UNITED PENTECOSTAL CHURCH DEVELOPMENT FUND, INC. DBA: UNITED PENTECOSTAL CHURCH LOAN FUND

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023, 2022, AND 2021

UNITED PENTECOSTAL CHURCH DEVELOPMENT FUND, INC.
DBA: UNITED PENTECOSTAL CHURCH LOAN FUND
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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Pentecostal Church Development Fund, Inc.
dba: United Pentecostal Church Loan Fund
St. Louis, Missouri

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of United Pentecostal Church Development Fund, Inc. dba: United Pentecostal Church Loan Fund (the Fund), which comprise the consolidated statements of financial position as of June 30, 2023, 2022, and 2021, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Pentecostal Church Development Fund, Inc. as of June 30, 2023, 2022, and 2021 and the changes in net assets 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of United Pentecostal Church Development Fund, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Pentecostal Church Development Fund, Inc.'s ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Pentecostal Church Development Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Pentecostal Church Development Fund, Inc.'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 divisional letters. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

Board of Directors
United Pentecostal Church Development Fund, Inc.
dba: United Pentecostal Church Loan Fund

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
August 23, 2023

UNITED PENTECOSTAL CHURCH DEVELOPMENT FUND, INC.
DBA: UNITED PENTECOSTAL CHURCH LOAN FUND
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023, 2022, AND 2021

	June 30,		
	2023	2022	2021
ASSETS:			
Cash	$ 2,414,130	$ 5,404,007	$ 16,296,234
Accrued interest receivable	341,423	303,434	300,784
Prepaid expenses	27,911	24,685	18,640
Investments	18,322,782	23,059,603	3,698,624
Loans receivable, net	71,687,062	64,556,587	63,712,540
Property	1,619,581	1,619,581	-
	$ 94,412,889	$ 94,967,897	$ 84,026,822
LIABILITIES AND NET ASSETS:			
Liabilities:			
Funds held for others	$ 548,851	$ -	$ -
Investment certificates	88,107,202	89,974,474	79,749,585
	88,656,053	89,974,474	79,749,585
Net assets:			
Without donor restrictions	5,756,836	4,993,423	4,277,237
	5,756,836	4,993,423	4,277,237
	$ 94,412,889	$ 94,967,897	$ 84,026,822

See accompanying Notes to Consolidated Financial Statements.

UNITED PENTECOSTAL CHURCH DEVELOPMENT FUND, INC.
DBA: UNITED PENTECOSTAL CHURCH LOAN FUND
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023, 2022, AND 2021

	June 30, 2023	June 30, 2022	June 30, 2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:			
Interest and fees on loans receivable	$ 4,120,096	$ 3,996,930	$ 3,546,826
Interest and dividends on cash and investments	741,196	137,743	129,841
Total interest and dividend income	4,861,292	4,134,673	3,676,667
Less interest expense on investment certificates	(2,369,439)	(2,105,452)	(2,027,587)
Net interest income	2,491,853	2,029,221	1,649,080
Other operating income and expenses:			
Contributions	100,000	200,000	795
Noncash gift of property	-	1,619,581	-
Other income	2,213	788	3,112
Net unrealized gain (loss) on investments	58,578	(583,802)	(47,943)
Grants to other organizations	(573)	(1,000,594)	(250,000)
Provision for doubtful loans	(121,456)	(37,798)	(46,385)
Management fee	(1,298,798)	(1,168,374)	(931,909)
Professional services	(468,404)	(342,836)	(267,885)
	(1,728,440)	(1,313,035)	(1,540,215)
Change in Net Assets Without Donor Restrictions	763,413	716,186	108,865
Net Assets, Beginning of Year	4,993,423	4,277,237	4,168,372
Net Assets, End of Year	$ 5,756,836	$ 4,993,423	$ 4,277,237

See accompanying Notes to Consolidated Financial Statements.

UNITED PENTECOSTAL CHURCH DEVELOPMENT FUND, INC.
DBA: UNITED PENTECOSTAL CHURCH LOAN FUND
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023, 2022, AND 2021

	June 30, 2023	June 30, 2022	June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from loan interest and fees	$ 4,082,107	$ 3,994,280	$ 3,427,725
Contributions and miscellaneous income received	138,808	233,743	133,748
Cash paid for grants	(573)	(1,000,594)	(250,000)
Cash paid to vendors and the UPCI	(1,770,428)	(1,517,255)	(1,201,683)
Interest paid to investors	(189,842)	(181,887)	(226,013)
Net Cash Provided by Operating Activities	2,260,072	1,528,287	1,883,777
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(1,000,000)	(21,200,000)	(84,243)
Sale of investments	6,500,000	1,360,007	-
Principal payments received on loans	9,176,538	13,138,152	3,339,097
Loans made	(15,879,618)	(14,019,997)	(11,040,781)
Net Cash Used by Investing Activities	(1,203,080)	(20,721,838)	(7,785,927)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds received from issuance of investment certificates	15,162,606	19,295,588	21,769,211
Payments made to redeem investment certificates	(19,209,475)	(10,994,264)	(11,472,210)
Net Cash Provided (Used) by Financing Activities	(4,046,869)	8,301,324	10,297,001
Change in Cash	(2,989,877)	(10,892,227)	4,394,851
Cash, Beginning of Year	5,404,007	16,296,234	11,901,383
Cash, End of Year	$ 2,414,130	$ 5,404,007	$ 16,296,234
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Change in net assets without donor restrictions	$ 763,413	$ 716,186	$ 108,865
Adjustments:			
Net unrealized (gain) loss on investments	(58,578)	583,802	47,943
Reinvested investment interest and dividends	(704,601)	(104,788)	-
Provision for doubtful loans	121,456	37,798	46,385
Capitalized loan interest	-	-	(31,967)
Reinvested interest on investment certificates	2,179,597	1,923,565	1,801,574
Noncash gift of property	-	(1,619,581)	-
Change in:			
Accrued interest receivable	(37,989)	(2,650)	(87,134)
Prepaid expenses	(3,226)	(6,045)	(1,889)
Net Cash Provided by Operating Activities	$ 2,260,072	$ 1,528,287	$ 1,883,777
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
Noncash gift of property	$ -	$ 1,619,581	$ -
Matured investment certificates reinvested	$ 25,906,892	$ 23,906,560	$ 20,735,181

See accompanying Notes to Consolidated Financial Statements.

1. NATURE OF ORGANIZATION:

The United Pentecostal Church Development Fund, Inc. d/b/a United Pentecostal Church Loan Fund (the Fund) was incorporated as a public benefit corporation under the Missouri Nonprofit Corporation Act on March 7, 2011. The Fund is engaged in operating a loan fund to assist the churches, ministries, colleges, agencies, districts, missions and charitable funds sponsored by and affiliated with the United Pentecostal Church International (UPCI).

The Fund offers investment certificates to raise capital in order to finance the acquisition, development, construction, refinancing, expansion or renovations of buildings and facilities of affiliated organizations of the UPCI. The Fund's primary means of obtaining funds has been through the issuance of investment certificates and through interest earned on loans.

The Fund is governed by a Board of Directors appointed by the Board of General Presbyters of UPCI. The Fund pays a management fee to the UPCI for personnel, office and occupancy related expenses. The UPCI's combined financial statements include the accompanying Fund financial statements. The Fund is exempt from federal and state income taxes under the provisions of the Internal Revenue Code Section (IRC) 501(c)(3) and applicable state statutes and is not a private foundation under IRC Section 509(a)(1).

United Pentecostal Properties, LLC (UPP) was formed as a limited liability company under the Missouri Limited Liability Company Act. UPP was established to hold and manage property that the Fund acquires. The Fund serves as the sole member of UPP.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The consolidated financial statements of the Fund have been prepared using the accrual basis of accounting, which gives recognition to income and related assets when earned and expenses and related liabilities when incurred. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The significant accounting policies followed are described below.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of The Fund and UPP, hereinafter referred to as the Fund. All significant intercompany balances and transactions have been eliminated.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH POLICY

Cash consists of checking and savings accounts. The Fund's cash balance is primarily maintained with one financial institution. Cash may, at times, exceed federally insured limits. As of June 30, 2023, 2022, and 2021, the Fund's cash balances exceeded federally insured limits by $2,081,163, $5,154,007, and $16,046,234, respectively.

INVESTMENTS

Investments with readily determinable fair values are recorded at fair value with gains and losses reported in the consolidated statements of activities. Investment in some interest bearing deposits are recorded at cost plus accrued interest. Investment income and realized and unrealized gains and losses are reported as income without donor restrictions unless a donor or law restricts their use. The Fund records investments and related realized gains and losses on sales of investments based on the trade date. Dividend income is recognized on the ex-dividend date, and interest income is recognized on an accrual basis. Certain items, which meet the definition of cash equivalents but are part of a larger pool of investments, are included in investments.

LOANS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL LOANS

Loans receivable are stated at their principal amount outstanding less the related allowance for doubtful loans and are generally collateralized by buildings and land. Generally, interest rates on loans are subject to review and adjustment every twelve months, three years or five years. Loans are typically amortized over a period of twenty-five years.

The Fund charges loan origination and loan refinancing fees of 1% to 2.5% of the loan amount. The Fund analyzes fees received in relation to direct expenses for underwriting new loans. Loan fees charged by the Fund approximate actual costs incurred for loan processing. Accordingly, such fees are recognized on the statements of activities as a component of interest income in the year of loan origination.

The allowance for doubtful loans is maintained at a level that, in management's judgment, is adequate to absorb probable loan losses. The amount is based upon an analysis of the loan portfolio by management including, but not limited to, review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This process is based on estimates and ultimate losses may vary from current estimates. As changes in estimates occur, adjustments to the level of the allowance are recorded in the provision for potential loan losses in the period in which they become known. In addition, the net realizable value of property serving as collateral for delinquent loans will be assessed on an annual basis. Due to the nature of the relationship with its borrowers, the Fund is willing to make accommodations with borrowers whose payments are not current, so long as such accommodations do not jeopardize the interests of the Fund's investors.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

A loan is considered impaired when, based upon current information and events, it is probable that the Fund will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans are classified as delinquent when payments are 90 days overdue. The accrual of interest income is discontinued when, in management's judgment, the scheduled interest may not be collectible within the stated term of the loan. Interest income is recognized on a cash basis for loans classified as nonaccrual loans, with subsequent payments applied first to interest and fees, if any, and then to principal. Loans classified as nonaccrual loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

PROPERTY
Property is stated at cost if acquired or at fair market value at the date of gift, if donated.

CLASSES OF NET ASSETS AND CONTRIBUTIONS
The financial statements report amounts by classification of net assets. Contributions and net assets without donor restrictions are those currently available at the discretion of the Board for use in the organization's operations and those designated by the Board for specific purposes. Contributions and net assets with donor restrictions include amounts subject to donor-imposed restrictions that will be met either by actions of the Fund or the passage of time. At June 30, 2023, 2022, and 2021, the Fund had no net assets with donor restrictions. The Fund recognizes contributions when cash, securities, or others assets: an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give- that is, those with a measurable performance or other barrier or right of return are not recognized until the conditions on which they depend have been met. As of June 30, 2023, all contributions have been recognized.

During the year ended June 30, 2022, the Fund received a noncash contribution of donated property. The contributed property is held for future investment or use by the Fund. The UPCI purchased the property and subsequently donated it to the Fund. In valuing the contributed property, the Fund estimated the fair value based on the purchase price of the property by the UPCI.

3. INVESTMENTS

Investments are summarized as follows:

	June 30, 2023	June 30, 2022	June 30, 2021
At fair value:			
Money market mutual funds	$ 1,026,325	$ 4,020,506	$ -
Exchange traded funds - fixed income	3,411,006	-	-
Exchange traded funds - equity	9,973,653	10,667,717	-
Mutual funds - fixed income	1,057,521	994,100	-
Mutual funds - equity	801,272	669,771	-
Certificates of deposit	-	-	2,786,733
	16,269,777	16,352,094	2,786,733
At cost:			
Cash	275,132	5,971,830	31,795
Certificates of deposit	1,777,873	735,679	880,096
	2,053,005	6,707,509	911,891
	$ 18,322,782	$ 23,059,603	$ 3,698,624

The Fund uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Fund measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available. The valuations for each of these levels are determined as follows:

Level 1 - Quoted prices for identical instruments traded in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets or model-based valuations where significant assumptions are observable.

Level 3 - Model-based techniques using significant assumptions that are not observable. These unobservable assumptions reflect estimates of assumptions that market participants would use.

All of the Fund's investments held at fair value as of June 30, 2023, 2022, and 2021, are reported at fair value based on quoted prices in active markets, which is Level 1 of the fair value hierarchy.

4. LOANS RECEIVABLE, NET:

Loans receivable are summarized as follows:

	June 30, 2023	June 30, 2022	June 30, 2021
Less than 5.50%	$ 3,913,986	$ 1,918,359	$ 7,150,473
5.50% - 6.00%	55,899,180	55,254,675	46,581,752
6.05% - 6.45%	3,375,940	5,285,504	7,842,102
6.50% - 7.00%	6,417,185	2,467,608	2,397,720
7.05% - 8.45%	2,624,590	52,804	125,058
	72,230,881	64,978,950	64,097,105
Allowance for doubtful loans	(543,819)	(422,363)	(384,565)
	$ 71,687,062	$ 64,556,587	$ 63,712,540
Average interest rate of loans	5.89%	5.82%	5.73%

An analysis of the allowance for doubtful loans is as follows:

	June 30, 2023	June 30, 2022	June 30, 2021
Balance, beginning of year	$ 422,363	$ 384,565	$ 338,180
Provision for doubtful loans	121,456	37,798	46,385
Balance, end of year	$ 543,819	$ 422,363	$ 384,565

The Fund evaluates loans for impairment on an individual basis if the loan is more than 90 days delinquent. These loans are then given a specific allowance based on the estimated net realizable value of property serving as collateral. All other loans are evaluated for a loan allowance on a collective basis. At June 30, 2023, 2022 and 2021, there were no loans individually evaluated for impairment; all loans were collectively evaluated for impairment.

4. LOANS RECEIVABLE, NET, continued:

The following table presents credit exposure by performance status for the years ended June 30, 2023, 2022, and 2021. Status for performing and nonperforming real estate loans is based on payment activity for the year. Payment activity is reviewed by management on a monthly basis to determine how loans are performing. Loans are considered to be nonperforming when days past due is greater than 90 days in the previous month.

Performance status as of loans is as follows:

	June 30,		
	2023	2022	2021
Performing	$ 72,230,881	$ 64,978,950	$ 64,097,105
Nonperforming	-	-	-
	$ 72,230,881	$ 64,978,950	$ 64,097,105

At June 30, 2023, there was one loan with a principal balance of approximately $474,000 that was past due greater than 60 days but less than 90 days past due. At June 30, 2023, there were no other delinquent loans or loans classified as impaired. At June 30, 2022 and 2021, there were no past due loans or loans classified as impaired or delinquent.

Loans at June 30, 2023, are scheduled to mature as follows:

2024	$ 3,258,946
2025	1,139,398
2026	185,449
2027	1,449,443
2028	98,010
Thereafter	66,099,635
	$ 72,230,881

4. LOANS RECEIVABLE, NET, continued:

The Fund had a total of 204 loans at June 30, 2023. Although the Fund has no geographic restrictions on where the loans are made other than where member churches are located, aggregate loans in excess of five percent of total balances are concentrated in the following states:

State	Number	Amount	Percentage of Portfolio
Texas	27	12,330,941	17%
Missouri	16	11,303,712	16%
Florida	10	5,555,642	8%
	53	$ 29,190,295	41%

Loans receivable as of June 30, 2023, are distributed by size of loan as follows:

Balance	Number	Average Balance	Total Balance	Percentage of Portfolio
Less than $150,000	74	$ 86,196	$ 6,378,510	9%
$ 150,000 - 299,999	52	$ 223,393	11,616,438	16%
$ 300,000 - 749,999	56	$ 457,658	25,628,828	35%
$ 750,000 or more	22	$ 1,300,323	28,607,105	40%
	204		$ 72,230,881	100%

Although the Fund has a geographically diverse portfolio of loans to member organizations, concentrations of credit risk exist with respect to the amount of delinquent loans and with respect to individually significant loans, which are defined as those exceeding five percent of the total loan portfolio. There were no individually significant loans as of June 30, 2023 and 2022. At June 30, 2021, these individually significant loans totaled $6,500,000.

5. INVESTMENT CERTIFICATES:

At June 30, 2023, the Fund was indebted on certificates as summarized below:

Type	Term	IRA	Total Certificates
Demand	$ 11,126,717	$ -	$ 11,126,717
One year	21,639,637	381,304	22,020,941
Three year	17,660,561	909,146	18,569,707
Five year	32,418,420	3,971,417	36,389,837
	$ 82,845,335	$ 5,261,867	$ 88,107,202

At June 30, 2022, the Fund was indebted on certificates as summarized below:

Type	Term	IRA	Total Certificates
Demand	$ 12,444,857	$ -	$ 12,444,857
One year	22,665,833	390,606	23,056,439
Three year	17,705,662	900,996	18,606,658
Five year	32,090,984	3,775,536	35,866,520
	$ 84,907,336	$ 5,067,138	$ 89,974,474

At June 30, 2021, the Fund was indebted on certificates as summarized below:

Type	Term	IRA	Total Certificates
Demand	$ 12,592,030	$ -	$ 12,592,030
One year	14,460,986	166,593	14,627,579
Three year	13,909,497	897,936	14,807,433
Five year	33,723,253	3,999,290	37,722,543
	$ 74,685,766	$ 5,063,819	$ 79,749,585

5. INVESTMENT CERTIFICATES, continued:

Investment certificates at June 30, 2023, which bear interest at rates of 1.5% to 4.75%, mature as follows:

Year of Maturity	Total Certificates
Demand	$ 11,126,717
2024	36,949,703
2025	14,648,228
2026	11,114,551
2027	7,420,044
2028	6,847,959
	$ 88,107,202

Approximately 51% of all outstanding investment certificates are concentrated in six states as follows as of June 30, 2023:

State	Number	Amount	Percentage of Portfolio
Missouri (including related parties, Note 5)	119	$ 15,384,305	17%
California	31	8,394,736	9%
Louisiana	90	6,669,926	8%
Texas	77	5,275,017	6%
Georgia	10	5,063,808	6%
Oklahoma	52	4,469,565	5%
	379	$ 45,257,357	51%

Large investors as of June 30, 2023, who are defined as customers with certificate balances of $100,000 or more, are as follows:

Investor Size	Number of Investors	Total Balance	Percentage of Portfolio
Related party (Note 6)	2	$ 8,313,563	9%
Greater than $500,000	32	37,340,032	42%
$200,001-500,000	68	19,951,628	23%
$100,000-200,000	75	10,228,617	12%
	177	$ 75,833,840	86%

6. RELATED PARTY TRANSACTIONS:

The Fund has engaged the UPCI to provide day to day oversight and management of the Fund. In return for these services, the Fund pays a variable fee to the UPCI of the average assets invested in the Fund; the variable fee was up to 150 basis points for the years ended June 30, 2023 and 2022, and up to 100 basis points for the year ended June 30, 2021. In addition, the Fund paid the UPCI $150,000 during the year ended June 30, 2021. This fixed fee was eliminated during the year ended June 30, 2022. Total fees paid were $1,298,798, $1,168,374, and $931,909, for the years ended June 30, 2023, 2022, and 2021, respectively

Investment certificates have been issued to the UPCI and its subsidiary The United Pentecostal Foundation. A loan has been issued to Urshan Collegiate Supporting Organization, a UPCI subsidiary. Certificate balances and interest earned by the organizations as well as loan receivable balances and interest income are as follows:

	June 30, 2023	June 30, 2022	June 30, 2021
UPCI:			
Investment certificates	$ 8,098,344	$ 7,875,208	$ 7,572,487
Interest earned	$ 223,275	$ 193,313	$ 179,962
The United Pentecostal Foundation			
Investment certificates	$ 215,219	$ 324,745	$ 357,453
Interest earned	$ 8,280	$ 20,767	$ 12,926
Urshan Collegiate Supporting Organization			
Loans receivable	$ 7,235,297	$ 2,858,879	$ 9,361,946
Interest income	$ 253,978	$ 444,506	$ 676,423

During the years ended June 30, 2023, 2022, and 2021, the Fund received unrestricted contributions of $100,000, $1,819,581, and $0, respectively, from the UPCI. During the year ended June 30, 2022, the Fund granted $1,000,000 to the UPCI. During the year ended June 30, 2021, the Fund granted $250,000 to Urshan Collegiate Supporting Organization.

7. LINES OF CREDIT:

The Fund has a short-term line of credit from the UPCI and may borrow amounts up to $2,000,000 at a variable interest rate at June 30, 2023, 2022, and 2021. At June 30, 2023, 2022, and 2021, the Fund had no outstanding balance on the line of credit.

8. COMMITMENTS:

In the normal course of business, the Fund makes commitments to extend loans to meet the financing needs of member churches. Outstanding commitments are letters that outline the terms and conditions of the loan to be granted. The commitments represent expected disbursements based on estimated construction costs and may vary based on actual costs of construction. The Fund's exposure to credit loss, in the event of nonperformance by the churches to which it has extended commitments, is limited to the amount of the commitment. The Fund controls the credit risk of its commitments through credit approvals, limits and monitoring procedures. At June 30, 2023, 2022, and 2021, the Fund had extended loan commitments of approximately $5,495,000, $6,533,000, and $4,312,000, respectively.

9. FUNCTIONAL ALLOCATION OF EXPENSES:

The following table presents the functional allocation of expenses for the year ended June 30, 2023:

	Program Services	General and Administrative	Total
Interest expense	$ 2,369,439	$ -	$ 2,369,439
Grants to other organizations	573	-	573
Provision for doubtful loans	121,456	-	121,456
Management fee	943,338	355,460	1,298,798
Professional services	300,364	168,040	468,404
Total	$ 3,735,170	$ 523,500	$ 4,258,670

The following table presents the functional allocation of expenses for the year ended June 30, 2022:

	Program Services	General and Administrative	Total
Interest expense	$ 2,105,452	$ -	$ 2,105,452
Grants to other organizations	1,000,594	-	1,000,594
Provision for doubtful loans	37,798	-	37,798
Management fee	728,728	439,646	1,168,374
Professional services	293,189	49,647	342,836
Total	$ 4,165,761	$ 489,293	$ 4,655,054

The following table presents the functional allocation of expenses for the year ended June 30, 2021:

	Program Services	General and Administrative	Total
Interest expense	$ 2,027,587	$ -	$ 2,027,587
Grants to other organizations	250,000	-	250,000
Provision for doubtful loans	46,385	-	46,385
Management fee	568,786	363,123	931,909
Professional services	201,085	66,800	267,885
Total	$ 3,093,843	$ 429,923	$ 3,523,766

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Management fee is allocated on the basis of estimates of time and effort of the UPCI assigned staff who manage the Fund's operations.

10. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Fund's financial assets reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, unfunded portions of line of credit commitments, or liquidity reserve limits required for church extension funds.

	June 30, 2023	June 30, 2022	June 30, 2021
Financial assets:			
Cash and cash equivalents	$ 2,414,130	$ 5,404,007	$ 16,296,234
Investments	18,322,782	23,059,603	3,698,624
Accrued interest receivable	341,423	303,434	300,784
Loans receivable	71,687,062	64,556,587	63,712,540
Financial assets, at year-end	92,765,397	93,323,631	84,008,182
Less those unavailable for general expenditure within one year, due to:			
Loans receivable collectible beyond one year	(65,925,622)	(61,809,219)	(60,478,265)
Church extension fund required liquidity reserves *	(5,286,432)	(5,398,468)	(4,784,975)
Financial assets available to meet cash needs for general expenditures within one year	$ 21,553,343	$ 26,115,944	$ 18,744,942

The Fund structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Fund intends to offer certificates from time to time to match the demand for loans that it reasonably anticipates and to make mortgage related investments from the Fund as soon as is reasonably practical after receipt of such funds. The Fund expects to operate on a positive margin based upon the spread between the interest, fees and revenues that it generates and the interest costs that it will pay on the Certificates. The Fund also has a short-term line of credit from the UPCI and may borrow amounts up to $2,000,000 as of June 30, 2023, 2022, and 2021, at a variable interest rate. No funds were borrowed under this agreement during the years ended June 30, 2023, 2022, and 2021.

* The North American Securities Administrators Association's statement of policy regarding church extension fund securities states that at the end of its most recent fiscal year as reported in is audited financial statements, the church extension fund's cash, cash equivalents, readily marketable securities and available lines of credit shall have a value of at least 8% of the principal balance of its total outstanding certificates, except that the value of available lines of credit for meeting this standard shall not exceed 2% of the principal balance of its total outstanding certificates. The Fund has adopted this policy.

11. CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject the Fund to concentrations of credit risk consist principally of cash and loans receivable. At June 30, 2023, substantially all of the Fund's cash was held with one financial institution where such cash balances may, at times, be in excess of limits under the Federal Deposit Insurance Corporation. The Fund has not experienced any losses on these accounts and does not believe it is exposed to any significant risk of loss related to these holdings.

Concentrations of credit risk with respect to loans receivable are limited by the secured position of the Fund in most instruments, the number of organizations comprising the Fund's loans receivable base and their dispersion across geographic areas, and the Fund's general policy of limiting the maximum loan amount to any one borrower to the greater of $2,000,000 or 5% of total assets. However, the Fund may make exceptions to this policy upon such determinations as the borrower's exceptionally strong financial position and growth potential. At June 30, 2023, the Fund had one borrower with loans totaling $7,235,297 above 5% of total assets, which represents 8% of total assets. Loans made by the Fund are typically secured by first mortgages and are normally limited to 75% of the aggregate cost or value of the property securing the loan. The Fund has a policy that restricts the Fund from making unsecured loans in excess of 5% of the aggregate balance of the Fund. The Fund was in compliance with this policy at June 30, 2023, 2022, and 2021. There were no unsecured loans as of June 30, 2023, 2022, and 2021. While the Fund may be exposed to credit losses in the event of nonperformance by the above contracting parties, management has established an allowance for potential loan losses, which it believes is adequate to cover any such losses.

A substantial portion of the investment certificates issued by the Fund will be maturing within the next two years. The Fund has insufficient liquid assets to satisfy repayment of this amount. Management anticipates that a substantial portion of these certificates will be reinvested or rolled over into new certificates with the Fund.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through August 23, 2023 which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.