

**THE MISSION AND CHURCH EXTENSION TRUST FUND OF
THE MICHIGAN AREA OF THE UNITED METHODIST CHURCH**

FINANCIAL STATEMENTS

For the Years Ended December 31, 2019, 2018, and 2017

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5-12

SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Mission and Church Extension Trust Fund
Grand Rapids, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of The Mission and Church Extension Trust Fund (a nonprofit organization) (the Trust), which comprise the statements of financial position as of December 31, 2019, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Mission and Church Extension Trust Fund as of December 31, 2019, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Seber Tans, PLLC

Seber Tans, PLC
Kalamazoo, Michigan
March 31, 2020

The Mission and Church Extension Trust Fund
Statements of Financial Position
December 31, 2019, 2018 and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 767,623	\$ 449,561	\$ 2,702,982
Investments	5,421,339	3,499,290	4,311,851
Accounts receivable	-	-	1,937
Promissory notes receivable	18,945	8,910	18,666
Mortgage notes receivable	2,394,300	1,041,217	857,478
Total Current Assets	<u>8,602,207</u>	<u>4,998,978</u>	<u>7,892,914</u>
Other Assets			
Promissory notes receivable, less current portion	102,218	37,209	635
Mortgage notes receivable, less current portion	7,018,859	9,421,806	7,647,680
Total Other Assets	<u>7,121,077</u>	<u>9,459,015</u>	<u>7,648,315</u>
Total Assets	<u>\$ 15,723,284</u>	<u>\$ 14,457,993</u>	<u>\$ 15,541,229</u>
Liabilities and Net Assets			
Current Liabilities			
Investment accounts payable	\$ 12,345,824	\$ 11,974,232	\$ 12,946,848
Net Assets without Donor Restrictions			
Designated liquidity reserve	987,666	957,939	1,035,748
Undesignated net assets	2,389,794	1,525,822	1,558,633
Total Net Assets	<u>3,377,460</u>	<u>2,483,761</u>	<u>2,594,381</u>
Total Liabilities and Net Assets	<u>\$ 15,723,284</u>	<u>\$ 14,457,993</u>	<u>\$ 15,541,229</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

The Mission and Church Extension Trust Fund
Statements of Activities
For the Years Ended December 31, 2019, 2018 and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenue			
Mortgage note interest income	\$ 467,243	\$ 476,311	\$ 395,599
Promissory note interest income	2,114	1,374	2,518
Interest income	1,522	4,373	2,286
Other income	1,500	11,100	700
Total Revenue	<u>472,379</u>	<u>493,158</u>	<u>401,103</u>
Expenses			
Program Expenses			
Investment interest expenses	319,853	318,119	342,865
Resident agent expenses	33,200	35,638	34,600
Account services expenses	21,324	20,703	20,100
Loan officer expenses	-	14,935	14,500
Total Program Expenses	<u>374,377</u>	<u>389,395</u>	<u>412,065</u>
Supporting Services			
Accounting services	27,583	26,780	26,000
Legal fees	16,000	16,195	21,788
Audit fee	6,750	6,900	6,700
Computer support services	6,000	6,000	5,500
Travel expenses	2,958	2,598	2,599
Office expense	2,000	2,020	2,000
Computer and software expenses	2,000	2,000	1,500
Insurance expense	1,900	3,960	2,080
Miscellaneous expense	1,543	2,249	9,101
Postage	1,500	1,500	1,539
Telephone	1,500	1,500	1,500
Total Supporting Services	<u>69,734</u>	<u>71,702</u>	<u>80,307</u>
Net Operating Income (Loss)	28,268	32,061	(91,269)
Investment Income (Loss)			
Investment income	52,981	57,977	58,472
Unrealized gains (losses)	723,096	(417,486)	617,624
Realized gains	89,354	216,828	109,823
Total Investment Income (Loss)	<u>865,431</u>	<u>(142,681)</u>	<u>785,919</u>
Change in Net Assets	893,699	(110,620)	694,650
Net Assets at Beginning of Year	<u>2,483,761</u>	<u>2,594,381</u>	<u>1,899,731</u>
Net Assets at End of Year	<u><u>\$ 3,377,460</u></u>	<u><u>\$ 2,483,761</u></u>	<u><u>\$ 2,594,381</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements.

The Mission and Church Extension Trust Fund
Statements of Cash Flows
For the Years Ended December 31, 2019, 2018 and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase (decrease) in net assets	\$ 893,699	\$ (110,620)	\$ 694,650
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Change in accounts receivable	-	1,937	(1,937)
Net Cash Provided by (Used In) Operating Activities	<u>893,699</u>	<u>(108,683)</u>	<u>692,713</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of new investments	(3,646,071)	(3,149,664)	(1,377,805)
Sales of investments	2,591,552	3,819,544	1,379,669
Unrealized (gains) losses on investments	(723,096)	417,486	(617,624)
Realized gains on investments	(89,354)	(216,828)	(109,823)
Investment income	(52,981)	(57,977)	(58,472)
Proceeds from mortgage notes receivable	1,456,864	1,241,537	1,207,472
Issuance of mortgage notes receivable	(407,000)	(3,199,402)	(703,433)
Proceeds from promissory notes receivable	44,957	22,182	41,457
Issuance of promissory notes receivable	(120,000)	(49,000)	-
Net Cash Used in Investing Activities	<u>(945,129)</u>	<u>(1,172,122)</u>	<u>(238,559)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from investment accounts payable	1,806,374	1,444,165	1,829,243
Reinvested interest on investment accounts payable	261,078	254,056	285,265
Repayments of investment accounts payable	(1,697,960)	(2,670,837)	(1,458,359)
Net Cash Provided by (Used In) Operating Activities	<u>369,492</u>	<u>(972,616)</u>	<u>656,149</u>
Net Increase (Decrease) in Cash	318,062	(2,253,421)	1,110,303
Cash at Beginning of Year	<u>449,561</u>	<u>2,702,982</u>	<u>1,592,679</u>
Cash at End of Year	<u>\$ 767,623</u>	<u>\$ 449,561</u>	<u>\$ 2,702,982</u>
Supplemental Cash Flow Information:			
Cash paid for interest	<u>\$ 319,853</u>	<u>\$ 318,119</u>	<u>\$ 342,865</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2019, 2018, and 2017

NOTE A – Summary of Significant Accounting Policies

Organization Purpose

The Mission and Church Extension Trust Fund (the Trust or the Fund) provides a pooling of financial resources of Michigan United Methodist for the financing of capital needs of Michigan United Methodist churches and church-related organizations. The Trust Fund provides a financial opportunity whereby Michigan United Methodists can realize an investment in the future of the United Methodist Church while at the same time being good stewards of their own financial resources. The primary purpose of the Fund is to provide a source of funds for borrowing by United Methodist churches and church-related organizations in the state of Michigan to be used for church buildings, additions, and improvements. A secondary purpose of the Fund is to provide a prudent and safe investment opportunity for members of the United Methodist Church in the state of Michigan and for churches and church-related organizations.

The Trust does not have any employees. The United Methodist Foundation (the Foundation) provides administrative support and services to the Trust. The Trust is charged a monthly fee, based on the agreed upon budget for the Trust set by the board at the beginning of the year, for administrative services provided by the Foundation.

Basis of Presentation and Income Allocation

The financial statements of the Trust have been prepared on the accrual basis of accounting. Revenues consisting of interest and dividends are generally recognized when earned. Realized gains and losses are recognized when incurred. Unrealized gains and losses are recognized based on changes in the fair value of investments. Expenses are recorded when incurred. The Trust is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Trust has designated, from net assets without donor restrictions, net assets for a liquidity reserve.

Net assets with donor restrictions – The Trust reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

For the years ended December 31, 2019, 2018, and 2017, the Trust did not have any net assets with donor restrictions.

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2019, 2018, and 2017

NOTE A – Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of management's estimates. These estimates affect the amounts reported in the financial statements and the disclosures provided. Actual results may differ from management's estimates.

Risk

The Trust utilizes various investment instruments, which are exposed to risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in their values could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Additionally, some investments held by the Trust are invested in the securities of foreign companies, which involve special risks and considerations not typically associated with investing in securities of U.S. companies. These risks include devaluation of currencies and political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than securities of comparable U.S. companies.

Financial Instruments

The Trust's financial instruments consist of cash and cash equivalents, investment securities, common stocks, accounts receivable, promissory notes receivable, mortgages receivable, accounts payable, and investment accounts payable. The organization's estimates of fair value approximate their carrying amounts.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the organization considers highly liquid investments with an initial maturity of three months or less, other than amounts held for investment, to be cash equivalents.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Fund will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of December 31, 2019, approximately \$538,000 of the Fund's bank balances of approximately \$788,000 was exposed to custodial credit risk because they were uninsured and uncollateralized.

Income Taxes

The Trust is exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code and from state income taxes. Contributions to the Trust are deductible as charitable contributions for federal income tax purposes. In addition, the Trust has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2019, 2018, and 2017

NOTE A – Summary of Significant Accounting Policies (Continued)

Mortgage and Promissory Notes Receivable

Mortgage and promissory notes are recorded at cost which approximates fair value. Interest is recorded monthly when it is received, the results of which are not materially different than the accrual basis. Management evaluates individual loans for impairment annually and, if necessary, recognizes an allowance for any amounts believed to be uncollectible. If a loan is determined to be impaired, it is classified as non-performing at that time. As of December 31, 2019, 2018 and 2017, management determined that it did not have any non-performing loans and that an allowance for loan losses was not necessary. In certain circumstances, a church may be allowed to make interest only payments for a 12-month period.

Investments and Investment Income

The Trust has funds invested with the United Methodist Foundation Collective Investment Fund (the Investment Fund) and through an account with Charles Schwab. The United Methodist Foundation of Michigan is the administrator of the Investment Fund. The assets of the Investment Fund are held by Merrill Lynch. All investments are invested at the Trust's direction.

Investments are presented in the financial statements at fair value in accordance with accounting principles generally accepted in the United States of America. Changes in fair value are recorded as unrealized gains (losses). Realized gains (losses) are recorded upon the sale of the investments. Interest income is recognized under the accrual basis and dividend income is recognized on the ex-dividend date.

Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported.

Functional Allocation Expenses

The costs of program and supporting services activities have been summarized on a natural basis in the statement of activities. Classification of program and supporting services expenses are determined based on the actual dollar amount incurred, therefore management has determined no allocation is necessary. The investment interest, resident agent, and account services expenses are program expenses and the remaining expenses are classified as supporting services.

Subsequent Events

Management has evaluated subsequent events through March 31, 2020, the date the consolidated financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which have negatively impacted investment value and could impact a church's ability to pay on its loan. Other financial impact could occur though such potential impact is unknown at this time.

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2019, 2018, and 2017

NOTE B – Financial Instruments and Fair Value Measurements

As described in Note A, the Trust's estimates of the fair value of financial assets and liabilities approximate carrying value. Financial accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Trust has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table summarizes the valuation of the Trust's investments by the aforementioned pricing categories at December 31, 2019:

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
Investments:				
Common stocks	\$ 2,898,137	\$ 2,898,137	\$ -	\$ -
Funds managed by collective stock fund	<u>2,523,202</u>	<u>2,523,202</u>	-	-
Total Investments	<u>\$ 5,421,339</u>	<u>\$ 5,421,339</u>	<u>\$ -</u>	<u>\$ -</u>

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2019, 2018, and 2017

NOTE B – Financial Instruments and Fair Value Measurements (Continued)

The following table summarizes the valuation of the Trust's investments by the aforementioned pricing categories at December 31, 2018:

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
Investments:				
Common stocks	\$ 2,451,847	\$ 2,451,847	\$ -	\$ -
Funds managed by collective stock fund	1,047,443	1,047,443	-	-
Total Investments	<u>\$ 3,499,290</u>	<u>\$ 3,449,290</u>	<u>\$ -</u>	<u>\$ -</u>

The following table summarizes the valuation of the Trust's investments by the aforementioned pricing categories at December 31, 2017:

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
Investments:				
Money market funds	\$ 9,704	\$ 9,704	\$ -	\$ -
Common stocks	2,548,599	2,548,599	-	-
Funds managed by collective stock fund	1,753,548	1,753,548	-	-
Total Investments	<u>\$ 4,311,851</u>	<u>\$ 4,311,851</u>	<u>\$ -</u>	<u>\$ -</u>

Funds managed by the collective stock fund are a collection of stocks managed by the United Methodist Foundation; all of these stocks are traded in an active market.

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2019, 2018, and 2017

NOTE C – Mortgage and Promissory Notes Receivable

Principal payments on mortgage and promissory notes are receivable over future years as follows at December 31:

Mortgages notes receivable:	2019	2018	2017
Receivable in less than 1 year	\$ 2,934,300	\$ 1,041,217	\$ 857,478
Receivable in one to five years	7,011,557	6,541,400	3,415,075
Receivable in six to ten years	7,302	2,880,406	4,232,605
Total mortgage notes receivable	<u>\$ 9,413,159</u>	<u>\$ 10,463,023</u>	<u>\$ 8,505,158</u>
Promissory notes receivable:	2019	2018	2017
Receivable in less than 1 year	\$ 18,945	\$ 8,910	\$ 18,666
Receivable in one to five years	67,093	37,209	635
Receivable in six to ten years	35,125	-	-
Total promissory notes receivable	<u>\$ 121,163</u>	<u>\$ 46,119</u>	<u>\$ 19,301</u>

The Trust has mortgages and promissory loans extended to churches in the state of Michigan. Terms of the notes and interest rates offered are approved by the Board of Trustees and are targeted to be competitive with rates available in commercial markets for similar loans. The safety of the investment is based on economic decisions, loan policies and practices, management of the loan portfolio and low administrative expenses.

As of December 31, 2019, 2018, and 2017, all mortgage notes were current as to scheduled principal and interest payments.

Management has evaluated the need for an allowance for loan losses based on the risks inherent in the portfolio and the estimated value of the borrowing organizations. Based on management's evaluation, as of December 31, 2019, there is no allowance for loan losses.

A description of the loans outstanding as of December 31, 2019, is as follows:

Stratification by Outstanding Principal	Number of Mortgage Notes	Principal Amount
\$0-100,000	8	\$ 365,445
\$100,001-250,000	12	2,083,707
\$250,001-500,000	8	2,783,050
\$500,001+	6	4,180,957
Total mortgage notes receivable	<u>34</u>	<u>\$ 9,413,159</u>
Stratification by Outstanding Principal	Number of Promissory Notes	Principal Amount
\$0-25,000	3	\$ 36,532
\$75,001+	1	84,631
Total promissory notes receivable	<u>4</u>	<u>\$ 121,163</u>

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2019, 2018, and 2017

NOTE C – Mortgage and Promissory Notes Receivable (Continued)

A description of the loans outstanding as of December 31, 2018, is as follows:

Stratification by Outstanding Principal	Number of Mortgage Notes	Principal Amount
\$0-100,000	7	\$ 431,390
\$100,001-250,000	8	1,334,333
\$250,001-500,000	10	3,394,920
\$500,001+	7	5,302,380
Total mortgage notes receivable	32	\$ 10,463,023

Stratification by Outstanding Principal	Number of Promissory Notes	Principal Amount
\$0-25,000	1	\$ 17,440
\$25,001-50,000	1	28,679
Total promissory notes receivable	2	\$ 46,119

A description of the loans outstanding as of December 31, 2017, is as follows:

Stratification by Outstanding Principal	Number of Mortgage Notes	Principal Amount
\$0-100,000	6	\$ 280,783
\$100,001-250,000	7	903,269
\$250,001-500,000	11	3,755,451
\$500,001+	5	3,565,655
Total mortgage notes receivable	29	\$ 8,505,158

Stratification by Outstanding Principal	Number of Promissory Notes	Principal Amount
\$0-25,000	2	\$ 19,301
Total promissory notes receivable	2	\$ 19,301

All loans outstanding as of December 31, 2019, 2018, and 2017, had interest rates ranging from 4.74% to 6%.

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2019, 2018, and 2017

NOTE D – Investment Accounts Payable

The Trust offers investments at 100% of their face value. The purpose of the offering is to raise money to support the Trust’s mission. The minimum initial investment is \$100. Investment accounts are unsecured general debt obligations. The investments pay interest at a variable interest rate, which is subject to change from time to time upon 30 days’ prior written notice. An election is made at the time of purchase to have the interest either paid to the purchaser or reinvested and added to the principal balance of the investment quarterly. Withdrawals of all or part of the investments are payable within 60 days. For the years ended December 31, 2017 and December 31, 2018, the annual interest rate offered on all investments was 2.75%. Effective January 1, 2019, the annual interest rate offered on all investments was 2.50% and returned to 2.75% as of July 1, 2019.

Redemption requests could exceed available cash and other liquid assets. At December 31, 2019, the Trust had liquid assets consisting of cash and cash equivalents of approximately \$768,000 and investments of approximately \$5,400,000. Outstanding investment accounts payable totaled approximately \$12,346,000.

NOTE E – Related Party Transactions

Included in the Fund’s investments and investment accounts payable are amounts held at and for the United Methodist Foundation of Michigan (the Foundation), a related nonprofit corporation. Investments held at the Foundation totaled approximately \$2,525,000, \$1,050,000, and \$1,750,000 as of December 31, 2019, 2018 and 2017, respectively. Investments payable to the Foundation from the Fund totaled approximately \$880,000 as of December 31, 2019, 2018 and 2017.

The Fund also reimburses the Foundation for payroll and other administrative expenses. Payroll and administrative expenses paid to the Foundation totaled approximately \$124,000, \$114,000, and \$103,000 for the years ended December 31, 2019, 2018 and 2017 respectively.

NOTE F – Liquidity and Availability

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following:

	2019	2018	2017
Cash	\$ 767,623	\$ 449,561	\$ 2,702,982
Investments	5,421,339	3,499,290	4,311,851
Accounts receivable	-	-	1,937
Total Financial assets	<u>\$ 6,188,962</u>	<u>\$ 3,948,851</u>	<u>\$ 7,016,770</u>
Board designated liquidity reserve	(987,666)	(957,939)	(1,035,748)
Total available for operations	<u>\$ 5,201,296</u>	<u>\$ 2,990,912</u>	<u>\$ 5,981,022</u>

As discussed in Note C, the Fund has investment accounts payable which are payable within 60 days upon request of the investor. Redemption requests on these investments could exceed available cash and other liquid assets; however, management has determined that to be unlikely. The Board has designated 8% of total investment accounts payable as a liquidity reserve for potential future withdrawal. This reserve is not donor restricted and could be changed at the Board’s discretion.