




The International Pentecostal Holiness Church Extension Loan Fund, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2025, 2024, 2023, and 2022



The International Pentecostal Holiness Church Extension Loan Fund, Inc.
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December 31, 2025, 2024, 2023, and 2022

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Independent Auditor's Report

Council of Bishops and Board of Directors
The International Pentecostal Holiness Church Extension Loan Fund, Inc.
Bethany, Oklahoma

Opinion

We have audited the financial statements of The International Pentecostal Holiness Church Extension Loan Fund, Inc. ("the Fund"), which comprise the statements of financial position as of December 31, 2025, 2024, 2023, and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The International Pentecostal Holiness Church Extension Loan Fund, Inc. as of December 31, 2025, 2024, 2023, and 2022, 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.

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 International Pentecostal Holiness Church Extension Loan Fund, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, to the financial statements, in 2023, the Fund adopted ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The International Pentecostal Holiness Church Extension Loan Fund, Inc.'s ability to continue as a going concern within one year after the date that these 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 International Pentecostal Holiness Church Extension Loan 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The International Pentecostal Holiness Church Extension Loan 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.

Forvis Mazars, LLP

**Springfield, Missouri
May 11, 2026**

The International Pentecostal Holiness Church Extension Loan Fund, Inc.
Statements of Financial Position
December 31, 2025, 2024, 2023, and 2022

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
ASSETS				
Cash and cash equivalents	\$ 5,504,102	\$ 13,824,505	\$ 10,947,621	\$ 10,626,287
Investments	16,171,345	7,873,352	8,790,611	7,438,771
Investments held by affiliates	504,829	505,079	504,438	630,513
Loans, net of allowance for credit losses; 2025 – \$375,120; 2024 – \$372,986; 2023 – \$409,878; and 2022 – \$1,032,748	36,198,501	34,604,882	35,170,540	36,998,038
Accrued interest receivable	83,467	77,876	93,553	83,459
Foreclosed assets held for sale, net	243,000	349,106	349,106	580,416
Foreclosed assets held for lease, net	262,293	268,179	274,064	-
Software and equipment, net	9,937	19,073	27,416	35,159
Other	3,817	6,817	9,817	13,245
Total Assets	<u>\$ 58,981,291</u>	<u>\$ 57,528,869</u>	<u>\$ 56,167,166</u>	<u>\$ 56,405,888</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Certificates				
Savings	\$ 2,183,130	\$ 2,975,873	\$ 4,485,143	\$ 4,910,145
Fixed rate certificates	43,819,318	41,729,489	39,323,993	39,432,442
Individual retirement accounts	2,654,389	2,962,589	3,162,957	4,456,123
Total Certificates	48,656,837	47,667,951	46,972,093	48,798,710
Interest payable	69,253	71,992	62,243	44,339
Accounts payable and accrued expenses	80,675	53,878	20,125	70,398
Total Liabilities	48,806,765	47,793,821	47,054,461	48,913,447
Net Assets				
Without donor restrictions	10,174,526	9,735,048	9,112,705	7,492,441
Total Net Assets	10,174,526	9,735,048	9,112,705	7,492,441
Total Liabilities and Net Assets	<u>\$ 58,981,291</u>	<u>\$ 57,528,869</u>	<u>\$ 56,167,166</u>	<u>\$ 56,405,888</u>

The International Pentecostal Holiness Church Extension Loan Fund, Inc.
Statements of Activities
Years Ended December 31, 2025, 2024, 2023, and 2022

	Without Donor Restrictions			
	2025	2024	2023	2022
Revenues, Gains, and Other Support				
Interest on loans	\$ 2,316,856	\$ 2,235,175	\$ 2,177,085	\$ 2,158,622
Net investment return	1,035,145	1,028,682	1,217,581	(1,888,382)
Other revenue	11,023	14,049	52,604	33,474
Total Revenues, Gains, and Other Support	<u>3,363,024</u>	<u>3,277,906</u>	<u>3,447,270</u>	<u>303,714</u>
Expenses and Losses				
Interest on savings, fixed rate certificates, and individual retirement accounts	1,697,188	1,610,021	1,239,973	1,103,637
Provision (benefit) for credit losses	2,445	(22,099)	(691,093)	(22,402)
Salaries and benefits	540,773	452,936	341,443	492,397
Foreclosed assets, net	107,610	(1,029)	25,446	24,355
Other expenses	575,530	615,735	840,177	565,125
Total Expenses and Losses	<u>2,923,546</u>	<u>2,655,563</u>	<u>1,755,946</u>	<u>2,163,112</u>
Change in Net Assets	<u>439,478</u>	<u>622,343</u>	<u>1,691,324</u>	<u>(1,859,398)</u>
Net Assets, Beginning of Year, As Previously Reported	9,735,048	9,112,705	7,492,441	9,351,839
Change in Accounting Principle - ASC Topic 326	-	-	(71,060)	-
Net Assets, Beginning of Year, As Adjusted	<u>9,735,048</u>	<u>9,112,705</u>	<u>7,421,381</u>	<u>9,351,839</u>
Net Assets, End of Year	<u>\$ 10,174,526</u>	<u>\$ 9,735,048</u>	<u>\$ 9,112,705</u>	<u>\$ 7,492,441</u>

The International Pentecostal Holiness Church Extension Loan Fund, Inc.
Statements of Cash Flows
Years Ended December 31, 2025, 2024, 2023, and 2022

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Activities				
Change in net assets	\$ 439,478	\$ 622,343	\$ 1,691,324	\$ (1,859,398)
Items not requiring (providing) cash				
Depreciation	15,022	14,481	9,113	8,274
Provision (benefit) for credit losses	2,445	(22,099)	(691,093)	(22,402)
Net realized and unrealized (gains) losses on investments	(83,095)	(155,204)	(569,383)	2,207,930
Interest refinanced by borrowers	(4,034)	(9,514)	(8,615)	(6,201)
Net (gain) loss on foreclosed assets	-	-	21,337	(232)
Donation of nonfinancial asset	106,106	-	196,173	-
Changes in				
Accrued interest receivable	(5,591)	15,677	(10,094)	(697)
Accrued interest payable	(2,739)	9,749	17,904	2,899
Other assets	3,000	3,000	3,428	2,750
Accounts payable and accrued expenses	26,486	33,753	(51,477)	43,271
Net Cash Provided by Operating Activities	<u>497,078</u>	<u>512,186</u>	<u>608,617</u>	<u>376,194</u>
Investing Activities				
Proceeds from the sale of foreclosed assets	-	-	13,800	68,150
Purchase of software and equipment	-	(253)	(1,370)	(13,073)
Purchases of investments and interest-bearing time deposits in banks	(16,692,566)	(10,748,828)	(8,120,457)	(8,300,219)
Proceeds from the sales of investments and interest-bearing time deposits in banks	8,477,918	11,820,650	7,464,075	9,793,541
Originations of loans receivable	(2,532,400)	(3,368,818)	(6,621,400)	(7,759,010)
Principal payments received on loans receivable	940,681	3,966,089	8,804,686	7,373,388
Net Cash Provided by (Used in) Investing Activities	<u>(9,806,367)</u>	<u>1,668,840</u>	<u>1,539,334</u>	<u>1,162,777</u>
Financing Activities				
Redemption of certificates	(7,237,664)	(7,652,343)	(11,618,041)	(5,110,444)
Proceeds from new certificates	8,226,550	8,348,201	9,791,424	7,560,572
Net Cash Provided by (Used in) Financing Activities	<u>988,886</u>	<u>695,858</u>	<u>(1,826,617)</u>	<u>2,450,128</u>
Increase (Decrease) in Cash and Cash Equivalents	(8,320,403)	2,876,884	321,334	3,989,099
Cash and Cash Equivalents, Beginning of Year	<u>13,824,505</u>	<u>10,947,621</u>	<u>10,626,287</u>	<u>6,637,188</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,504,102</u>	<u>\$ 13,824,505</u>	<u>\$ 10,947,621</u>	<u>\$ 10,626,287</u>
Supplemental Cash Flows Information				
Interest paid to certificate holders	\$ 146,685	\$ 185,360	\$ 139,835	\$ 194,762
Interest reinvested by certificate holders	\$ 1,553,242	\$ 1,414,912	\$ 1,082,234	\$ 905,976
Interest refinanced by borrowers	\$ 4,034	\$ 9,514	\$ 8,615	\$ 6,201
Reinvestment of certificates	\$ 25,807,048	\$ 19,600,625	\$ 13,797,566	\$ 16,514,267
Real estate acquired in settlement of loans	\$ -	\$ -	\$ 274,064	\$ 580,416
Sale and financing of foreclosed assets	\$ -	\$ -	\$ -	\$ 400,250
Donation of nonfinancial asset	\$ -	\$ -	\$ 196,173	\$ -

The International Pentecostal Holiness Church Extension Loan Fund, Inc.
Notes to Financial Statements
December 31, 2025, 2024, 2023, and 2022

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The International Pentecostal Holiness Church Extension Loan Fund, Inc. (the "Fund") was incorporated in Oklahoma as a not-for-profit corporation by the predecessor to the International Pentecostal Holiness Church (the "Church"). The Fund was established on January 21, 1958, for the purpose of raising and loaning money to local churches, regional conferences, and other affiliates of the Church to assist in financing capital improvement projects, including the construction of new church facilities and the purchase or remodeling of existing church facilities. The Fund is a not-for-profit corporation which is organized and operates as a separate legal entity distinct from the Church. The Fund is supervised and directed by a Board of Directors consisting of the president and seven additional members. Of these seven members, at least four are required to be lay persons experienced in the fields of banking and mortgage finance. The additional seven directors of the Fund's Board serve two-year terms upon nomination by the Executive Committee of the Council of Bishops and ratification by the entire Council of Bishops.

Use of Estimates

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for credit losses and the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans. In connection with the determination of the allowance for credit losses and the valuation of foreclosed assets held for sale, management obtains independent appraisals for significant properties.

Cash and Cash Equivalents

Cash and cash equivalents includes funds held in banks for operating purposes and investments held in FDIC deposits. Funds invested in temporary investments are not considered cash equivalents. At December 31, 2025, the Fund's cash accounts exceeded federally insured limits by approximately \$5,554,000.

Investments

The Fund measures investments, other than investments that qualify for the equity method of accounting, at fair value. Investments in real estate income funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. The investment in the real estate income fund (REIF) may be requested to be redeemed by the REIF; however, redemption is at their discretion.

The Fund measures equity securities without a readily determinable fair value at cost, minus impairment, if any, plus or minus changes resulting from observable price changes for the identical or a similar investment.

For equity securities measured under the practicability exception, the Fund performs a qualitative assessment for equity investments without readily determinable fair values considering impairment indicators to evaluate whether an impairment exists. If an impairment exists, the Fund will recognize a loss based on the difference between carrying value and fair value.

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Net Investment Return

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their outstanding principal balances adjusted for any charge-offs, the allowance for credit losses, and any deferred fees or costs on originated loans. Generally, these loans are collateralized by first mortgages on the primary buildings and facilities owned by the borrowers.

Interest income is accrued based on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and amortized as a level-yield adjustment over the respective term of the loan.

The accrual of interest on loans is generally discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Credit Losses – Loans

The allowance for credit losses is established as losses are expected to occur through a provision (benefit) for credit losses charged to income. Credit losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for credit losses is evaluated on a regular basis by management.

Groups of loans with similar risk characteristics are collectively evaluated. Loans that do not share risk characteristics are evaluated on an individual basis. Loans with similar risk characteristics are grouped into homogenous segments, or pools, for analysis.

A weighted average remaining maturity (WARM) model was utilized for all loan pool segments and the results are aggregated at the pool level. The WARM model uses historical losses, as adjusted for reasonable and supportable forecast expectations, and applies those adjusted loss rates to the effective term of the loan portfolio.

The Fund has identified the following portfolio segments: Loans secured by real estate and Other loans.

In determining the proper level of the allowance for credit loss, the Fund determined that the loss experience provides the best basis for the assessment of expected credit losses. The Fund therefore used historical credit loss experience by each loan segment over an economic cycle. For the segment models for collectively evaluated loans, the Fund incorporated two macroeconomic factors to adjust the historical credit loss experience.

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The Fund qualitatively adjusts model results for risk factors that are not considered within the modeling processes but are nonetheless relevant in assessing the expected credit losses within the loan pools. These qualitative factors and other qualitative adjustments may increase or decrease the Fund's estimate of expected credit losses by a calculated percentage or amount based upon the estimated level of risk. The various risks that may be considered in making qualitative adjustments include, among other things, the impact of:

- (A) Changes in lending policies and procedures, including changes in underwriting standards and practices for collections, write-offs, and recoveries
- (B) Actual and expected changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of the loan pools
- (C) Changes in the nature and volume of the loan pools and in the terms of the underlying loans
- (D) Changes in the experience, ability, and depth of our lending management and staff
- (E) Changes in volume and severity of past due financial assets, and the volume of nonaccrual assets
- (F) Changes in the quality of our credit review function
- (G) Changes in the value of the underlying collateral for loans that are non-collateral dependent
- (H) Other factors such as the regulatory, legal and technological environments; competition; and events such as natural disasters or health pandemics

For those loans that are individually evaluated, an allowance is established when the discounted collateral value of the loan is lower than the carrying value of that loan.

Allowance for Credit Losses – Off-Balance-Sheet Credit Exposures

The allowance for credit losses on off-balance-sheet credit exposures is a liability account, representing expected credit losses over the contractual period for which the Fund is exposed to credit risk resulting from a contractual obligation to extend credit. No allowance is recognized if the Fund has the unconditional right to cancel the obligation. The allowance is reported as a component of accounts payable and accrued expenses in the statements of financial position. Adjustments to the allowance are reported in the statements of activities as a component of credit loss expense. The allowance for credit losses on off-balance-sheet credit exposures is described more fully in *Note 3*.

Software and Equipment

Software and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets.

Foreclosed Assets Held for Sale

Assets were acquired through, or in lieu of, loan foreclosure. Real estate owned and held for sale is initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in change in net assets or expense from foreclosed assets.

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Foreclosed Assets Held for Lease

Assets were acquired through, or in lieu of, loan foreclosure. Real estate owned and held for lease is initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Real estate owned and held for lease is currently being leased and is being depreciated on a straight-line basis over the estimated life of the property, which is between 25 and 39 years.

Fixed Rate, Savings, and IRA Certificates

The Fund offers and sells to investors unsecured general debt obligations in the form of fixed rate certificates, savings certificates and individual retirement account (IRA) certificates, subject to the availability, terms, conditions and risks described in the Fund's Offering Circular. The fixed rate and individual retirement account (IRA) certificates pay interest based on a fixed rate from the date of purchase through maturity. Fixed rate certificates accrue interest daily and pay interest monthly, quarterly, or semi-annually at the investor's option (or, if issued in 2001 or earlier, pay interest semiannually based on the date of the certificate). For savings certificates, interest is accrued daily based on a variable rate and paid or reinvested (at the investor's option) semiannually on June 30 and December 31.

Interest is calculated based on a 365-day year. The Fund does not possess any deposit insurance from a third-party insurer or state or federal deposit insurance agency. The payment of principal and interest on the certificates depends solely upon the financial condition of the Fund at the time payment is due. The payment of principal and interest on all certificates is a general obligation of the Fund. Principal and interest on the savings certificates are payable at any time within 30 days after an investor sends the Fund a written demand to redeem. Fixed rate certificates and IRA certificates are of varying terms from six months to 60 months and pay interest at rates determined by the Fund, which may vary based upon the principal amount.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has at times designated, from net assets without donor restrictions, net assets for a Board-designated purpose.

Functional Allocation of Expenses

Functional expenses (*Note 9*) present the natural classification detail of expenses by function. Certain costs have been allocated between the program and supporting services based on usage and other methods.

Exemption from Income Taxes

The Fund is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as provided by a group letter ruling issued to the Church from the Internal Revenue Service and a similar provision of state law. However, the Fund is subject to federal income tax on any unrelated business taxable income.

Revisions

Certain immaterial revisions have been made to the 2024 disclosures for related party transactions in Note 11. These revisions did not have an impact on any financial statement line items.

The International Pentecostal Holiness Church Extension Loan Fund, Inc.
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Adoption of New Accounting Standard

On January 1, 2023, the Fund adopted ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The Fund adopted ASC 326 using a modified retrospective method for all financial instruments measured at amortized cost and off-balance-sheet credit exposures. Reporting periods beginning after January 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Fund recorded a net decrease to net assets of \$71,060 as of January 1, 2023 for the cumulative effect of adopting ASC 326.

The following table describes the impact of ASC 326 on the adoption date:

	January 1, 2023		
	As Reported Under ASC 326	Pre-ASC 326 Adoption	Impact of ASU 326 Adoption
Assets			
Allowance for credit losses on loans			
Loans secured by real estate	\$ 1,096,604	\$ 1,007,488	\$ 89,116
Other loans	6,000	25,260	(19,260)
	<u>\$ 1,102,604</u>	<u>\$ 1,032,748</u>	<u>\$ 69,856</u>
Total allowance for credit losses on loans	<u>\$ 1,102,604</u>	<u>\$ 1,032,748</u>	<u>\$ 69,856</u>
Liabilities			
Allowance for credit losses on off-balance-sheet credit exposures (reflected in accounts payable and accrued expenses)	\$ 1,204	\$ -	\$ 1,204
	<u>\$ 1,204</u>	<u>\$ -</u>	<u>\$ 1,204</u>
Net Assets Without Donor Restrictions	<u>\$ 7,421,381</u>	<u>\$ 7,492,441</u>	<u>\$ (71,060)</u>

The International Pentecostal Holiness Church Extension Loan Fund, Inc.
Notes to Financial Statements
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Note 2. Investments

Investments consisted of the following at December 31, 2025, 2024, 2023, and 2022:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Money market mutual funds	\$ 761,334	\$ 3,291,152	\$ 52,115	\$ 205
Interest-bearing investments with other loan funds	166,343	160,170	1,464,034	1,030,284
U.S. Treasury securities	-	-	3,102,528	-
Common stock	44,400	-	-	-
Mutual funds	12,152,154	2,459,153	2,826,867	4,710,616
Exchange-traded funds	2,733,412	1,584,198	902,562	1,358,650
Investment in Carolina Education and Ministry Investors Two, LLC	504,829	505,079	504,438	504,817
Real estate income fund	313,702	378,679	442,505	464,712
	<u>\$ 16,676,174</u>	<u>\$ 8,378,431</u>	<u>\$ 9,295,049</u>	<u>\$ 8,069,284</u>

Net investment return is comprised of the following:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net realized and unrealized gains (losses)	\$ 83,095	\$ 155,204	\$ 569,383	\$ (2,207,930)
Interest and dividends	1,002,349	913,884	685,647	387,100
Investment fees	<u>(50,299)</u>	<u>(40,406)</u>	<u>(37,449)</u>	<u>(67,552)</u>
Total net investment return	<u>\$ 1,035,145</u>	<u>\$ 1,028,682</u>	<u>\$ 1,217,581</u>	<u>\$ (1,888,382)</u>

As of December 31, 2025, 2024, 2023, and 2022, the Fund invested approximately 6.15%, 6.15%, 6.15%, and 6.15%, respectively, in the ownership of Carolina Education and Ministry Investors Two, LLC (CEMIT), through an investment with International Pentecostal Holiness Foundation (the "Foundation"). The Fund's investment is accounted for using the equity method. Summarized financial information for CEMIT as of and for the years ended December 31, 2025, 2024, 2023, and 2022 is shown below:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets	\$ 8,219,291	\$ 8,209,106	\$ 8,133,446	\$ 8,135,695
Liabilities	\$ 94,291	\$ 84,106	\$ 8,446	\$ 10,695
Net income	\$ -	\$ -	\$ -	\$ -

The International Pentecostal Holiness Church Extension Loan Fund, Inc.
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Note 3. Loans Receivable and Allowance for Credit Losses

Classes of loans at December 31, 2025, 2024, 2023, and 2022, include:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Loans secured by real estate	\$ 30,781,532	\$ 31,660,791	\$ 32,767,460	\$ 35,034,070
Other loans	<u>5,932,232</u>	<u>3,468,425</u>	<u>2,985,867</u>	<u>3,246,385</u>
	36,713,764	35,129,216	35,753,327	38,280,455
Net deferred loan fees	(140,143)	(151,348)	(172,909)	(249,669)
Allowance for credit losses	<u>(375,120)</u>	<u>(372,986)</u>	<u>(409,878)</u>	<u>(1,032,748)</u>
	<u>\$ 36,198,501</u>	<u>\$ 34,604,882</u>	<u>\$ 35,170,540</u>	<u>\$ 36,998,038</u>

Loans secured by real estate are primarily to churches for the purposes of construction or purchase of church facilities and are secured by real property. Other loans are substantially all secured by certificate balances on hand.

At December 31, 2025, scheduled maturities of loans are as follows:

2026	\$ 10,127,234
2027	9,233,386
2028	8,697,385
2029	1,554,826
2030	866,349
Thereafter	<u>6,234,584</u>
	<u>\$ 36,713,764</u>

The following tables present the Fund's loan portfolio aging analysis of the investment in loans as of December 31, 2025, 2024, 2023, and 2022:

	<u>2025</u>					<u>Total Loans</u>	<u>Total Loans ></u>
	<u>30-59 Days</u>	<u>60-89 Days</u>	<u>Greater Than</u>	<u>Total Past</u>	<u>Current</u>	<u>Receivable</u>	<u>90 Days &</u>
	<u>Past Due</u>	<u>Past Due</u>	<u>90 Days</u>	<u>Due</u>			<u>Accruing</u>
Loans secured by real estate	\$ 984,509	\$ -	\$ -	\$ 984,509	\$ 29,797,023	\$ 30,781,532	\$ -
Other loans	-	-	-	-	5,932,232	5,932,232	-
Total	<u>\$ 984,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 984,509</u>	<u>\$ 35,729,255</u>	<u>\$ 36,713,764</u>	<u>\$ -</u>

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2024							
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days & Accruing
Loans secured by real estate	\$ -	\$ 209,524	\$ -	\$ 209,524	\$ 31,451,267	\$ 31,660,791	\$ -
Other loans	-	-	-	-	3,468,425	3,468,425	-
Total	\$ -	\$ 209,524	\$ -	\$ 209,524	\$ 34,919,692	\$ 35,129,216	\$ -

2023							
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days & Accruing
Loans secured by real estate	\$ 23,801	\$ -	\$ -	\$ 23,801	\$ 32,743,659	\$ 32,767,460	\$ -
Other loans	-	-	-	-	2,985,867	2,985,867	-
Total	\$ 23,801	\$ -	\$ -	\$ 23,801	\$ 35,729,526	\$ 35,753,327	\$ -

2022							
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days & Accruing
Loans secured by real estate	\$ 430,028	\$ -	\$ 376,660	\$ 806,688	\$ 34,227,382	\$ 35,034,070	\$ -
Other loans	-	-	-	-	3,246,385	3,246,385	-
Total	\$ 430,028	\$ -	\$ 376,660	\$ 806,688	\$ 37,473,767	\$ 38,280,455	\$ -

The following table presents the Fund's nonaccrual loans at December 31, 2025, 2024, 2023, and 2022:

	2025	2024	2023	2022
Loans secured by real estate	\$ -	\$ -	\$ -	\$ 376,660
Total	\$ -	\$ -	\$ -	\$ 376,660

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The following tables present the balance in the allowance for credit losses by portfolio segment for the years ended December 31, 2025, 2024, and 2023:

	2025		
	Loans Secured by Real Estate	Other Loans	Total
Allowance for Credit Losses			
Balance, beginning of year	\$ 370,896	\$ 2,090	\$ 372,986
Provision (benefit) for credit losses	2,300	(166)	2,134
Charge-offs	-	-	-
Recoveries	-	-	-
	<u>-\$ 373,196</u>	<u>-\$ 1,924</u>	<u>-\$ 375,120</u>
	<u>\$ 373,196</u>	<u>\$ 1,924</u>	<u>\$ 375,120</u>
Liability for Off-Balance-Sheet Credit Exposures			
Beginning balance prior to adoption of ASC 326	\$ 17,630	\$ -	\$ 17,630
Provision (benefit) for credit losses	311	-	311
	<u>\$ 17,941</u>	<u>\$ -</u>	<u>\$ 17,941</u>
	<u>\$ 17,941</u>	<u>\$ -</u>	<u>\$ 17,941</u>
	2024		
	Loans Secured by Real Estate	Other Loans	Total
Allowance for Credit Losses			
Balance, beginning of year	\$ 406,892	\$ 2,986	\$ 409,878
Provision (benefit) for credit losses	(35,996)	(896)	(36,892)
Charge-offs	-	-	-
Recoveries	-	-	-
	<u>\$ 370,896</u>	<u>\$ 2,090</u>	<u>\$ 372,986</u>
	<u>\$ 370,896</u>	<u>\$ 2,090</u>	<u>\$ 372,986</u>
Liability for Off-Balance-Sheet Credit Exposures			
Beginning balance prior to adoption of ASC 326	\$ 2,837	\$ -	\$ 2,837
Provision (benefit) for credit losses	14,793	-	14,793
	<u>\$ 17,630</u>	<u>\$ -</u>	<u>\$ 17,630</u>
	<u>\$ 17,630</u>	<u>\$ -</u>	<u>\$ 17,630</u>

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	2023		
	Loans Secured by Real Estate	Other Loans	Total
Allowance for Credit Losses			
Beginning balance prior to adoption of ASC 326	\$ 1,007,488	\$ 25,260	\$ 1,032,748
Impact of adoption of ASC 326	89,116	(19,260)	69,856
Balance, beginning of year	1,096,604	6,000	1,102,604
Provision (benefit) for credit losses	(689,712)	(3,014)	(692,726)
Charge-offs	-	-	-
Recoveries	-	-	-
Balance, end of year	<u>\$ 406,892</u>	<u>\$ 2,986</u>	<u>\$ 409,878</u>
Liability for Off-Balance-Sheet Credit Exposures			
Beginning balance prior to adoption of ASC 326	\$ -	\$ -	\$ -
Impact of adoption of ASC 326	1,204	-	1,204
Balance, beginning	1,204	-	1,204
Provision (benefit) for credit losses	1,633	-	1,633
Balance, end of year	<u>\$ 2,837</u>	<u>\$ -</u>	<u>\$ 2,837</u>

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The following table presents the balance in the allowance for credit losses on loans and liability for off-balance-sheet credit exposures and the recorded investment in loans based on portfolio segment and impairment method as of and for the year ended December 31, 2022:

	2022		
	Loans Secured by Real Estate	Other Loans	Total
Allowance for Credit Losses			
Balance, beginning of year	\$ 1,019,816	\$ 35,334	\$ 1,055,150
Provision (benefit) for credit losses	(12,328)	(10,074)	(22,402)
Charge-offs	-	-	-
Recoveries	-	-	-
Balance, end of year	<u>\$ 1,007,488</u>	<u>\$ 25,260</u>	<u>\$ 1,032,748</u>
Ending balance			
Individually evaluated for impairment	<u>\$ 695,027</u>	<u>\$ -</u>	<u>\$ 695,027</u>
Ending balance			
Collectively evaluated for impairment	<u>\$ 312,461</u>	<u>\$ 25,260</u>	<u>\$ 337,721</u>
Loans			
Ending balance	<u>\$ 35,034,070</u>	<u>\$ 3,246,385</u>	<u>\$ 38,280,455</u>
Ending balance			
Individually evaluated for impairment	<u>\$ 3,429,358</u>	<u>\$ 720,402</u>	<u>\$ 4,149,760</u>
Ending balance			
Collectively evaluated for impairment	<u>\$ 31,604,712</u>	<u>\$ 2,525,983</u>	<u>\$ 34,130,695</u>

The following tables present the amortized cost basis of collateral-dependent loans by class of loan as of December 31, 2025, 2024, and 2023:

	2025		
	Real Estate	Certificates	Total
Loans secured by real estate	\$ 2,679,882	\$ -	\$ 2,679,882
Other loans	-	671,354	671,354
Total	<u>\$ 2,679,882</u>	<u>\$ 671,354</u>	<u>\$ 3,351,236</u>

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	2024		Total
	Real Estate	Certificates	
Loans secured by real estate	\$ 2,725,476	\$ -	\$ 2,725,476
Other loans	-	671,714	671,714
Total	\$ 2,725,476	\$ 671,714	\$ 3,397,190

	2023	
	Real Estate	
Loans secured by real estate	\$ 2,762,537	
Other loans	-	
Total	\$ 2,762,537	

As of December 31, 2025, the Fund had three loans that were both experiencing financial difficulty and modified during the year. The amortized cost basis of these loans at December 31, 2025, was approximately \$2,351,000. The loans were modified in 2025 to adjust payment schedule to partial principal payments and rate changes. The loans modified during 2025 did not subsequently default in 2025.

As of December 31, 2024, the Fund had three loans that were both experiencing financial difficulty and modified during the year. The amortized cost basis of these loans at December 31, 2024 was approximately \$2,391,000. The loans were modified in 2024 to adjust payment schedule to partial principal payments. The loans modified during 2024 did not subsequently default in 2024.

As of December 31, 2023, the Fund had two loans that were both experiencing financial difficulty and modified during the year. The amortized cost basis of these loans at December 31, 2023 was approximately \$2,763,000. The loans were modified in 2023 to adjust payment schedule to partial principal payments. The loans modified during 2023 did not subsequently default in 2023.

Prior to the adoption of ASC 326, a loan was considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable that the Fund will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Impaired loans include nonperforming loans but also include loans modified in trouble debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance, or other actions intended to maximize collection.

As part of the ongoing monitoring of the credit quality of the Fund's loan portfolio, management tracks loans by determining if the loan is impaired or deemed unimpaired. Impaired loans by category are shown below; all other loans are considered by management to be unimpaired.

The Fund evaluates the loan risk grading system definitions and allowance for loan loss methodology on an ongoing basis. No significant changes were made to either during the past year.

As of December 31, 2022, the Fund had approximately \$3,921,000 of loans that were modified in troubled debt restructurings and impaired. The Fund uses forbearance agreements with some borrowers, allowing for reduced payments, which are included in this troubled debt restructuring total. Of the total troubled debt restructurings at December 31, 2022, four were accruing interest for a total of approximately \$3,544,000.

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The following table presents impaired loans at December 31, 2022:

	2022				
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance					
Loans secured by real estate	\$ 27,850	\$ 27,850	\$ -	\$ 322,781	\$ 1,917
Other loans	720,402	720,402	-	720,607	9,728
Loans with a specific valuation allowance					
Loans secured by real estate	3,401,508	3,401,508	695,027	3,416,476	129,021
Other loans	-	-	-	-	-
Total impaired loans	\$ 4,149,760	\$ 4,149,760	\$ 695,027	\$ 4,459,864	\$ 140,666

Note 4. Software and Equipment

Software and equipment, stated at cost, is as follows:

	2025	2024	2023	2022
Software and equipment	\$ 236,073	\$ 236,073	\$ 234,661	\$ 232,261
Less accumulated depreciation	226,136	217,000	207,245	197,102
Software and equipment, net	\$ 9,937	\$ 19,073	\$ 27,416	\$ 35,159

Note 5. Certificates

The Fund issues unsecured general debt obligations in the form of fixed rate certificates, savings certificates, and individual retirement account (IRA) certificates subject to the availability, terms, conditions, and risks described in the Fund's Offering Circular.

The outstanding balances of these instruments at December 31, 2025, 2024, 2023, and 2022 were \$48,656,837, \$47,667,951, \$46,972,093, and \$48,798,710, respectively, with interest rates ranging between 0.00% – 5.00% for 2025.

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At December 31, 2025, the scheduled maturities of certificates are as follows:

2026	\$ 37,179,732
2027	5,951,798
2028	1,385,239
2029	1,174,991
2030	<u>781,947</u>
	46,473,707
Savings demand certificates	<u>2,183,130</u>
	<u><u>\$ 48,656,837</u></u>

At December 31, 2025, 2024, 2023, and 2022, investors were concentrated in three states as follows:

	2025		
	Number of Certificates	Aggregate Principal Balances	Percent of Certificate Balances Outstanding
Oklahoma	301	\$ 16,424,326	34%
Virginia	136	10,532,091	22%
North Carolina	<u>93</u>	<u>6,603,495</u>	<u>14%</u>
	<u>530</u>	<u>\$ 33,559,912</u>	<u>70%</u>
	2024		
	Number of Certificates	Aggregate Principal Balances	Percent of Certificate Balances Outstanding
Oklahoma	303	\$ 16,107,632	34%
Virginia	148	10,964,984	23%
North Carolina	<u>97</u>	<u>6,785,754</u>	<u>14%</u>
	<u>548</u>	<u>\$ 33,858,370</u>	<u>71%</u>

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	2023		
	Number of Certificates	Aggregate Principal Balances	Percent of Certificate Balances Outstanding
Oklahoma	330	\$ 16,390,079	35%
Virginia	151	10,539,116	22%
North Carolina	101	5,864,509	12%
	<u>582</u>	<u>\$ 32,793,704</u>	<u>69%</u>
	2022		
	Number of Certificates	Aggregate Principal Balances	Percent of Certificate Balances Outstanding
Oklahoma	340	\$ 15,797,138	32%
Virginia	167	10,892,156	22%
North Carolina	120	6,869,089	14%
	<u>627</u>	<u>\$ 33,558,383</u>	<u>68%</u>

Note 6. Commitments and Credit Risk

Commitments to Originate Loans

Commitments to originate loans are agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each borrower's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies, but typically includes real estate owned by churches and nonprofit organizations.

The Fund had outstanding commitments to originate loans and fund construction loans aggregating approximately \$1,565,000, \$1,500,000, \$235,000, and \$94,000 at December 31, 2025, 2024, 2023, and 2022, respectively. The commitments extended over varying periods of time with the majority to be disbursed within a one-year period.

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Credit Risk

The Fund's loans are made exclusively to churches, conferences, and other affiliates of the Church. The vast majority of loans are made to churches. The repayment of loans by churches may affect the Fund's ability to meet its obligations. In most instances, the ability of churches to repay their loans will depend upon the contributions they receive from their members. Both the number of members of a church and the amount of contributions may fluctuate. In addition, a church facility may be a single-purpose building and the marketability of such a specific facility may be limited, potentially diminishing the value of such collateral in the event of foreclosure. Finally, because of the relationship of the Fund with its borrowers, the Fund has in the past been willing under certain circumstances to accommodate late payments or to extend or otherwise modify the terms of a loan. Should borrowers not be able to repay their principal and interest as scheduled, the Fund's ability to make principal and interest payments on its certificates may be collateral-dependent.

At December 31, 2025, the Fund had loans to borrowers in the states of North Carolina, California, Virginia, Florida, and Oklahoma that represented approximately 17%, 16%, 13%, 13%, and 11% of the gross loan portfolio, respectively. At December 31, 2024, the Fund had loans to borrowers in the states of California, Virginia, Florida, North Carolina, and Oklahoma that represented approximately 17%, 14%, 14%, 10%, and 12% of the gross loan portfolio, respectively. At December 31, 2023, the Fund had loans to borrowers in the states of California, Virginia, Florida, and North Carolina that represented approximately 15%, 15%, 15%, and 11% of the gross loan portfolio, respectively. At December 31, 2022, the Fund had loans to borrowers in the states of California, Virginia, and Florida that represented approximately 16%, 15%, and 14% of the gross loan portfolio, respectively.

Note 7. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

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Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2025, 2024, 2023, and 2022:

	2025			
	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Money market mutual funds	\$ 761,334	\$ 761,334	\$ -	\$ -
Common stock	44,400	44,400	-	-
Mutual funds	12,152,154	12,152,154	-	-
Exchange traded funds	2,733,412	2,733,412	-	-
	2024			
	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Money market mutual funds	\$ 3,291,152	\$ 3,291,152	\$ -	\$ -
Mutual funds	2,459,153	2,459,153	-	-
Exchange traded funds	1,584,198	1,584,198	-	-
	2023			
	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Money market mutual funds	\$ 52,115	\$ 52,115	\$ -	\$ -
U.S. Treasury securities	3,102,528	3,102,528	-	-
Mutual funds	2,826,867	2,826,867	-	-
Exchange traded funds	902,562	902,562	-	-
	2022			
	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Money market mutual funds	\$ 205	\$ 205	\$ -	\$ -
Mutual funds	4,710,616	4,710,616	-	-
Exchange traded funds	1,358,650	1,358,650	-	-

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2025.

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Investments

Where quoted market prices are available in an active market or investments could be redeemed at cost, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters including but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projects, and cash flows. Such securities are classified as Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Fund does not have any investments classified as Level 2 or Level 3.

Investments not measured at fair value, such as certain interest-bearing investments with other loan funds as well as an annuity contract, a closed-in real estate investment trust, and investments in a limited liability company, are not included in this disclosure.

Nonrecurring Measurements

The following tables present the fair value measurement of assets and liabilities measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2025, 2024, 2023, and 2022:

	2025			
	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Collateral-dependent loans	\$ 970,271	\$ -	\$ -	\$ 970,271
	2024			
	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Collateral-dependent loans	\$ 982,041	\$ -	\$ -	\$ 982,041
	2023			
	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Collateral-dependent loans	\$ 980,615	\$ -	\$ -	\$ 980,615
	2022			
	Fair Value Measurements Using			
	Fair Value	Level 1	Level 2	Level 3
Impaired loans (collateral-dependent)	\$ 2,706,481	\$ -	\$ -	\$ 2,706,481
Foreclosed assets held for sale	508,416	-	-	508,416

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process to develop the reported fair value is described below.

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Collateral-Dependent Loans, Net of Allowance for Credit Losses

The estimated fair value of collateral-dependent loans is based on the appraised or estimated fair value of the collateral, less estimated cost to sell. Collateral-dependent loans are classified within Level 3 of the fair value hierarchy.

The Fund considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value.

Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be collateral dependent and subsequently as deemed necessary by management. Appraisals are reviewed for accuracy and consistency by management. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by management by comparison to historical results.

Foreclosed Assets Held for Sale

The fair value is estimated using appraisals, comparable sales, and other estimates of value obtained principally from independent sources, adjusted for selling costs. Foreclosed assets held for sale are classified within Level 3 of the valuation hierarchy.

Appraisals of foreclosed assets held for sale are obtained when the real estate is acquired and subsequently as deemed necessary by management. Appraisals are reviewed for accuracy and consistency by management. Appraisers are selected from the list of approved appraisers maintained by management.

Note 8. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Estimates related to the allowance for credit losses and foreclosed assets are reflected in Notes 1 and 3. Current vulnerabilities due to certain concentrations of credit risk are discussed in Note 6.

General Litigation

The Fund is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations, and cash flows of the Fund.

Borrower Concentrations

At December 31, 2025, one borrower had an outstanding balance greater than 5% of total assets, which was approximately \$5,205,000. At December 31, 2024, 2023, and 2022, no borrowers had an outstanding balance greater than 5% of total assets.

Investments in Marketable Securities

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

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Note 9. Functional Expenses

As described in Note 1, the financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, professional fees, pastoral development and planting churches, and other, which are allocated on the basis of estimates of time and effort.

The tables below present expenses by both their nature and function.

Natural Classification	December 31, 2025		
	Functional Classification		
	PROGRAM Lending and Investments	Management and General	Total
Interest on savings, fixed rate certificates, and individual retirement accounts	\$ 1,697,188	\$ -	\$ 1,697,188
Provision (benefit) for credit losses	2,445	-	2,445
Salaries and benefits	425,865	114,908	540,773
Foreclosed assets, net	107,610	-	107,610
Professional fees	228,389	10,510	238,899
Other operating expenses	264,654	71,977	336,631
Total expenses	\$ 2,726,151	\$ 197,395	\$ 2,923,546

Natural Classification	December 31, 2024		
	Functional Classification		
	PROGRAM Lending and Investments	Management and General	Total
Interest on savings, fixed rate certificates, and individual retirement accounts	\$ 1,610,021	\$ -	\$ 1,610,021
Provision (benefit) for credit losses	(22,099)	-	(22,099)
Salaries and benefits	256,168	196,768	452,936
Foreclosed assets, net	(1,029)	-	(1,029)
Professional fees	209,509	10,004	219,513
Other operating expenses	304,128	92,093	396,221
Total expenses	\$ 2,356,698	\$ 298,865	\$ 2,655,563

The International Pentecostal Holiness Church Extension Loan Fund, Inc.
Notes to Financial Statements
December 31, 2025, 2024, 2023, and 2022

<u>Natural Classification</u>	<u>December 31, 2023</u>		
	<u>Functional Classification</u>		
	<u>PROGRAM</u> <u>Lending and</u> <u>Investments</u>	<u>Management</u> <u>and General</u>	<u>Total</u>
Interest on savings, fixed rate certificates, and individual retirement accounts	\$ 1,239,973	\$ -	\$ 1,239,973
Provision (benefit) for credit losses	(691,093)	-	(691,093)
Salaries and benefits	233,026	108,417	341,443
Foreclosed assets, net	25,446	-	25,446
Professional fees	201,495	11,294	212,789
Other operating expenses	478,151	149,237	627,388
Total expenses	<u>\$ 1,486,998</u>	<u>\$ 268,948</u>	<u>\$ 1,755,946</u>

<u>Natural Classification</u>	<u>December 31, 2022</u>		
	<u>Functional Classification</u>		
	<u>PROGRAM</u> <u>Lending and</u> <u>Investments</u>	<u>Management</u> <u>and General</u>	<u>Total</u>
Interest on savings, fixed rate certificates, and individual retirement accounts	\$ 1,103,637	\$ -	\$ 1,103,637
Provision (benefit) for credit losses	(22,402)	-	(22,402)
Salaries and benefits	353,109	139,288	492,397
Foreclosed assets, net	24,355	-	24,355
Professional fees	202,736	82	202,818
Other operating expenses	235,934	126,373	362,307
Total expenses	<u>\$ 1,897,369</u>	<u>\$ 265,743</u>	<u>\$ 2,163,112</u>

The International Pentecostal Holiness Church Extension Loan Fund, Inc.
Notes to Financial Statements
December 31, 2025, 2024, 2023, and 2022

Note 10. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31, 2025, 2024, 2023, and 2022 comprise the following:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 5,504,102	\$ 13,824,505	\$ 10,947,621	\$ 10,626,287
Investments (excluding limited liability company and REIF)	15,857,643	7,494,673	8,348,106	7,099,755
Interest receivable	83,467	77,876	93,553	83,459
Scheduled loan principal amounts due in the next year	<u>11,821,681</u>	<u>12,607,178</u>	<u>14,019,403</u>	<u>14,836,240</u>
Total financial assets	33,266,893	34,004,232	33,408,683	32,645,741
Internal designations				
Commitments to fund loans	(1,565,000)	(1,500,000)	(235,000)	(94,014)
Internal liquidity policy of 10% of liabilities	<u>(4,880,677)</u>	<u>(4,779,382)</u>	<u>(4,705,446)</u>	<u>(4,886,889)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 26,821,216</u>	<u>\$ 27,724,850</u>	<u>\$ 28,468,237</u>	<u>\$ 27,664,838</u>

The Fund's management has adopted a policy requiring the Fund to maintain, at all times, cash, certificates of deposit, and investments equal to at least 10% of the Fund's principal balance on all outstanding obligations, including the certificates. At December 31, 2025, 2024, 2023, and 2022, the Fund held cash and investments equal to 45%, 46%, 43%, and 38%, respectively, of its outstanding obligations.

The Fund owes \$2,183,130 in principal to holders of certificates with no stated maturity and \$37,179,732 in certificates that mature in 2025. See Note 5 for the scheduled maturities of all certificates.

A portion of the certificates have a maturity of greater than one year. It has been the Fund's experience that a majority of its maturing obligations have been extended or reinvested. To the extent that demands for repayment of certificates at maturity exceed prior experience and to the extent that the availability of funds from sources other than liquid investments is reduced or limited, the Fund's financial condition may be adversely affected.

Note 11. Related Party Transactions

The Fund has various investments held in brokerage or other accounts managed by the Foundation, a related party, totaling \$504,829, \$505,079, \$504,438, and \$630,513 at December 31, 2025, 2024, 2023, and 2022, respectively. Investment return on these investments was \$25,500, \$24,200, \$23,231, and \$(344,721) for the years ended December 31, 2025, 2024, 2023, and 2022, respectively.

At December 31, 2025, 2024, 2023, and 2022, the Fund held \$9,679,660, \$7,642,314, \$7,118,651, and \$5,543,428 of certificates, respectively, for the Church and the Foundation. Interest paid on these certificates was \$312,359, \$269,176, \$103,567, and \$90,013 for the years ended December 31, 2025, 2024, 2023, and 2022, respectively.

The Fund gifted a building to an affiliated church with a value of \$196,173 during the year ended December 31, 2023. The gift was recorded on the statement of activities as other operating expenses.

The Fund leases its office space from an affiliate. The lease is classified as an operating lease and provides for minimum annual rent of \$12,000. The lease is on a month-to-month agreement.

The International Pentecostal Holiness Church Extension Loan Fund, Inc.
Notes to Financial Statements
December 31, 2025, 2024, 2023, and 2022

Note 12. Subsequent Events

Subsequent events have been evaluated through May 11, 2026, which is the date the financial statements were available to be issued.