accompanying statement of changes in net claimants' equity. Under GAAP, the unrealized holding gains (losses) on available for sale investments would be included as a component of net claimants' equity reported as accumulated other comprehensive income (loss).
- At December 31, 2021 and 2020, the investment in common stock of Maremont Corporation (the "Corporation") is reported at the value of its sole asset, an income-producing commercial property located in Grand Blanc, Michigan. The property's sole tenant has a lease expiring in May 2032. The common stock was included in Maremont's Plan of Reorganization. Under GAAP, since the Trust owns 100% of the common stock in the Corporation, the Trust would consolidate the financial results of the Corporation and all significant intercompany balances and transactions would be eliminated upon consolidation.
- The investment in common stock of Maremont Corporation is reported at the value received as part of the Plan of Reorganization in October 2018. Changes in fair market value of the investment, if any, will be included in net gain or loss in investment in common stock of Maremont Corporation in the special-purpose statements of changes in net claimants' equity. Under GAAP, the investment in common stock of Maremont Corporation would be measured and reported at fair value on a recurring basis in the statements of net claimants' equity after initial recognition, with quantitative disclosures presented in a tabular format.

Use of estimates

The preparation of Financial Statements in conformity with the special-purpose accounting method requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of additions and deductions from net claimants' equity during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of financial instruments and investments in marketable debt securities and the Maremont Corporation, current and deferred income taxes and the accrued payments to claimants. Actual results could differ from those estimates.

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Notes to Special-Purpose Financial Statements

Note 2 - Summary of Significant Accounting Policies – (Continued)**Financial instruments**

The Trust's financial instruments are cash and cash equivalents, accrued interest and dividend income, investments in marketable securities, a certificate of deposit, the investment in Maremont Corporation, accrued expenses and payments to claimants. The carrying amount of cash and cash equivalents, accrued interest and dividend income, and accrued expenses approximate their fair values based on their short-term nature. The carrying amount of marketable securities and certificate of deposit is based on fair value. The carrying amount of the investment in Maremont Corporation and payments to claimants approximates fair value based on management's estimates.

Cash and cash equivalents

The Trust consider all highly liquid debt instruments purchased with an original maturity value of three months or less to be cash equivalents.

Unrestricted cash and cash equivalents at December 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Money market funds		
Fidelity government fund	\$ 489,434	\$ -
Goldman Sachs government fund	-	543,180
MapleMark bank	181,624	1,229,715
Filing fee account	19,390	3,723
	<u> </u>	<u> </u>
Total	\$ 690,448	\$ 1,776,618

At December 31, 2021 and 2020, restricted cash represents filing fees received from claimants, which will be refunded if the claim is accepted and retained by the Trust if the claim does not qualify for payment.

Concentrations of credit risk

Financial instruments, which potentially subject the Trust to concentrations of credit risk, consist primarily of cash and cash equivalents, investments in marketable securities, a certificate of deposit and the investment in Maremont Corporation. The Trust maintains its cash and cash equivalents in accounts that are not federally insured but considers them to be of high credit quality. The Trust has not experienced any losses in such accounts, and it does not believe it is exposed to any significant credit risk.

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Notes to Special-Purpose Financial Statements

Note 2 - Summary of Significant Accounting Policies – (Continued)***Concentrations of credit risk - continued***

The Trust's investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with investments, it is at least reasonably possible that significant changes in risks in the near term may materially affect the amounts reported in the Financial Statements. However, the Trust has a formal investment policy of placing investments in high-quality financial institutions.

Investments in marketable securities and related income (loss)

Investments in marketable securities are reported at fair value in the special-purpose statements of net claimants' equity and changes in the fair value of investments, as well as realized and unrealized gains and losses are included in net gain on investments in marketable securities, net of management fees, custody fees and bond amortization reported in the special-purpose statements of changes in net claimants' equity. Purchases and sales of marketable securities are recorded on the trade date.

Realized gains and losses on disposals of investments are determined by the specific identification method. Interest and dividend income are recognized on the accrual basis. For 2021 and 2020, investment management fees of \$65,411 and \$64,516, respectively, custody fees of \$17,530 and \$20,560, respectively, and bond amortization of \$989,099 and \$737,448, respectively are included in net gain on investments in marketable securities, net of management fees, custody fees and bond amortization in the accompanying statements of changes in net claimants' equity.

Investments considered to be permanently impaired in value are written down to their estimated net realizable value and the write down is recorded as a realized loss on investments. Unrealized losses that are other-than-temporary based upon management's estimates using quantitative and qualitative criteria are recognized as realized investment losses. Actual results could differ from those estimates.

Claims processing deposits

Claims processing deposits represent filing fees collected for each unliquidated claim, which will be refunded by the Trust if the claim is paid.

Net claimants' equity

The Trust, under the adopted special-purpose accounting convention, does not record the liability for future claims expected to be filed over the life of the Trust. The net claimants' equity is available for (i) the payments of allowed asbestos-related claims and (ii) operational expenses of the Trust.

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Notes to Special-Purpose Financial Statements

Note 2 - Summary of Significant Accounting Policies – (Continued)***Income taxes***

Deferred tax assets and liabilities are recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established when it is likely that the deferred tax assets may not be realized. In the opinion of management, the Trust is not subject to state income taxes, and therefore, the Financial Statements do not include any provision or liability for state income taxes. Funds received by the Trust from Maremont, insurance settlements and distributions paid to settle asbestos claims are not taxable or deductible by the Trust.

The Trustee's estimate of the potential outcome of any uncertain tax issues is subject to management's assessment of relevant risks, facts, and circumstances existing at that time. The Trust uses a more likely than not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. To the extent that the Trustee's assessment of such tax position changes, the change in estimate is recorded in the period in which the determination is made. The Trust reports tax-related interest and penalties as a component of income tax expense and operating expenses, respectively. The Trust has recognized no increase in assets or liabilities for unrecognized tax benefits or expenses.

Subsequent events

The Trust has evaluated events and transactions subsequent to the date of the Financial Statements for matters requiring recognition or disclosure in the Financial Statements. The accompanying Financial Statements consider events through April 11, 2022, the date on which the Financial Statements were available to be issued.

Note 3 - Investment in Common Stock of Maremont Corporation

The Trust owns 100% of the issued and outstanding common stock of Maremont Corporation. The value of the common stock received as part of the Plan of Reorganization in October 2018 was \$1,400,000. The Maremont Corporation's sole asset is an income-producing commercial property in Grand Blanc, Michigan. The commercial property is leased to Dolgencorp. LLC which operates a *Dollar General* store under a 15-year triple net lease expiring in May 2032 that generates approximately \$91,000 in annual revenue. The Maremont Corporation will fund the Trust with any surplus funds after paying the corporation's operating expenses. There have been no adjustments to the value of the investment in common stock of the Maremont Corporation since inception.

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Notes to Special-Purpose Financial Statements

Note 4 - Investments in Marketable Securities and Certificate of Deposit

The Trust measures its investments, at fair value, according to a hierarchy of valuation techniques. The following are the levels of the hierarchy and a brief description of the type of valuation information (“inputs”) that qualifies an investment for each level:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date.

Level II – Pricing inputs are other than quoted market prices included in Level I, however, are observable indirectly for the investment.

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The following section describes the valuation methodologies the Trust uses to measure its financial assets at fair value.

Certificates of deposit and mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Municipal bonds: Value using the documented trade price if trading in an active market. Otherwise, valued using a metrics system provided by the pricing vendors.

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Notes to Special-Purpose Financial Statements

Note 4 - Investments in Marketable Securities and Certificate of Deposit – (Continued)

The valuations of the Trust's investments in marketable securities and certificate of deposit by the above fair value hierarchy levels and the corresponding cost of the investments as of December 31, 2021 and 2020 are as follows:

December 31, 2021				
	Level	Fair Value	Cost	Net Unrealized Gains
Certificate of deposit	1	\$ 250,000	\$ 250,000	\$ -
Equity securities -				
Mutual funds	1	18,523,254	13,111,078	5,412,176
Municipal bonds	2	40,706,172	39,798,966	907,206
Total		\$ 59,479,426	\$ 53,160,044	\$ 6,319,382

December 31, 2020				
	Level	Fair Value	Cost	Net Unrealized Gains
Equity securities				
Mutual funds	1	\$ 15,066,395	\$ 12,309,407	\$ 2,756,988
Municipal bonds	2	42,031,215	40,677,983	1,353,232
Total		\$ 57,097,610	\$ 52,987,390	\$ 4,110,220

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Notes to Special-Purpose Financial Statements

Note 4 - Investments in Marketable Securities and Certificate of Deposit – (Continued)

Maturities of the Trust's debt securities at December 31, 2021 are as follows:

	Level	Fair Value	Cost	Net Unrealized Gains
Due in one year or less	2	\$ 1,888,451	\$ 1,878,029	\$ 10,422
Due after one year through five years	2	13,327,507	13,192,199	135,308
Due after five years through ten years	2	12,304,242	11,909,238	395,004
Due after ten years through twenty years	2	9,756,917	9,439,852	317,065
Due after twenty years	2	3,429,055	3,379,648	49,407
Total		\$ <u>40,706,172</u>	\$ <u>39,798,966</u>	\$ <u>907,206</u>

Note 5 - Taxation

The Trust reports its income to the Internal Revenue Service as a designated settlement fund which is taxed at the highest rate applicable to trusts under Section I(e) of the Code, which was 37%.

For net operating losses ("NOLs") created in years beginning after December 31, 2017, the carry forward of NOLs will be limited to a reduction of 80% of modified taxable income without expiration. NOLs prior to January 1, 2018 will carry forward 20 years, and there is no limitation in the reduction of modified taxable income.

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Notes to Special-Purpose Financial Statements

Note 5 - Taxation – (Continued)

The Trust's federal income tax expense (benefit) is calculated as follows:

	<u>2021</u>	<u>2020</u>
Modified taxable income (loss)	\$ 551,187	\$ (418,916)
Tax rate	<u>37.0%</u>	<u>37.0%</u>
Federal income tax expense (benefit)	203,940	(154,999)
Utilization of NOLs	(163,152)	-
Deferred federal income tax expense	<u>980,542</u>	<u>1,243,932</u>
Income tax expense, net	\$ <u>1,021,330</u>	\$ <u>1,088,933</u>

Temporary differences between financial reporting income and taxable income generate deferred tax assets and liabilities, as follows as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Net operating loss carryforward	\$ 27,353	\$ 190,505
Unrealized gain on investments	<u>(2,338,171)</u>	<u>(1,520,781)</u>
Deferred tax liability, net	\$ <u>(2,310,818)</u>	\$ <u>(1,330,276)</u>

At December 31, 2021 and 2020, the Trust had approximately \$73,900 and \$515,000, respectively, of net operating loss carryforwards with no expiration date. The amount of income taxes the Trust pays is subject to ongoing audits by federal authorities.

MAREMONT ASBESTOS PERSONAL INJURY TRUST

Notes to Special-Purpose Financial Statements

Note 6 - Trust Advisory Committee and Future Claimants' Representative

The Trust Agreement sets forth the role and responsibility of the Trust Advisory Committee (“TAC”) and the Future Claimants’ Representative (“FCR”). The members of the TAC serve in a fiduciary capacity representing all holders of present Asbestos Claims (“Current Claimants”). The Trustee is required to consult with or obtain the consent of the TAC on certain matters identified in the Trust Agreement and the TDP. The TAC is comprised of five attorneys who are engaged by Current Claimants.

The FCR serves in a fiduciary capacity, representing the interests of the individuals who may file an Asbestos Claim in the future, but who at this time are unknown to the Trust (“Future Asbestos Claimants”). His role, in part, is to protect rights of the Future Asbestos Claimants. The Trustee is required to consult with or obtain the consent of the FCR on certain matters identified in the Trust Agreement and the TDP.