



**NORTH PACIFIC UNION CONFERENCE
ASSOCIATION OF SEVENTH-DAY ADVENTISTS
REVOLVING FUND**

SPECIAL-PURPOSE SCHEDULES
DECEMBER 31, 2019 and 2018

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To the Board of Trustees
North Pacific Union Conference Association of Seventh-day Adventists Revolving Fund
a department of North Pacific Union Conference Association of Seventh-day Adventists
Ridgefield, Washington

We have audited the accompanying schedules of North Pacific Union Conference Association of Seventh-day Adventists Revolving Fund (NPUCARF), a department of North Pacific Union Conference Association of Seventh-day Adventists (Association), which comprise the schedules of assets, liabilities, and net assets as of December 31, 2019 and 2018, and the related schedules of changes in net assets and cash flows for the years then ended, and the related notes to the schedules.

Management's Responsibility for the Financial Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with United States of America accounting principles generally accepted by the Seventh-day Adventist denomination. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the schedules based on our audits. We conducted our audits in accordance with United States of America auditing standards generally accepted by the Seventh-day Adventist denomination. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedules, 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 schedules 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 schedules.

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, as internal auditors of the General Conference of Seventh-day Adventists, the schedules referred to above present fairly, in all material respects, the assets, liabilities, and net assets of North Pacific Union Conference Association of Seventh-day Adventists Revolving Fund, a department of North Pacific Union Conference Association of Seventh-day Adventists, as of December 31, 2019 and 2018, and the changes in net assets and the cash flows of this department for the years then ended in conformity with United States of America accounting principles generally accepted by the Seventh-day Adventist denomination.

Emphasis of Matter

We draw attention to Note 7 to the schedules, which describes the basis of special presentation. The accompanying schedules were prepared to present only the accounts and activity of the NPUCARF, which is a department of the Association. Our opinion is not modified with respect to this matter.

Other Matter

Our report is intended solely for the information and use of the officers of the Association and NPUCARF, their financial audit review committee, their governing committee, and the officers and their designees of higher denominational organizations. This report is not intended to be and should not be used by anyone other than these specified parties.

General Conference Auditing Service

June 17, 2020

NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
REVOLVING FUND
Special-Purpose Schedules of Financial Position
December 31, 2019 and 2018

	2019	2018
	Total	Total
ASSETS		
<u>Current assets</u>		
Cash and cash equivalents (Note 2)	\$ 1,817,054	4,780,470
Investments (Note 3)	28,885,235	27,521,701
Accrued interest receivable	76,513	94,922
Notes receivable, net (Note 4)	24,432,389	24,847,257
Total current assets	<u>55,211,191</u>	<u>57,244,350</u>
Total assets	<u>\$ 55,211,191</u>	<u>57,244,350</u>
LIABILITIES		
<u>Current liabilities</u>		
Accounts payable	\$ 1,157	573
Notes payable (Note 5)	35,166,322	37,679,097
Total current liabilities	<u>35,167,479</u>	<u>37,679,670</u>
Total liabilities	<u>35,167,479</u>	<u>37,679,670</u>
NET ASSETS		
Unrestricted: allocated for revolving fund (Note 6)	8,088,603	7,508,277
Unrestricted: allocated for sinking fund (Note 6)	11,955,109	12,056,403
Total net assets without donor restrictions	<u>20,043,712</u>	<u>19,564,680</u>
Total net assets	<u>20,043,712</u>	<u>19,564,680</u>
Total liabilities & net assets	<u>\$ 55,211,191</u>	<u>57,244,350</u>

See accompanying notes.

**NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
REVOLVING FUND**

**Special-Purpose Schedules of Changes in Net Assets
For the years ended December 31, 2019 and 2018**

	2019	2018
	Total	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
<u>Revenues and support without donor restrictions</u>		
Interest and dividend income	\$ 1,995,556	1,987,388
Realized capital gains (losses) (Note 3)	(224,700)	14,431
Unrealized capital gains (losses) (Note 3)	796,429	(658,535)
Other income	3,290	7,945
Total revenues and support without donor restrictions	<u>2,570,575</u>	<u>1,351,229</u>
 <u>Expenses and losses</u>		
<u>Program services functions</u>		
Bad debt expense	718,671	-
Interest expense	842,822	855,426
Other expense	8,850	35,593
Total program service functions	<u>1,570,343</u>	<u>891,019</u>
Total expenses and losses	<u>1,570,343</u>	<u>891,019</u>
 Net increase (decrease) from operations	<u>1,000,232</u>	<u>460,210</u>
 NONOPERATING ACTIVITY WITHOUT DONOR RESTRICTIONS		
Transfers to other funds	<u>521,200</u>	-
Increase (decrease) net assets without donor restrictions	<u>479,032</u>	<u>460,210</u>
 Increase (decrease) in net assets	479,032	460,210
 Net assets, beginning of year	<u>19,564,680</u>	<u>19,104,470</u>
 Net assets, end of year	<u><u>\$ 20,043,712</u></u>	<u><u>19,564,680</u></u>

See accompanying notes.

**NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
REVOLVING FUND**

**Special-Purpose Schedules of Cash Flows
For the years ended December 31, 2019 and 2018**

	2019 Total	2018 Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 479,032	460,210
<u>Adjustments to reconcile net income to net cash provided by operating activities</u>		
Bad debt expense	718,671	-
Realized (gain) loss on sale of investments	224,700	(14,431)
Unrealized (gain) loss in value of investments	(796,428)	658,535
(Increase) decrease accounts receivable	18,408	4,010
Increase (decrease) accounts payable	584	(258)
Net cash provided (used) from operating activities	<u>644,967</u>	<u>1,108,066</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity of investments	34,589,259	5,085,817
Purchase of investments	(35,381,064)	(5,795,274)
New notes receivable issued	(6,011,938)	(2,736,637)
Payments received on notes receivable	5,708,135	5,284,571
Net cash provided (used) from investing activities	<u>(1,095,608)</u>	<u>1,838,477</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(3,293,006)	(2,765,770)
Proceeds from depositors	780,231	868,255
Net cash provided (used) from financing activities	<u>(2,512,775)</u>	<u>(1,897,515)</u>
Increase (decrease) cash and cash equivalents	(2,963,416)	1,049,028
Cash and cash equivalents, beginning	4,780,470	3,731,442
Cash and cash equivalents, ending	<u>\$ 1,817,054</u>	<u>4,780,470</u>
<u>Supplemental cash flow data</u>		
Cash paid during the year for interest	<u>\$ 842,821</u>	<u>855,426</u>

See accompanying notes.

**NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
REVOLVING FUND**

**Notes to the Special-Purpose Schedules
For the years ended December 31, 2019 and 2018**

Note 1 - Organizational description and summary of significant accounting policies

Organization description

The North Pacific Union Conference Association of Seventh-day Adventists Revolving Fund (NPUCARF) is operated by the North Pacific Union Conference Association of Seventh-day Adventists (Association) for the purpose of providing loans for building and other capital improvement activities to organizations affiliated with the Seventh-day Adventist Church (Church) located within the territory served by the North Pacific Union Conference of Seventh-day Adventists (Union), an unincorporated body affiliated with the Church.

The NPUCARF was established in 1978 and notes were issued to church members and church entities investing in the NPUCARF through December 31, 1988. From January 1, 1989, interest-bearing account certificates were issued to investors. Funds invested in the account certificates can be withdrawn 90 days after demand. The funds are loaned to churches, schools, and conferences in the Union. The NPUCARF is registered in the state of Oregon and is exempt from registration in the states of Alaska, Idaho, Montana, and Washington. A sinking fund is provided in accordance with the Working Policy of the General Conference of Seventh-day Adventists, North American Division.

The NPUCARF is a religious not-for-profit organization and is exempt from federal, state, and local income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, and corresponding sections of applicable state and local codes, except for taxes on unrelated business income as described in sections 511-514 in the Internal Revenue Code.

Summary of significant accounting policies

(a) The significant accounting policies of the NPUCARF are essentially the same as generally accepted accounting principles for not-for-profit organizations as promulgated by the Financial Accounting Standards Board. The significant policies are described below to enhance the usefulness of the financial schedules. The financial schedules of the NPUCARF have been prepared on the accrual basis of accounting. In conformity with the accrual basis of accounting, the NPUCARF has evaluated events that occurred subsequent to the financial schedule date, up to June 17, 2020, which is the date the financial schedules were available to be issued.

(b) The preparation of the financial schedules in conformity with generally accepted accounting principles, 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 schedules and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Cash and cash equivalents: cash equivalents are highly-liquid assets of the operating funds, which are readily convertible to cash and have a maturity date of less than three months from date of acquisition. Cash and investments of funds other than operating are not classified as cash and cash equivalents. The increase or decrease in nonoperating cash and investments is reported in the schedule of cash flows as proceeds or purchases of investments.

(d) Fair value of financial instruments: following are the major methods and assumptions used to estimate fair values:

Short-term financial instruments are valued at their carrying amounts included in the schedule of financial position, which are reasonable estimates of fair value due to the relatively short period to maturity of the instruments. This applies to cash, cash equivalents, accounts receivable, and certain current liabilities.

Investment securities are valued at quoted market prices or other reasonably obtainable market value estimates at the reporting date for those or similar securities. The difference between aggregate market value and historical cost for each type of security is recorded in a valuation account. The change in this account during each period is recognized as a gain or loss.

**NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
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**Notes to the Special-Purpose Schedules
For the years ended December 31, 2019 and 2018**

Note 1 - Organizational description and summary of significant accounting policies (continued)

Notes and loans receivable are valued at the amortized amount receivable as of the reporting date. Allowance has been made for notes and loans which are not expected to be collected. The net total approximates the discounted value of future cash flows expected to be received. Because of the difficulty and inherent subjectivity involved in determining fair values, which is not susceptible to independent substantiation, management has not attempted to estimate the fair value of notes and loans receivable from related or affiliated entities. Such notes and loans, by intent and practice, are expected to be held to maturity and are valued at face value.

Notes and loans payable are valued at the amortized amount payable as of the reporting date. The net total approximates the discounted value of the future cash flows expected to be paid. Because of the difficulty and inherent subjectivity involved in determining fair values, which is not susceptible to independent substantiation, management has not attempted to estimate the fair value of notes and loans payable to related or affiliated entities. Such notes and loans, by intent and practice, are expected to be held to maturity and are valued at face value. Further, because a reasonable estimate of fair value could not be made without incurring excessive costs, management has not attempted to estimate the fair value of any loans payable to creditors that are not related or affiliated entities.

(e) Current assets and liabilities: assets and liabilities are classified as current or long-term, depending on their characteristics. This excludes from current assets, cash and claims to cash that are restricted as to withdrawal or use for other than current operations, committee allocated, or held as agent for others. This excludes from current liabilities the long-term portion of all debt and amounts held as fiscal agent for others. Thus, working capital (current assets less current liabilities) for the NPUCARF reflects working capital of only the operating funds.

(f) Notes and loans receivable: the notes receivable to local Seventh-day Adventist churches and schools are co-signed by the local conference for all notes issued to entities within their local conference territory. Notes to other Seventh-day Adventist institutions may be secured by a recorded first lien on the property. The notes are variable rate, currently earning 5.0%. The rate is subject to change based upon the actions voted by the Association's Board of Trustees.

(g) Investment Income: ordinary income from investments, loans, and the like is accounted for in the fund owning the assets.

(h) Affiliated organizations: in carrying out its gospel mission, the NPUCARF operates through several organizations with which it is affiliated by reason of economic interest and/or shared membership on the respective governing committees. The financial statements of these other organizations are not consolidated with the NPUCARF's financial schedules. Inter-organization transactions carried on in the ordinary course of business are handled through current accounts receivable and payable, and are generally settled on a monthly basis. Other financial transactions involving loans are detailed in Notes 4 and 5 below. These other organizations are:

General Conference of Seventh-day Adventists (GC) and General Conference of Seventh-day Adventists, North American Division (NAD) - the GC is the world headquarters of the Seventh-day Adventist denomination and as such determines the operating and accounting policies to be followed by church institutions. The NAD is an administrative entity of the GC which supervises denominational activities in North America.

North Pacific Union Conference (Union) - the Union is an unincorporated entity which is the regional headquarters for the Seventh-day Adventist denomination in the states of Alaska, Idaho, Montana, Oregon, and Washington. The NPUCARF operates out of space provided to it free by the Association. The work of the NPUCARF is done through the management and accounting support services provided by the Union. The officers and directors of the NPUCARF are not otherwise compensated by the NPUCARF for their services. In general, each is an employee of, and is compensated by the Union.

**NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
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**Notes to the Special-Purpose Schedules
For the years ended December 31, 2019 and 2018**

Note 1 - Organizational description and summary of significant accounting policies (continued)

Constituent Conferences and Associations - the NPUCARF oversees loans for building and other capital improvement activities in the states of Alaska, Idaho, Montana, Oregon, and Washington. Activities in each region are administered by unincorporated Conferences and incorporated Associations. The President of each Conference is a member of the Union Executive Committee. The Union officers are invitees of each Conference's Executive Committee. These constituent Conferences and Associations are:

Alaska Conference and Corporation of Seventh-day Adventists
Idaho Conference of Seventh-day Adventists, Inc.
Montana Conference of Seventh-day Adventists, Inc.
Oregon Conference and Western Oregon Conference Association of Seventh-day Adventists
Upper Columbia Conference and Corporation of Seventh-day Adventists
Washington Conference and Western Washington Corporation of Seventh-day Adventists

Walla Walla University (WWU) - WWU is a separately incorporated organization operated by its own board and formed by the Union to provide Seventh-day Adventist higher learning opportunities. The President of each Conference is a member of WWU's Board of Trustees and the President of the Union is the Chairman of the Board. Operating and capital appropriations are made to WWU by each Conference through the Union.

(i) Fund accounting: to ensure observance of limitations and restrictions placed on the use of resources available to the NPUCARF, the accounts are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial schedules, the revolving and sinking funds have been combined into groups, and totals are presented for the NPUCARF as a whole. The sinking fund is a reserve fund established to protect the assets of the revolving fund and is financed by transfers from revolving fund net income. The sinking fund assets are invested in securities that give a maximum return while maintaining liquidity.

(j) Concentrations of risk: cash, which exceeded the federally insured limits from time to time during the year, is deposited with high-credit quality financial institutions. The NPUCARF's assets include \$24,432,389 of notes and loans receivable from Seventh-day Adventist affiliated organizations within its territory. These loans represent 44% of the NPUCARF's total assets. Management's estimate of the collectability of these loans could be subject to economic conditions that could cause loss of income among church members and entities, and could also be subject to change if any significant number of individuals cease to be active members of these church entities.

(k) Changes in presentation: certain amounts in the prior year's financial schedules have been reclassified to conform with the current year's presentation.

Note 2 - Cash and cash equivalents

	2019	2018
	Total	Total
Checking accounts	\$ 1,584,747	4,283,634
Money market accounts	232,307	496,836
Total cash and cash equivalents	<u>\$ 1,817,054</u>	<u>4,780,470</u>

Note 3 - Investments

	2019			2018		
<u>Carrying amount and fair value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Decline)</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Decline)</u>
<u>Investments held for operating</u>						
Time deposits (longer than 3 months)	\$ 10,492,000	10,522,759	30,759	19,116,000	18,724,485	(391,515)
U.S. government bonds	18,430,061	17,638,212	(791,849)	2,196,679	2,554,656	357,977
Debt securities	584,815	724,264	139,449	6,560,909	5,289,093	(1,271,816)
Mutual funds	-	-	-	81,221	34,408	(46,813)
Equity securities	-	-	-	981,320	919,059	(62,261)
Totals for operating	<u>\$ 29,506,876</u>	<u>28,885,235</u>	<u>(621,641)</u>	<u>28,936,129</u>	<u>27,521,701</u>	<u>(1,414,428)</u>

The carrying amount is stated at fair value.

**NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
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**Notes to the Special-Purpose Schedules
For the years ended December 31, 2019 and 2018**

Note 3 - Investments (continued)

Composition of investment return

	2019	2018
	Total	Total
Investment income (interest and dividends)	\$ 782,624	688,889
Realized gain (loss) on sale of investments	(224,700)	14,431
Unrealized gain (loss) on sale of investments	796,429	(658,535)
Net gain (loss) on investments for which carrying value is fair value *	571,729	(644,104)
Total investment return	\$ 1,354,353	44,785

* NPUCARF did not have any gain or loss on investments for which carrying value is not fair value.

NPUCARF is subject to accounting principles that require disclosure about the information used to determine fair values of assets and liabilities on either a recurring or non-recurring basis. This information is separated into three "levels" of inputs, as follows:

Level 1: observable quoted market price in active markets for identical assets or liabilities.

Level 2: direct or indirect observable market data, such as quoted prices in inactive markets for identical assets or liabilities, quoted prices in active markets for similar assets or liabilities, and other observable market data correlated to identical or similar assets or liabilities.

Level 3: unobservable inputs and assumptions based on judgment and the best information available to the entity.

NPUCARF used the following inputs to determine fair values of assets valued on a recurring basis.

	2019			2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Time deposits (longer than 3 months) \$	-	10,522,759	-	-	18,724,485	-
U.S. government bonds	17,638,212	-	-	2,554,656	-	-
Debt securities	724,264	-	-	5,289,093	-	-
Mutual funds	-	-	-	34,408	-	-
Equity securities	-	-	-	919,059	-	-
Totals	\$ 18,362,476	10,522,759	-	8,797,216	18,724,485	-

Note 4 - Notes and loans receivable

	2019		
	Current	Long-term	Total
Constituent Conferences, 5%*, due 90 days from demand	\$ 658,698	-	658,698
All other entities, 5%*, due 90 days from demand	23,773,691	-	23,773,691
Total notes and loans receivable	\$ 24,432,389	-	24,432,389

	2018		
	Current	Long-term	Total
North Pacific Union Conference, 5%, due 90 days from demand	\$ 644,549	-	644,549
Constituent Conferences, 5%, due 90 days from demand	702,874	-	702,874
All other entities, 5%, due 90 days from demand	23,499,834	-	23,499,834
Total notes and loans receivable	\$ 24,847,257	-	24,847,257

* Refer to Note 10 for subsequent rate change

Impaired notes:

NPUCARF has purchased seven American Eagle Mortgage, LLC promissory notes, which there was, at acquisition, evidence of deterioration of credit quality since origination and it was probable, at acquisition, that all contractually required payments could not be collected. The carrying amount of those is as follows:

	2019		
	Current	Long-term	Total
American Eagle Mortgage, LLC, in receivership	\$ -	718,671	718,671
Allowance for uncollectible notes	-	(718,671)	(718,671)
Total impaired notes receivable	\$ -	-	-

For these purchased credit impaired notes disclosed above, NPUCARF increased the allowance for notes receivable by \$718,671 during 2019. No allowances for note losses were reversed during 2019.

**NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
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**Notes to the Special-Purpose Schedules
For the years ended December 31, 2019 and 2018**

Note 5 - Notes and loans payable

	2019		
	Current	Long-term	Total
North Pacific Union Conference and Association, 2.25%*, due 90 days from demand	\$ 1,218,000	-	1,218,000
Constituent Conferences and Associations, 2.25%, due 90 days from demand	7,020,925	-	7,020,925
All other entities, 2.25%*, due 90 days from demand	26,927,397	-	26,927,397
Total notes and loans payable	<u>\$ 35,166,322</u>	<u>-</u>	<u>35,166,322</u>

	2018		
	Current	Long-term	Total
North Pacific Union Conference and Association, 2.25%, due 90 days from demand	\$ 1,218,000	-	1,218,000
Constituent Conferences and Associations, 2.25%, due 90 days from demand	6,960,925	-	6,960,925
All other entities, 2.25%, due 90 days from demand	29,500,172	-	29,500,172
Total notes and loans payable	<u>\$ 37,679,097</u>	<u>-</u>	<u>37,679,097</u>

* Refer to Note 10 for subsequent rate change

Note 6- Allocated net assets

	Balance 2018	Allocation Made	Allocation Released	Balance 2019
Revolving fund	\$ 7,508,277	2,183,903	1,603,577	8,088,603
Sinking fund	12,056,403	1,470,315	1,571,609	11,955,109
Total allocated net assets	<u>\$ 19,564,680</u>	<u>3,654,218</u>	<u>3,175,186</u>	<u>20,043,712</u>

Net assets without donor restrictions: The Board of Trustees of the North Pacific Union Conference Association has several standing policies that affect the presentation of committee designations on net assets. Management maintains reserves for the revolving fund. Additionally, a sinking fund is provided in accordance with the Working Policy of the General Conference of Seventh-day Adventists, North American Division.

Note 7 - Basis of special presentation

The accompanying schedules include only the accounts and activity of NPUCARF, which is a department of North Pacific Union Conference Association of Seventh-day Adventists (Association). Compliance with FASB Accounting Standards Codification 958-210-45 would require the whole organization to be included in general use financial statements. The Association believes this special presentation is useful to analyze this department apart from the rest of the entity.

Note 8 - Commitments

As of December 31, 2019, the Association's Board had approved loans to Seventh-day Adventist affiliated churches, schools, and other organizations for which cash withdrawals had not yet been made. The total amount of these commitments was approximately \$1,117,128. The total commitment amount does not necessarily represent future cash requirements, since the borrower's cash draws under the terms of the loan at a specific time may not total the full amount agreed to be loaned by the Association. Other circumstances could arise prior to funding a draw on the loans, resulting in the Board changing its approval for, or the terms of, these loans. The terms, conditions, and interest rates for these loans are comparable to those given to existing borrowers.

Note 9 - Subsequent event- COVID-19

The COVID-19 outbreak in the United States has caused disruption of operations through mandated and voluntary closings of many businesses and non-profits, various "stay at home" orders, and significant unemployment. COVID-19's impact on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on investment performance, ability of loan holders to pay, depositors need for funds and withdrawal requests, and demand for loans, all of which are uncertain and cannot be predicted. Therefore, while the NPUCARF expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

Note 10 - Subsequent event- Interest rate changes

Effective May 1, 2020, the interest rate for all new and existing NPUCARF loans changed from 5% to 4.5% and the interest rate paid to all depositors of the NPUCARF changed from 2.25% to 1.75%.