MMBB Financial Services **2021 Annual Report**

# Anticipating Possibilities
# Seizing Opportunities

MMBB
A Financial Services Ministry™

"So then, whenever we have an opportunity, let us work for the good of all, and especially for those of the family of faith."

Galatians 6:10 (NRSV)

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# Report of the **Chief Executive Officer**

You may have heard the proverb, when God closes a door, God always opens a window. These wise words remind us that windows of opportunity are present even amid challenges or when events don't go as planned. We have only to be receptive to possibilities and be ready to seize opportunities when they arise, to be optimistic and see our cup as half full rather than half empty.

MMBB entered 2021 with a sense of anticipation. We beheld opportunities even in the middle of uncertainty; we saw the light peeking through the clouds even as we weathered another season of COVID-19. Because we kept our eyes squarely on our mission in 2020, we looked to 2021 with a sense of promise.

The protraction of the pandemic dashed our expectations that life would return to normal last year. Nonetheless, we not only didn't let that deter us, but MMBB was energized by many chances to provide our membership with new or enhanced tools and resources.

"I know your deeds. See, I have placed before you an open door that no one can shut"

Revelation 3:8 (NIV)

I am proud of the commitment and resiliency MMBB staff showed in 2021. MMBB persevered, but we did not endure on our own. God was with us, guiding our every step and bolstering our resilience. MMBB staff also looked to each other as a resource and support system while we worked remotely. Though we were telecommuting, we enhanced our expertise and strengthened our collegial relationships with one another and the bonds of teamwork to meet member and employer needs even more. Those bonds have a ripple effect that extends to you – because our team is your team.

MMBB is here for you no matter the season so that you don't have to go it alone on your financial journey. At MMBB, our financial wellness ministry changes lives by helping our constituents re-envision their financial futures with hope and expectation and turn those hopes into reality.

In 2021, MMBB addressed the continuing financial impact of COVID-19 on our members. I am inspired by the perseverance of our members, churches and faith-based organizations, who remained faithful to their calling though some of them faced adversity. Many of our constituents were grieving the loss of loved ones, and loss of employment, reduced pastoral hours and church closings affected their finances negatively.

We continued to provide premium support to churches and emergency assistance grants to members (see page 4 for more information). The premium assistance offered to employers for their staff enrolled in our Comprehensive Plan alleviated any danger of members losing their essential disability, death and retirement benefits during the pandemic. Our emergency assistance grants are one-time, tax-free grants providing a stopgap to many MMBB families for expenses such as food, car payments, utilities, mortgage, rent and childcare. By December 2021, MMBB had provided 167 grants to pastors totaling $575,103.

**A Light at the End of the Tunnel**

The MMBB programs that are offered with support from Lilly Endowment Inc. continued to transform lives while operating virtually.

Our online model for the Strategic Pastoral Excellence Program (SPEP) program, which focuses on increasing individual pastoral financial literacy and organizational management skills, prevented a disruption in SPEP gatherings during the pandemic. By the end of 2021, five SPEP cohorts had graduated since the program's inception in 2017, and we now have four active cohorts. Fifty-seven of 63 pastoral leaders from the five cohorts that graduated completed an end-of-program survey and indicated that they achieved the following as a result of SPEP:

- Paid down debt by over $1.2 million cumulatively, which was $21,500 on average per pastoral leader
- Saved over $1.3 million cumulatively, which was $24,000 on average per pastoral leader
- 93 percent established a budget by the end of the program versus 40 percent at the beginning of the cohorts

On an individual level, we heard from several participants about the effect SPEP had on their lives. For example, one pastor explained, "The Strategic Pastoral Excellence Program was very helpful in giving me insight towards money management, debt reduction, and creating savings for my family. When I am trying to serve a congregation, worries about money and the uncertainty of my future can negatively impact the way I am present for my community. Having a better sense about finances for myself and for my congregation helps me focus less on money and more on the people I am called to serve."

Four pastoral leaders in the SPEP program received $38,000 in grants from the Ministerial Excellence Fund. This fund is designed to help ministers address debt that limits their ability to focus on ministry, particularly seminary loans.

Another Lilly Endowment-funded initiative, MMBB's Financial Wellness Program (FWP), held its inaugural cohorts in 2021. FWP allows us to reach a broader network of clergy, with a focus on young pastors or second-career pastors. Understanding the changing landscape of in-person and virtual gatherings, FWP pivoted to hosting financial workshops online last year. Throughout the year, attendees surveyed suggested the virtual format provided the ability to meet without the pressure to travel. Plans for FWP include permanently offering a hybrid schedule of online and in-person workshops to maximize time, resources, and personnel.

In addition, MMBB's Thriving in Ministry initiative (TIM) celebrated its third year. Also supported with funding from Lilly Endowment, TIM invests in the lives of pastoral leaders through education, information, and bringing together seasoned pastors who have excelled in ministry with emerging pastors and those transitioning in ministry. Through our program Bridges: A Colloquium for Cultivating Ministry, TIM offers five colloquia. The colloquia are designed to engage participants in pastoral wellness, financial literacy, church financial management, navigating new trends and shifting paradigms in ministry and preparation for pastoral leadership transitions.

### Capitalizing on Digital Assets

It may not always be apparent, but uncertain times provide opportunities for growth and development. Nowhere can we see this more than in the initiatives MMBB completed in 2021. Despite the pandemic and operating remotely, we met important goals that reposition MMBB to be highly successful in a digital world that depends on optimal user experience. In the process, we enhanced our members' and employers' user experience with us.

### Service

To be responsive, MMBB's Service team received numerous calls in 2021, made many outbound calls to members, and sent emails and written correspondence on various financial topics. Each year, enhancing the member experience based on their feedback is part of our Service team's goals. Last year was no exception. Customer loyalty scores for the Service Team, based on member surveys, remained high.

As part of their user experience effort, the Service team rolled out a first call resolution system (FCR) in collaboration with Technology and Finance. FCR aims to optimize member service by addressing members' phone inquiries on first contact without requiring follow-up calls. A key component of FCR involves giving Service more access to MMBB's customer relationship management system (CRM) and standardizing how data is updated so all information and updates about callers are right at the Service team's fingertips during service calls. Ultimately, connecting the Service team with more consistent member data saves members valuable time and provides a more streamlined and convenient process for callers.

Even beyond survey scores, members' feedback spoke the loudest about the impact of our Service team's endeavors. For instance, one member wrote, "As has always been true, this call was efficient, friendly and fully satisfied. I appreciate so much having MMBB in our lives. You all are a blessing to us! Thank you!"

### Financial Planning

Our Financial Planning Specialists help members set and meet goals for their financial lives 10, 20, and 30 years or more into the future, while also balancing more immediate financial needs. Each Financial Planning Specialist has at least three designations, including the CFP® certification. In 2021, their expertise assisted members in moving toward financial health and wellness. Achievements included:

- Providing one-on-one financial guidance to 776 members, including 127 SPEP and FWP participants
- Conducting nine webinars, along with the Service team, on topics such as estate and financial planning, investing fundamentals, building a financial plan, MMBB benefits plans, benefits administration, retirement planning, social security, and clergy compensation and taxes. More than 500 people participated in our webinars last year, and the most popular offering was "The Annuity Payout Webinar."

- Receiving good or excellent feedback on all member surveys about financial planning specialist interaction.
- Contributing content to MMBB's thought leadership on social media, the MMBB *Tomorrow* newsletter and in *Church Executive* magazine's "Investing for Retirement" roundtable.
- Participating in SPEP and FWP meetings by presenting or developing clergy tax and tax law content.
- Conducting financial planning sessions and workshops at the Biennial Mission Summit (see page 4 for details).

**Retirement Benefits Consulting**

MMBB's Retirement Benefits Consulting Team found a silver lining even as COVID-19 safety protocols curtailed travel by our Retirement Benefits Consultants (RBCs). Travel to conferences and prospective employers was a staple of our outreach strategy. But the RBC team pivoted to virtual outreach calls and conferencing, and thus had more time to connect and build relationships with existing employers.

By reaching out to employers who had fallen behind on premium payments to let them know about MMBB's pandemic-related premium support, the RBCs helped struggling churches remain active in MMBB plans, which in turn, kept members from losing essential MMBB benefits. Ultimately, the RBCs reduced the employer attrition rate, with retention increasing 10 percent over 2019 levels.

Furthermore, the RBCs brought churches back into the MMBB fold that had left our benefits plans. Also, by checking in with current employers more, the RBCs introduced benefits to existing employers that they didn't know were available to them. Rather than diminishing access to prospects, the virtual model has increased the RBCs' ability to meet prospective employers due to the ease of virtual calls. As a result, the digital platform has developed into a permanent mainstay of the RBC strategy and has helped MMBB demonstrate to employers that we are their partner for the long haul.

"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty."

Winston Churchill[1]

**Communications**

On January 13, 2021, MMBB launched our new website providing a contemporary design to our members and a portal for increasing brand awareness with potential members. The site enhances our constituents' user experience through an engaging, modern, dynamic, user friendly platform in response to the need for a more streamlined site with improved navigation. At the end of 2021, we had 131,000 site visitors. The average time spent on the homepage from total traffic was 1 minute and 51 seconds—19.7 percent more than 2020 numbers.

Another digital tool we pursued was our Financial Wellness Institute's (FWI) pilot program, which gave our SPEP attendees a dynamic and easy way to learn about personal finance and served as preparation for a launch to all members in February 2022. FWI is an online resource that provides a convenient new way for our constituents to learn about money matters. The FWI e-curriculum uses animated videos, quizzes and assessments to share strategies, tactics and tips viewers can use immediately.

MMBB continued its thought leadership with two of our articles named amongst the top 15 most read articles by *Church Executive* magazine (CE) for 2021. In fact, MMBB's "Managing the Added Expenses of Reopening Your Church" topped the list as CE's number one most read article last year. Our article, "Elder Fraud: What I Learned from Helping my Parents Recover from Financial Fraud," ranked number 14. Other editorial highlights included our CE "Ready for Retirement?" Roundtable, which featured a panel of financial planning professionals from MMBB discussing retirement and investing topics. Two MMBB members joined the panel to share how working with MMBB helped them to achieve their retirement goals. In 2021, we capitalized on our redesigned website to prepare for a digital version of the *Tomorrow* newsletter launched on January 27, 2022. The design and functionality align with our website and allowed the newsletter to transition from a quarterly to a monthly publication with shorter, more timely articles.

**The Biennial Mission Summit**
The 2021 Biennial Mission Summit of American Baptist Churches USA (ABCUSA) centered around the theme "Imagine: An Online Experience." Because the pandemic prompted ABCUSA to hold its first completely virtual biennial, MMBB adapted our summit message and presentation for an online setting. In my online member address, I explained MMBB's commitment to innovative thinking as we Pivot, Plan, Purpose and Position to expand what we offered our members during a period of ambiguity, while also anticipating future needs. Our keynote speaker was Amanda Tyler, Executive Director of the Baptist Joint Committee for Religious Liberty, who provided commentary on church and state issues and religious liberty. MMBB also helmed our first virtual exhibit booth, making our literature available to attendees online in an engaging and convenient way.

The Financial Planning team held a live Q&A workshop, "Financial Planning in the New Normal," which allowed attendees to submit questions to our Financial Planning Specialists and receive answers in real-time. MMBB's Financial Planning Specialists also engaged in 25 virtual one-on-one financial planning meetings with members.

"Celebrate endings—for they precede new beginnings."

Jonathan Lockwood Huie[2]

**Advancement**
The Office of Advancement helps further the MMBB mission by raising gift revenue, an effort that rebounded in 2021 after a dip in 2020 following the onset of the coronavirus pandemic.

In 2021, generous donors contributed $338,555 to our *Heritage of Sharing* appeal, providing direct emergency financial assistance to MMBB members in need. Donors also contributed $6,020 outright to support MMBB financial education programs, while MMBB contributed $206,777 to sustain these programs.

The MMBB endowment grew by $387,396 through estate gifts from deceased individuals, longstanding trusts with ongoing disbursements, and outright gifts from living donors. MMBB provided $2,103,295 in non-contractual benevolent support to members through a drawdown from the MMBB endowment.

Sponsorship gifts from MMBB partners to support our participation at the ABCUSA 2021 Biennial Mission Summit, held online in June 2021, totaled $22,000.

In December 2021, MMBB was awarded a $500,000 grant from Lilly Endowment Inc. to provide emergency assistance to MMBB members still struggling from the impacts of the pandemic. The organization has received $250,000 from the Endowment so far and will receive a one-to-one matching grant of up to $250,000 if MMBB raises an equivalent amount in contributions. Potentially, a total amount of $750,000 will be available to pastors in Baptist denominations who serve at small- to medium-sized churches throughout the country, often in diverse and underrepresented communities, and who have not yet been served through MMBB's COVID-19 emergency assistance and premium assistance programs.

The theme for the 2021 Retired Ministers and Missionaries Offering (RMMO), a collaborative effort between MMBB and ABCUSA, was "Transformed by Generosity" (see page 10 for details).

**Technology**
Last year, the Information Technology department made enhancements to the electronic forms processing system that supports the rollout of the First Call Resolution (FCR) strategic imperative. That effort included digitization of additional forms and integration of these forms with our data warehouse and our Customer Relationship Management (CRM) system. Digitized forms are delivered to the recipient electronically, digitally signed, and then electronically returned to MMBB for processing. This process is effective for the constituent, efficient for MMBB, and conserves paper. Additional forms will continue to be digitized going forward.

As in previous years, we continue to enhance our multi-layer cybersecurity platform and remain committed to protecting member and employer information. MMBB remained fully compliant with all cybersecurity requirements mandated by the New York State Department of Financial Services for financial services organizations.

*1. December 12 (Kindle Edition Date), Churchill By Himself (Winston Churchill's In His Own Words Collection), Compiled and edited by Richard M. Langworth, Appendix I: Red Herrings: False Attributions, Entry: Pessimist and Optimist. (Kindle Location 19806)*

*2. hanlookwoodhuie.com*

# Report of the **Chief Executive Officer**

**Investment Strategy**

In 2021, the world experienced extraordinary scientific gains in COVID-19 vaccine development and rollout. The opening of the economy due to vaccine availability was remarkable; however, vaccine availability remains uneven globally. This vaccine access disparity, combined with the emergence of the Delta and Omicron COVID-19 variants, dampened further reopening of the global economy in 2021.

Investment performance in 2021 was uneven as well. The U.S. equity market significantly outperformed non-U.S. developed and emerging markets. The return for the broad U.S. equity market exceeded 25 percent, while the non-U.S. developed market return was approximately 11 percent, and the emerging market equity return was negative (down 2.5 percent). The fixed income market, as measured by the Bloomberg U.S. Aggregate Bond Index, struggled as well in 2021, with a return of -1.5 percent. MMBB's investment results for its funds reflected the varied market performance — with most investment options experiencing positive returns in 2021. The U.S. Bond Index Fund, on the other hand, did not perform as well, reflecting the U.S. Bond market's performance. The Investment Review on page 12 details MMBB's 2021 fund performance.

MMBB continues our long-term investment and balanced approach on behalf of our members. Members have access to MMBB's Target Date Funds managed by Vanguard, which became the default option on the MMBB investment platform in 2021. We offer additional diversified investment options, including the Balanced Fund, the New Horizons Fund, and the Fossil Fuel Free Balanced Fund. For members interested in equity investments, MMBB provides the Equity Index Fund, the International Equity Index Fund, and the Social Awareness Fund. MMBB offers the Bond Index Fund and the Money Market Fund for members seeking fixed income options.

The Annuity Payout Value was determined using the higher of:

- The unique or current value of a unit of the Annuity Fund as of September 30, 2021—$82.25
- The six-month average value of a unit of the Annuity Fund as of September 30, 2021—$81.85
- The downside guarantee of 95 percent of the current payout value—$67.48

In 2015, MMBB's Board of Managers voted to create an Annuity Reserve to address unexpected inflation, increased or unexpected volatility in the markets, potential adjustments based on mortality experience and to support the annuity guarantees. MMBB defines "excess" as an amount over and above the advanced earning assumption of 4 percent plus the applicable inflation rate which was 5.4 percent as of September 30, 2021. Therefore, the 2021 value would be adjusted to $74.87 to account for this inflation rate. That leaves an excess amount of $7.38, which is calculated by subtracting $74.87 from $82.25. Half of that excess amount is $3.69. MMBB added that amount to the inflation-adjusted payout value of $74.87, resulting in a final payout value of $78.55, and allocated the other 50 percent to the Annuity Reserve Fund.

MMBB's board approved the annuity payout at $78.55 per unit, after adjustments for the reserve fund and inflation. The result is 10.6 percent above the 2021 payout.

While there may be an increase in your monthly annuity, MMBB understands that financial difficulties may remain. We are here to help where we can. MMBB has emergency funds available to assist you if you find yourself making choices about purchasing food, prescription drugs, medical services, or necessary home repairs.

At this time of year, when the blossoming of spring has followed the dead of winter, I think about how important it is to anticipate new beginnings. These fresh starts remind us that God opens doors for us and makes all things new.

MMBB is honored to help you focus on new beginnings, and we are available to assist you through the transitions at every stage of your financial voyage. Our staff believes in the promising possibilities for your financial outlook, and we look forward to assisting you in achieving your financial health and wellness goals.

Louis P. Barbarin

## The benefit plans and programs discussed below are flexible in design, allowing us to tailor our products to meet the unique needs of a wide range of faith-based employers. Our MMBB staff remains committed to educating our employers and members.

MMBB Financial Services retirement plans are available to every employee of an eligible employer, whether ordained or lay, full-time or part-time. Any church that is congregational or independent in polity, including all Baptist churches and most evangelical and Pentecostal churches, is eligible to participate in MMBB's benefit plans. Institutions related to these churches, such as schools, community development corporations, hospitals and nursing homes, are also eligible. Ordained individuals who qualify as "wandering ministers" under the Internal Revenue Service (IRS) code can also participate in our plans based on their ministerial income.

MMBB plans provide a variety of benefit options to meet the budgetary needs of both the church worker and the church.

Each plan, established under IRS Code Section 403(b)(9), offers:

- tax-deferred contributions;
- tax-deferred investment returns;
- a range of professionally managed investment choices;
- loan and withdrawal features; and
- variable annuity options upon retirement.

MMBB retirement plans give church workers access to sophisticated investment vehicles that have demonstrated success in meeting the retirement needs of thousands of people over many years. Contributions to these plans buy accumulation units in the investment vehicles of the member's choice at a price that changes each day based on investment performance. Members who choose not to direct the allocation of their investment accounts are automatically placed in the MMBB Target Date Fund based on their expected or assumed retirement age.

A target date investment fund offers the simplicity of a complete portfolio in a single investment option.

Unlike commercial retirement plans, an IRS private letter ruling allows MMBB to designate the monthly annuity income for retired or disabled clergy as eligible for the housing allowance designation. This valuable tax exemption is equal to the lesser of the fair rental value of the furnished home, plus utilities, or the actual annual housing expense. For more information on the clergy housing allowance, please visit **www.mmbb.org**.

At retirement, members convert part or all of their accounts to monthly income through establishing variable annuities. They purchase a fixed number of annuity units determined by the dollar amount converted, the current annuity unit price and the specifics of the annuity chosen (single-life or joint and survivorship annuity, period-certain guarantee and the member's age at retirement). Each annuity also includes a guarantee to provide the annuitant with a softer landing in the event of a significant market downturn.

**The Comprehensive Plan**

The Comprehensive Plan, an employer-funded plan, is MMBB's most comprehensive benefit program. The program includes three benefits—retirement, death and disability—working in concert to increase the financial security of members and their families.

Employers pay Comprehensive Plan premiums equal to a percentage of employee compensation. Members invest the portion directed to their retirement accounts among the diverse range of MMBB investment choices. During a participant's working years, the plan builds retirement assets for members.

The Comprehensive Plan also offers disability income protection. Disability benefits include monthly income up to two-thirds of working income when combined with government benefits, child allowances, subsidized Comprehensive Plan premiums and, if eligible, health insurance premiums.

The Death Benefit Plan is the third component of the Comprehensive Plan. This plan pays survivors from one and a half to five times the insured's annual pay (up to an annual salary of $250,000), up to two years of health insurance premiums, if eligible, and a guaranteed minimum for surviving spouses.

In 2021, there were 20 deaths of preretired members, and MMBB paid $1,947,116 in lump-sum benefits to survivors.

In retirement, the Comprehensive Plan provides:

- retirement benefits as described above; and
- an $8,000 benefit upon the death of a member who retired as a premium-paying Comprehensive Plan member with at least 15 years of membership.

In 2021, there were 108 deaths of retired members, totaling $859,333 in benefits paid for current and prior years.

**Retirement Only Plan—Employer**
The Retirement Only Plan, also known as Tax-Deferred Annuity, is an employer-funded plan that:

- supplements employees' other sources of retirement income;
- helps pastors who live in parsonages build assets for housing in retirement (sometimes called an "equity" allowance, subject to plan provisions);
- accumulates tax-deferred retirement savings; and
- says "thank you" for loyal service.

Some employers use this plan to encourage retirement savings by matching employee contributions to the Member Contribution Plan (see below). Unlike the Comprehensive Plan, the Retirement Only Plan does not include disability income protection and death benefits.

**Member Contribution Plan—Employee**
The Member Contribution Plan, also known as The Annuity Supplement, is an employee-funded plan that allows participants to make contributions to their retirement account through payroll deductions. It allows participants to:

- increase their retirement security;
- reduce their taxable income;
- start or stop contributions at any time;
- change the amount they contribute as often as they wish; and
- save as little as $10 per month or as much as the IRS allows.

Pre-tax member contributions reduce current federal, state and local income taxes. They are also excluded from Social Security and Medicare taxes for ordained ministers. Pre-tax contributions can be made through convenient payroll deductions. After-tax contributions can be a payroll deduction or a lump sum.

**Rollovers to MMBB**
Before or after retirement, members with retirement accounts in multiple places can roll over qualified funds, tax-free, to a Member Contribution account at MMBB. Employees of participating employers and wandering ministers may be eligible for a rollover. MMBB can accept assets from:

- traditional IRAs;
- 457(b) governmental plans; and
- 403(a), 403(b), 401(a) and 401(k) plans.

When members consolidate money with MMBB, they simplify their lives while diversifying their investments through the Balanced Fund or by developing a customized portfolio by investing in MMBB's other investment funds. Retired clergy may receive income from their rollover accounts tax-free to the extent it is eligible to be designated as a housing allowance.

For more information about MMBB benefits and services, call a Senior Benefits Specialist at 800.986.6222, send an email to service@mmbb.org or visit www.mmbb.org.

# Anticipating Possibilities
# Seizing Opportunities

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# Retired Ministers and Missionaries **Offering**

Since 1935, American Baptists have contributed to special offerings received in their churches for retired American Baptist ministers and missionaries or their widowed spouses. The Retired Ministers and Missionaries Offering (RMMO) was established in 1977. The theme last year for RMMO was "Transformed by Generosity." The 2021 offering receipts totaled $862,548, a decrease of 3.4% when compared with the 2020 receipts of $893,215. Of this amount, $370,895 was made available to meet immediate emergency and special financial needs. The balance of the receipts was distributed by MMBB on behalf of American Baptists in the form of Thank You checks; 3,395 checks were distributed in 2021 ranging from $50 to $208. The average check was $134.

Since 1980, eligible retired ABC lay employees have received comparable Thank You checks from MMBB's legacy funds. In 2021, a total of $87,906 was distributed to 859 recipients for this purpose.

# Selected **Data**

## Selected Data

The table below highlights the important aspects of MMBB's operations. For comparison purposes, data has been provided for the prior year and for 2011. *Dollar amounts in thousands except for accumulation unit value* and average compensation.*

| | 2021 | 2020 | 2011 | Percent Change 2020–2021 | Percent Change 2011–2021 |
|---|---|---|---|---|---|
| **Managing the Resources** | | | | | |
| Market Value of Total Net Assets | $3,069,738 | $2,864,283 | $2,228,363 | 7.17% | 37.76% |
| **Meeting the Obligations** | | | | | |
| **Comprehensive Plan** | | | | | |
| Assets | $2,317,540 | $ 2,169,187 | $1,726,883 | 6.84% | 34.20% |
| Benefits Paid | $ 135,243 | $ 126,225 | $ 120,202 | 7.14% | 12.51% |
| Accounts Receiving Deposits | 4,547 | 4,684 | 5,338 | (2.92%) | (14.82%) |
| Annuities | 7,148 | 7,129 | 5,687 | .27% | 25.69% |
| Accumulation Unit Value* | $79.56 | $72.92 | $38.47 | 9.11% | 106.81% |
| **Retirement Only Plan** | | | | | |
| Assets | $ 104,770 | $ 95,187 | $ 34,220 | 10.07% | 206.17% |
| Benefits Paid | $ 5,614 | $ 2,860 | $ 1,426 | 96.29% | 293.69% |
| Accounts Receiving Deposits | 2,357 | 2,565 | 1,842 | (8.11%) | 27.96% |
| Annuities | 399 | 357 | 84 | 11.76% | 375.00% |
| **Member Contribution Plan** | | | | | |
| Assets | $ 305,247 | $ 288,829 | $ 195,539 | 5.68% | 56.11% |
| Benefits Paid | $ 17,745 | $ 12,460 | $ 11,549 | 42.42% | 53.65% |
| Accounts Receiving Deposits | 2,214 | 2,439 | 1,969 | (9.23%) | 12.44% |
| Annuities | 1,391 | 1,393 | 1,101 | (.14%) | 26.34% |
| **Deductible Employee Contribution Account** | | | | | |
| Assets | $ 1,598 | $ 1,598 | $ 1,463 | .00% | 9.23% |
| Benefits Paid | $ 138 | $ 102 | $ 122 | 35.29% | 13.11% |
| Annuities | 29 | 28 | 34 | 3.57% | (14.71%) |
| **MMBB Death Benefit Plan** | | | | | |
| Reserve | $ 36,333 | $ 33,884 | $ 29,102 | 7.23% | 24.85% |
| Benefits Paid | $ 2,693 | $ 2,866 | $ 3,349 | (6.04%) | (19.59%) |
| **MMBB Special Benefits Fund** | | | | | |
| Reserve | $ 108,030 | $ 101,289 | $ 105,986 | 6.66% | 1.93% |
| Benefits Paid | $ 1,823 | $ 2,115 | $ 4,200 | (13.81%) | (56.60%) |
| **Assisting Ministers, Missionaries and Lay Employees** | | | | | |
| Assistance to Ministers and Missionaries | $ 2,319 | $ 2,974 | $ 4,049 | (22.02%) | (42.73%) |
| Benefits Paid to Lay Employees | $ 274 | $ 332 | $ 418 | (17.47%) | (34.45%) |
| **Fund Balance of Legacy Funds** | **$ 194,549** | **$ 172,554** | **$ 139,543** | **12.75%** | **39.42%** |
| **Average Compensation/Ministers** | **$ 73,814** | **$ 70,559** | **$ 53,625** | **4.61%** | **37.65%** |
| **Average Compensation/Lay** | **$ 58,403** | **$ 43,888** | **$ 38,009** | **33.07%** | **53.66%** |

*Parentheses indicate decrease.*

* Balanced Fund.

# Investment **Review**

Like 2020, the past year was unprecedented. In 2021, the world experienced extraordinary scientific gains in COVID-19 vaccine development and roll out. After 2020's complete shutdown, the opening of the economy due to vaccine availability was also remarkable. However, while vaccine availability has improved substantially, it remains uneven across the globe. This vaccine access disparity, combined with the emergence of the Delta and Omicron COVID-19 variants, dampened further reopening of the global economy in 2021.

Investment performance in 2021 was uneven as well. The U.S. equity market significantly outperformed non-U.S. developed and emerging markets. The return for the broad U.S. equity market, as measured by the Russell 3000 index, was 25.7 percent for the year, with the large cap market, as measured by the S&P 500, delivering a stellar 28.7 percent return over that same time period. Non-U.S. developed markets (MSCI EAFE) returned 11.3 percent for the year while emerging markets, as measured by the MSCI Emerging Market Index, were negative (down -2.5 percent). The fixed income market, as measured by the Bloomberg U.S. Aggregate Bond Index, was slightly negative with a return of -1.5 percent.

For MMBB funds, the results were uneven as well — with U.S. equity investment options experiencing positive returns in 2021 led by MMBB's Social Awareness Fund performance of 27 percent and the U.S. Equity Index Fund's return of 25 percent. The International Equity Index Fund returned 9.3 percent for the year. The U.S. Bond Index Fund, on the other hand, returned -2.3 percent for the year. The multi-asset class funds (the Balanced Fund, the New Horizons Fund, the Target Date Funds, and the Fossil Fuel Free Balanced Fund) each experienced strong returns, albeit lower than the U.S. equity options.

MMBB's Balanced Fund is the largest MMBB investment option. At year-end, assets in the Balanced Fund stood at over $1.2 billion. The Balanced Fund's return of 9.1 percent for the year was a reflection of the strong global equity markets, especially the U.S. equity market, in which it is invested. Global equity (up 18.5 percent for the year), led by U.S. equity returns (up over 25 percent for the year) contributed to strong 2021 performance. The equity returns were offset by negative fixed income returns; however, they provided and continue to provide significant diversification benefits.

The New Horizons Fund shares investments with MMBB's Annuity Fund. It is more diversified than the Balanced Fund, incorporating not only public market investments, namely, stocks and bonds as the Balanced Fund does, but illiquid investments as well. These include real estate, timber, and private investments, all of which are difficult for many individuals to access, and all of which are expected to enhance returns and/or reduce volatility of the overall portfolio over the long run. 2021 was a strong year for the illiquid investment strategy as well. The New Horizons/Annuity Funds returned 12.7 percent for the full year 2021. (As information, for the 12 months ending September 30, 2021, the New Horizons/Annuity Funds returned 20.2 percent.) For the 12 months ending December 31, 2021, the New Horizons/Annuity Funds experienced the strong returns of the Balanced Fund combined with even stronger 2021 returns of the illiquid investments. In 2021, the illiquid investment allocation outperformed public markets.

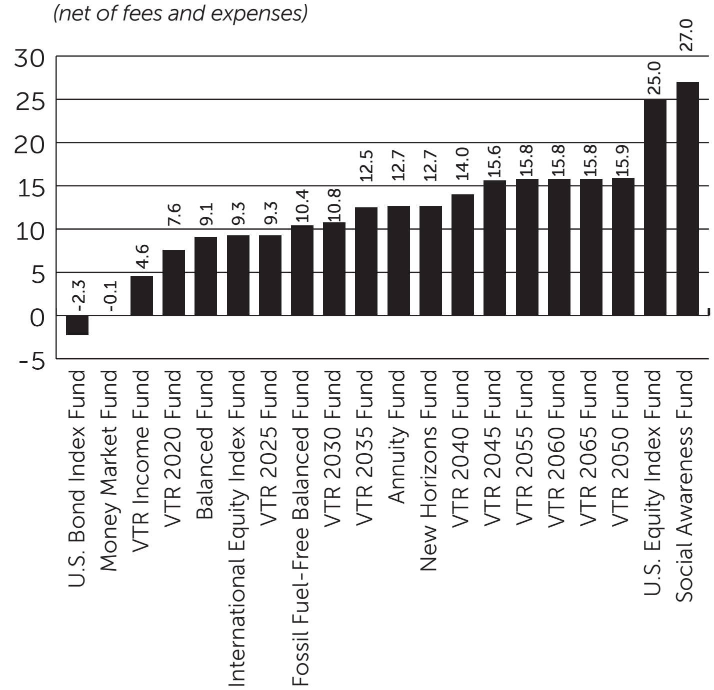
Last year, MMBB's Board of Managers approved a change in the default option for members still accumulating assets into the 11 Target Date Funds. A target date fund (TDF) offers the simplicity of a complete portfolio in a single investment option. Each TDF is comprised of a portfolio of five broadly diversified Vanguard index funds. As the year in a specific TDF's name draws near, its investment mix becomes more conservative. That way, a single target date fund is meant to serve each member throughout their career and retirement.

It is important to remember that we manage our investments with discipline and focus, which served our members well in 2021. Further, keep in mind that positive returns in some years and negative returns in others are a normal part of long-term investing. MMBB's investments are overseen by a professional Investment department as well as an Investment Committee, comprised of seasoned institutional investors, which meets regularly.

**MMBB Investment Fund Performance (%)**

**January 1 – December 31, 2021**

*(net of fees and expenses)*




VTR = Vanguard Target Retirement

# Investments **Under Management**

## Investments Under Management

*Market Value of Assets for the Year Ended December 31*
*Dollar amounts in thousands*

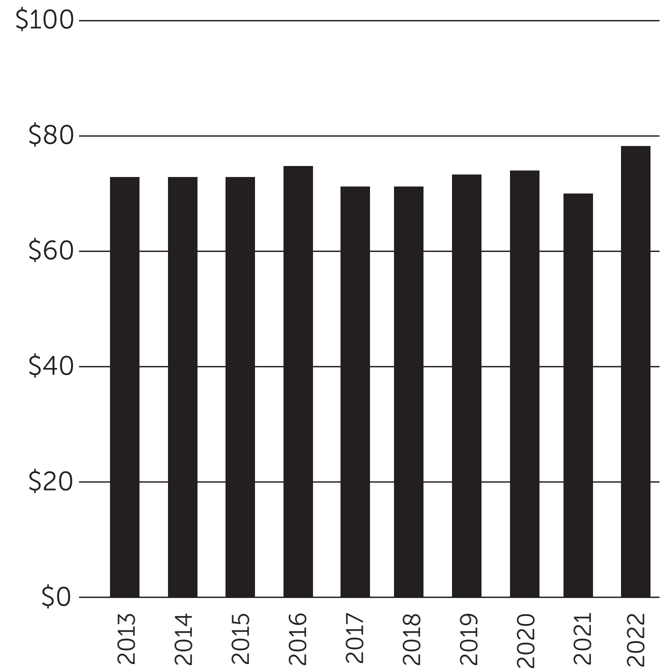
| | 2021 | Percentage of Market Value | 2020 | Percentage of Market Value | 2011 | Percentage of Market Value |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Cash and Cash Equivalents** | | | | | | |
| U.S. Cash and Cash Equivalents | **$ 83,738** | **2.74%** | $ 99,163 | 3.48% | $ 98,427 | 4.45% |
| Non-U.S. Cash and Cash Equivalents | **–** | **0.00%** | – | 0.00% | – | 0.00% |
| **Total Cash and Cash Equivalents** | **83,738** | **2.74%** | 99,163 | 3.48% | 98,427 | 4.45% |
| **Debt Obligations** | | | | | | |
| U.S. Treasury Obligations & Government Agency | **194,546** | **6.36%** | 224,164 | 7.86% | 276,146 | 12.49% |
| Mortgage Related | **100,790** | **3.29%** | 76,807 | 2.69% | 97,152 | 4.39% |
| Asset-Backed | **29,437** | **0.96%** | 24,135 | 0.85% | 50,775 | 2.30% |
| Corporate Bonds | **196,199** | **6.41%** | 175,748 | 6.17% | 168,374 | 7.61% |
| International Bonds | **14,549** | **0.48%** | 51,820 | 1.82% | 33,645 | 1.52% |
| Other Bonds | **502** | **0.02%** | – | 0.00% | 34,698 | 1.58% |
| **Total Debt Obligations** | **536,023** | **17.52%** | 552,674 | 19.39% | 660,790 | 29.89% |
| **Equities** | | | | | | |
| U.S. Common Stock | **971,836** | **31.74%** | 846,943 | 29.71% | 466,976 | 21.12% |
| Non-U.S. Common Stock | **408,248** | **13.34%** | 330,142 | 11.58% | 493,396 | 22.31% |
| Non-U.S. Preferred Stock | **–** | **0.00%** | – | 0.00% | – | 0.00% |
| **Total Equities** | **1,380,084** | **45.08%** | 1,177,085 | 41.29% | 960,372 | 43.43% |
| Interest/Dividends Receivable | **27** | **0.00%** | 550 | 0.02% | 2,479 | 0.11% |
| Pooled Funds | **1,094,222** | **35.74%** | 1,042,642 | 36.57% | 493,219 | 22.30% |
| Receivables for Securities Transactions | **556** | **0.01%** | 223 | 0.01% | – | 0.00% |
| Foreign Currency Contracts | **–** | **0.00%** | 138 | 0.00% | 135,973 | 6.15% |
| Securities Lending Collateral | **–** | **0.00%** | – | 0.00% | 95,000 | 4.30% |
| **Total Assets** | **3,094,650** | **101.09%** | 2,872,475 | 100.76% | 2,446,260 | 110.63% |
| **Liabilities** | | | | | | |
| Securities Sold, But Not Yet Purchased | **–** | **0.00%** | – | 0.00% | – | 0.00% |
| Interest Payable on Short Sales | **–** | **0.00%** | 1 | 0.00% | – | 0.00% |
| Payables for Securities Transactions | **32,966** | **1.08%** | 20,913 | 0.73% | 1,175 | 0.05% |
| Foreign Tax Dividend | **–** | **0.00%** | 4 | 0.00% | – | 0.00% |
| Foreign Currency Contracts | **–** | **0.00%** | 137 | 0.00% | 134,642 | 6.09% |
| Management, Advisory and Services Fees | **424** | **0.01%** | 848 | 0.03% | 1,494 | 0.07% |
| Investment Choices Liabilities | **–** | **0.00%** | – | 0.00% | 2,692 | 0.12% |
| Securities Lending Liability | **–** | **0.00%** | – | 0.00% | 95,000 | 4.30% |
| **Total Liabilities** | **33,390** | **1.09%** | 21,903 | 0.76% | 235,003 | 10.63% |
| **Net Assets** | **$ 3,061,260** | **100.00%** | $2,850,572 | 100.00% | $ 2,211,257 | 100.00% |

## Annuity Unit Payout Value

When a member chooses to annuitize all or a portion of his or her retirement account(s), that portion is transferred to the Annuity Fund. The annuity unit price on the date of this transfer is the price at which the member purchases units and determines the number of units that the member is able to buy with his or her accumulated assets. Each year, the member's number of annuity units and the annuity payout value determine the member's annual annuity. The annuity unit payout value for 2022 is $78.55.

The annuity unit payout values for 2013–2022 are shown on the graph to the right. Retired members experienced increases in their annuities five times during this period.

### Annuity Payout Values 2013–2022




## Legacy Funds (The Endowment)

On December 31, 2021, the value of MMBB's legacy funds (the endowment) was $194,549.

Income generated by the endowment is used to fund services to plan members. Those services include benefits seminars, retirement and financial planning, member publications and annual visits with eligible retired members. Endowment resources also support other costs of administrating the plans.

Resources from the endowment also provide benefits for plan members over and above contractual plan benefits. These include strategic premium assistance, educational grants, emergency financial assistance and a subsidy to help eligible annuitants purchase medical coverage.

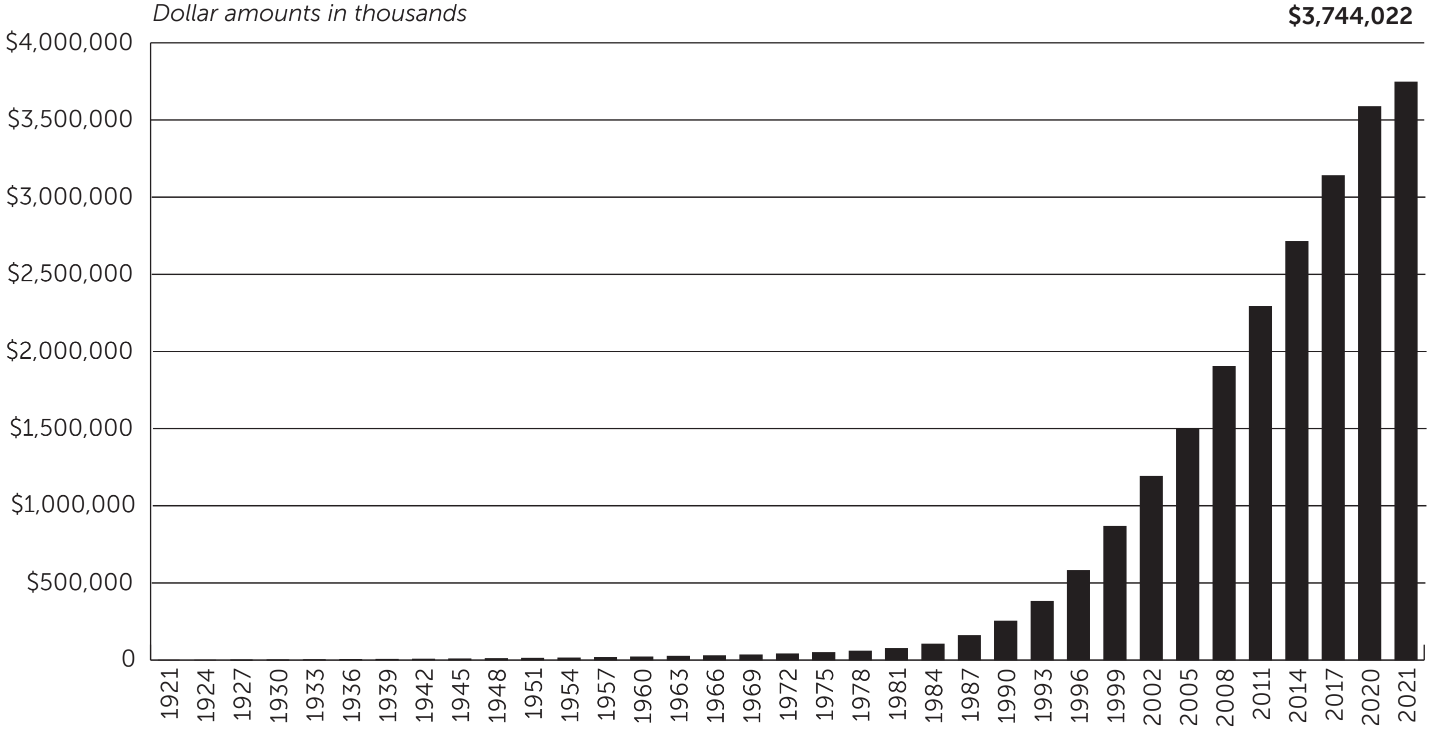
### Legacy Funds

*Dollar amounts in thousands*

| | **2021** | 2020 | 2011 |
|---|---|---|---|
| **Balance, December 31** | **$194,549** | $172,554 | $139,593 |
| **Number of Beneficiaries** | | | |
| Annual Grants | 61 | 59 | 56 |
| Emergency Assistance | 148 | 276 | 216 |
| Gift | 20 | 19 | 73 |
| Lay Employees Retirement Allowance | 1 | 1 | 23 |
| Premium Aid, including Strategic Premium Assistance | 19 | 10 | 15 |
| Lay Thank You Checks | 859 | 894 | 693 |
| Medicare Supplement | 613 | 671 | 1,306 |

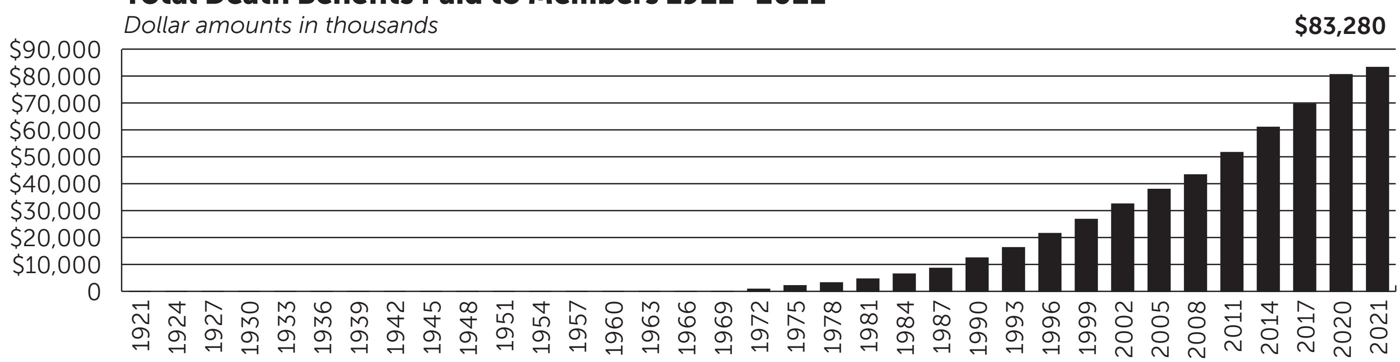
**Total Retirement Benefits Paid to Members 1921–2021**

*Dollar amounts in thousands*



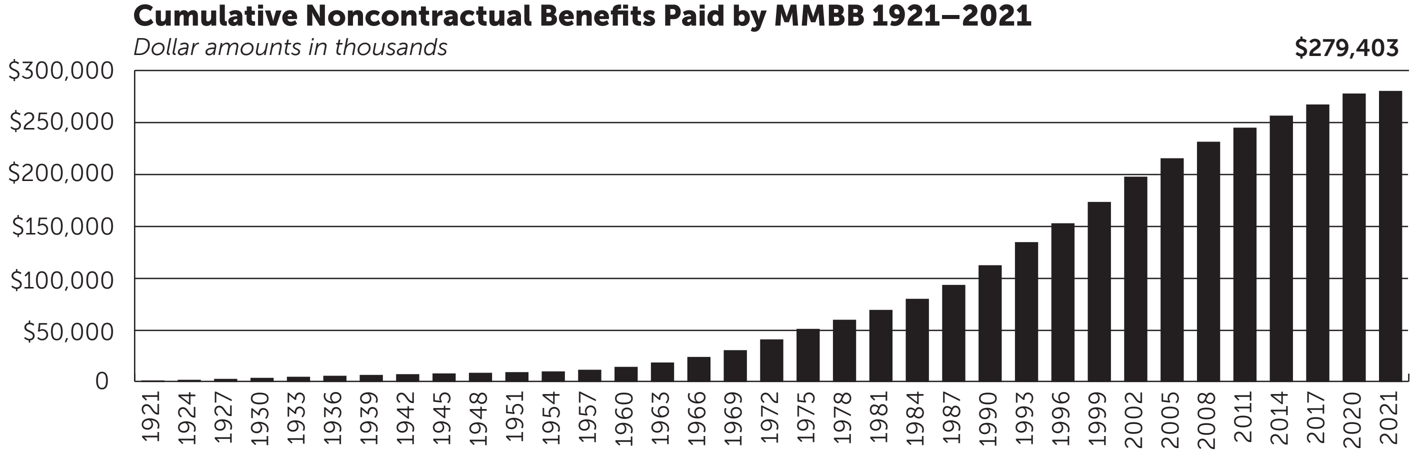

**Total Death Benefits Paid to Members 1921–2021**

*Dollar amounts in thousands*




**Cumulative Noncontractual Benefits Paid by MMBB 1921–2021**

*Dollar amounts in thousands*



# Independent Auditor's **Report**

**To The American Baptist Churches Retirement Plans**
**New York, New York**

## Opinion

We have audited the combined financial statements of The American Baptist Churches Retirement Plans ("Retirement Plans"), which comprise the combined statement of net assets available for benefits as of December 31, 2021, and the related combined statement of changes in net assets available for benefits for the year then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined net assets available for benefits of the Retirement Plans as of December 31, 2021, and the changes in its combined net assets available for benefits for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audit 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 Combined Financial Statements section of our report. We are required to be independent of the Retirement Plans and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Retirement Plans' ability to continue as a going concern within one year after the date that the combined financial statements are issued or available to be issued.

# Independent Auditor's **Report**

## Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 Retirement Plans' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Retirement Plans' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

## Other Matters

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining schedule of changes in net assets available for benefits presented on page 36 of this report is presented for purposes of additional analysis and is not a required part of the combined financial statements. The combining schedule of changes in net assets available for benefits is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining schedule of changes in net assets available for benefits has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedule of changes in net assets available for benefits is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Other Information Included in the Annual Report*

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis but does not include the combined financial statements and our auditor's report thereon. Our opinion on the combined financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the combined financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the combined financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BDO USA, LLP

New York, New York
April 26, 2022

# Independent Auditor's **Report**

## To The Ministers and Missionaries Benefit Board of American Baptist Churches New York, New York

## Opinion

We have audited the consolidated financial statements of The Ministers and Missionaries Benefit Board of American Baptist Churches ("MMBB"), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of MMBB as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are required to be independent of the MMBB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Consolidated Financial Statements

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

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

# Independent Auditor's **Report**

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MMBB's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the MMBB's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

## Other Matters

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on those consolidated statements as a whole. The accompanying consolidating schedule of activities presented on page 37 of this report is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating schedule of activities is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating schedule of activities has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidating schedule of activities is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Other Information Included in the Annual Report*

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BDO USA, LLP

New York, New York
April 26, 2022

# American Baptist Churches Retirement Plans **Financial Statements**

## Combined Statement of Net Assets Available for Benefits

*As of December 31, 2021 (in thousands)*

| | |
|---|---|
| **Assets** | |
| Receivables, Net | $ 10,182 |
| Investments Under Management | 2,705,678 |
| Due from MMBB | 13,867 |
| **Total Assets** | **$2,729,727** |
| **Liabilities** | |
| Accounts Payable and Accrued Expenses | $ 572 |
| | **572** |
| **Net Assets** | |
| Retirement Plan | $2,317,540 |
| Tax-Deferred Annuity | 104,770 |
| The Annuity Supplement | 305,247 |
| Deductible Employee Contribution Account | 1,598 |
| **Total Net Assets Available for Benefits** | **2,729,155** |
| **Total Liabilities and Net Assets Available for Benefits** | **$2,729,727** |

*See Accompanying Notes to Financial Statements.*

## Combined Statement of Changes in Net Assets Available for Benefits

*For the year ended December 31, 2021 (in thousands)*

| | |
|---|---|
| **Additions** | |
| Premiums | $ 45,724 |
| Net Investment Income from Investments Under Management | 312,839 |
| Transfer from MMBB | 2,214 |
| **Total Additions** | **360,777** |
| **Deductions** | |
| Benefits | 158,740 |
| Investment Management Fees | 27,683 |
| **Total Deductions** | **186,423** |
| **Net Increase** | **174,354** |
| **Net Assets Available for Benefits, Beginning of Year** | **2,554,801** |
| **Net Assets Available for Benefits, End of Year** | **$ 2,729,155** |

*See Accompanying Notes to Financial Statements.*

# The Ministers and Missionaries Benefit Board of American Baptist Churches
# **Financial Statements**

## Consolidated Statement of Financial Position

*As of December 31, 2021 (in thousands)*

| | |
|---|---|
| **Assets** | |
| Cash and Cash Equivalents | $ 2,474 |
| Receivables | 4,035 |
| Investments Under Management | 355,582 |
| Other Assets | 3,421 |
| Mortgages Receivable | 1,000 |
| Fixed Assets, Net | 2,383 |
| **Total Assets** | **$368,895** |
| **Liabilities** | |
| Accounts Payable and Accrued Expenses | $ 1,894 |
| Due to Retirement Plans | 13,867 |
| Retired Ministers and Missionaries Offering | 337 |
| Accrued Postretirement Benefits | 12,214 |
| **Total Liabilities** | **28,312** |
| **Net Assets** | |
| Without Donor Restrictions: | |
| Legacy Funds | $ 193,419 |
| Death Benefit Plan | 36,333 |
| Special Benefits Fund | 108,030 |
| **Total Without Donor Restrictions** | **337,782** |
| **With Donor Restrictions** | **2,801** |
| **Total Net Assets** | **340,583** |
| **Total Liabilities and Net Assets** | **$368,895** |

*See Accompanying Notes to Financial Statements.*

## Consolidated Statement of Activities

*For the year ended December 31, 2021 (in thousands)*

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Revenues** | | | |
| Premiums | $ 6,947 | $ – | $ 6,947 |
| Contributions | 1,771 | – | 1,771 |
| Kewa Rental Income | 1,761 | – | 1,761 |
| Net Investment Income | 38,330 | 394 | 38,724 |
| Net Assets Released from Restrictions Upon Satisfaction of Donor-Imposed Stipulations | 372 | (372) | – |
| **Total Revenues** | **49,181** | **22** | **49,203** |
| **Expenses** | | | |
| Program Activities | 15,565 | – | 15,565 |
| Supporting Activities | 2,313 | – | 2,313 |
| **Total Expenses** | **17,878** | **–** | **17,878** |
| **Change in Net Assets Before Change in Postretirement Benefits Obligation and Transfer of Net Assets** | **31,303** | **22** | **31,325** |
| **Change in Postretirement Benefits Obligation** | **(224)** | **–** | **(224)** |
| **Change in Net Assets** | **31,079** | **22** | **31,101** |
| **Net Assets, Beginning of Year** | **306,703** | **2,779** | **309,482** |
| **Net Assets, End of Year** | **$337,782** | **$2,801** | **$340,583** |

*See Accompanying Notes to Financial Statements.*

# The Ministers and Missionaries Benefit Board of American Baptist Churches
# **Financial Statements**

## Consolidated Statement of Cash Flows
*Year ended December 31, 2021 (in thousands)*

| | | |
|---|---|---|
| **Cash Flows from Operating Activities:** | | |
| Change in Net Assets | $ | 31,101 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities: | | |
| Depreciation and Amortization | | 575 |
| Change in Present Value of Note Receivable | | (1,284) |
| Net Gain on Investments | | (38,724) |
| Benefit Obligation | | 224 |
| (Increase) Decrease in Assets: | | |
| Receivables | | (624) |
| Note Receivable | | 3,938 |
| Mortgages Receivable | | 333 |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable and Accrued Expenses | | 285 |
| Due to Retirement Plans | | (202) |
| Retired Ministers and Missionaries Offering | | 23 |
| Accrued Postretirement Benefits | | (175) |
| **Net Cash Used in Operating Activities** | | **(4,530)** |
| **Cash Flows from Investing Activities:** | | |
| Purchases of Fixed Assets | | (244) |
| Proceeds from Sale of Investments | | 41,000 |
| Purchases of Investments | | (37,140) |
| **Net Cash Provided by Investing Activities** | | **3,616** |
| **Net Decrease in Cash and Cash Equivalents** | | **(914)** |
| **Cash and Cash Equivalents, Beginning of Year** | | **3,388** |
| **Cash and Cash Equivalents, End of Year** | **$** | **2,474** |
| **Supplemental Disclosures of Cash Flow Information:** | | |
| Cash Paid for Taxes | $ | 250 |

*See Accompanying Notes to Financial Statements.*

# Notes to **Financial Statements**

*Dollar amounts are presented in thousands*

## 1. General

### Organization

The Ministers and Missionaries Benefit Board of American Baptist Churches ("MMBB") and the American Baptist Churches Retirement Plans (the "Retirement Plans") (collectively, the "Board") provide retirement, death, disability and other benefits for ordained ministers, commissioned missionaries and lay employees of churches and organizations related to the American Baptist Churches through the administration of retirement and other benefit plans. All amounts in the notes to the financial statements are presented in thousands unless stated otherwise.

### Retirement Plans

The Retirement Plans are qualified pension trusts exempt from federal income tax. The Retirement Plans include the 1965, 1976 and 1980 Retirement Plan, Tax-Deferred Annuity, The Annuity Fund, The Annuity Supplement, the Deductible Employee Contribution Account and the MMBB Puerto Rico Plan. The plans are composed of accumulation and annuity units, and the assets are held in a trust. Premiums are used to purchase accumulation units based on the unit value as of the day on which premiums are received. A premium equal to a percentage of the member's compensation is paid by employers into the Retirement Plan accumulation fund. Employers and plan members may contribute additional premiums to the Tax-Deferred Annuity and The Annuity Supplement, subject to certain limitations, to increase these retirement benefits. At retirement, accumulation units held are converted to annuity units using actuarial tables. Annuitants receive payments based upon the number of annuity units held and the annuity unit payout value as determined annually. The Retirement Plan, Tax-Deferred Annuity, The Annuity Supplement and the Deductible Employee Contribution Account (together, the "Plans") are Internal Revenue Code 403(b)(9) exempt retirement programs maintained by MMBB. The MMBB Puerto Rico Plan began accepting contributions effective January 1, 2012. This plan is solely for certain residents of Puerto Rico and is intended to incorporate all of the design features and administrative provisions of MMBB's U.S. 403(b)(9) defined contribution plans into one separate plan, and to comply with the qualification requirements of the New Puerto Rico Code.

The Retirement Plans and/or any account maintained by the Board to manage or hold assets of the Retirement Plans, and any interest in such Retirement Plans or account (including any funds maintained by the Board), are not subject to the registrations, regulation or reporting provisions of the Investment Company Act of 1940, the Securities Act of 1933, the Securities Exchange Act of 1934, Title 15 of the United States Code or state securities laws. Therefore, participants and beneficiaries under the Retirement Plans will not be afforded the protection of those provisions. MMBB's employees also participate in the Retirement Plans. MMBB makes contributions on behalf of employees equal to 13% of each individual employee's compensation. In 2021, MMBB's contribution was $1,092.

### MMBB

MMBB, a not-for-profit religious organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, is comprised of the Legacy Funds, General Fund, Death Benefit Plan, Special Benefits Fund, the Lilly Fund and the MMBB Financial Planners, LLC. MMBB's consolidated financial statements include the statement of financial position and results of operations of Kewa, Inc., a wholly owned subsidiary that owns an apartment building in New York City. The Legacy Funds and Lilly Funds are administered in accordance with the terms of the donors stipulation. Disbursements for operating costs, as well as assistance to ministers and lay employees, are paid out of the General Fund. A premium equal to 1% of the member's compensation is received by the General Fund for assistance to ministers, missionaries and lay employees. The Death Benefit Plan provides group term life insurance for preretired members during their working careers and for retired members. Premiums of 1% of compensation are paid by the employers on behalf of the members. The Special Benefits Fund provides disability and other benefits to qualifying Plan members. Premiums equal to 1% of compensation are paid by the employers on behalf of the members. The associated investment income earned on these contributions is available for services provided by the Board as well as benefit payments. This income is also available for operating expenses of the Retirement Plans, the Death Benefit Plan and the Special Benefits Fund.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The combined financial statements of the Retirement Plans and the consolidated financial statements of MMBB are prepared on the accrual basis of accounting and conform to the accounting principles generally accepted in the United States of America ("U.S. Generally Accepted Accounting Principles (GAAP)). MMBB's net assets and its revenue and expenses are based on the existence or absence of donor-imposed restrictions. The amounts are classified in either of the two classes of net assets defined below and displayed in the consolidated statement of financial position, and the amounts of change in each of those classes of net assets are displayed in the consolidated statement of activities.

*Without Donor Restrictions*—This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of MMBB. Revenues are reported as increases in net assets without donor restrictions, unless their use is limited by donor-imposed restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by donors or by law. Expenses are reported as decreases in net assets without donor restrictions.

*With Donor Restrictions*—This class consists of net assets with donor restrictions whose use is limited by donor-imposed, time and/or purpose restrictions. MMBB reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restrictions. Net assets resulting from contributions and other inflows of assets whose use by MMBB is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of MMBB are classified as net assets with donor restrictions—perpetual in nature.

In order to ensure observance of limitations and restrictions placed on the use of resources available, the accounts of MMBB are maintained in accordance with the cost centers as presented on the supplemental consolidating schedule of activities. For the Retirement Plans, as presented on the combining schedule of changes in net assets available for benefits, the annuity funds of American Baptist Churches and all affiliated entities were consolidated into one annuity reserve (the Annuity Fund). There are recurring net asset transfers each year between the Retirement Plan, Tax-Deferred Annuity, The Annuity Supplement and Deductible Employee Contribution Account. The transfers represent conversion of members' preretired account values into annuitized values.

**Principles of Combination and Consolidation**

The Retirement Plans' combined financial statements consist of the Retirement Plan, Tax-Deferred Annuity Plan, The Annuity Supplement and the Deductible Employee Contribution Account. MMBB's consolidated financial statements consist of the Legacy Funds, General Fund, Death Benefit Plan, Special Benefits Fund, the Lilly Fund and the MMBB Financial Planners, LLC. All material interfund and intercompany balances and transactions have been eliminated in combination and consolidation.

**Management Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses recognized during the reporting period. Actual results could differ from these estimates.

**Revenue Recognition**

Premiums and MMBB's Ministry Support, as discussed below, are recognized when earned. Grants and contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions are considered to be available without donor restrictions, unless specifically restricted by the donor. Conditional promises to give are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met. Premiums, grants and contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, premiums, grants and contributions fall under the purview of Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 958 "Not-for-Profit Entities." Transfers to pay benefits are recognized when earned. Rental income is recognized when earned. MMBB's Ministry Support, as discussed below, is reported at the amount that reflects the consideration to which MMBB is entitled in exchange for providing services. The transaction price is based on the agreed-upon Ministry Support between MMBB and the applicable investment funds under the Board's management. Since MMBB's performance obligations are satisfied when the service has been provided, and MMBB does not believe it is required to provide additional services, all of MMBB's revenue in connection with its Ministry Support are recognized at a point in time. There are no changes to the Ministry Support during the year or from year to year, nor are there any unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

As a practical expedient, MMBB utilizes the portfolio approach for analyzing the Ministry Support in accordance with ASC 606. MMBB accounts for the agreed-upon Ministry Support within each portfolio collectively, rather than individually. MMBB considers the similar nature and characteristics of the applicable investment funds in using the portfolio approach. MMBB believes that the use of the portfolio approach to analyze agreed-upon Ministry Support will not differ materially than if the agreed-upon Ministry Support were analyzed individually.

The following table shows MMBB's Ministry Support disaggregated by payor:

| | |
|---|---:|
| Retirement Plan | $ 11,118 |
| Tax-Deferred Annuity Plan | 497 |
| The Annuity Supplement | 1,415 |
| Deductible Employee Contribution Account | 8 |
| Death Benefit Plan | 161 |
| Special Benefit Fund | 486 |
| **Total** | **$ 13,685** |

**Investments Under Management**

The Investment Committee of the Board of Managers (the "Committee") has general supervision of the Board's investments. The investment objective of the Board is to achieve a maximum total rate of return for its investments, taking into consideration the safety of principal, potential for market appreciation and income. The Committee has selected professional managers to select and monitor the assets comprising Investments Under Management. Pursuant to management agreements, the Board pays each of its investment managers a management fee based on the net assets under their management. The Board also pays certain managers an incentive fee based on the performance of the assets under management. For the year ended December 31, 2021, the incentive fees were $6,903. MMBB charges a Ministry Support of up to an annualized 50 basis points (0.5%). The Ministry Support applies to all funds under the Board's management except for the Legacy Funds, Lilly Fund and Money Market Fund. This fee is charged in addition to the investment management fee that applies to each fund. Currently, the Board has implemented a Ministry Support that is assessed pro rata daily across all applicable funds. For the year ended December 31, 2021, MMBB charged a Ministry Support to the funds of $13,685. Subject to investment policies and guidelines prescribed by the Committee, the investment managers are given authority to invest in a broad range of securities, including, but not limited to, equity securities of U.S. and foreign companies, debt securities of the U.S. government and its agencies, debt securities of other U.S. and non-U.S. issuers, investment funds, commercial paper and other types of investments. The Committee has amended these investment policies and guidelines to allow certain investment managers to have the flexibility of directing a portion of Investments Under Management in financial forwards, futures, option contracts and similar investments for the purpose of adjusting the degree of risk in the Board's portfolio. The Board pays unrelated business income tax on income arising from its debt-financed investments. The Board has requested and received from the Commodity Futures Trading Commission a "no-action" letter, which effectively exempts the Board from certain "commodity pool operator" registration requirements of the Commodity Exchange Act and the regulations promulgated thereunder. The "no-action" letter also relieves the Board from the operation criteria of Regulation 4.5 of the Commodity Exchange Act thereby permitting investment of a portion of its assets in financial futures, options and similar investments without complying with such operation criteria. The use of such investments must be consistent with the Committee's investment policies and guidelines.

**Securities and Portfolio Valuation**

Financial instruments are carried at fair value. FASB ASC 820-10, "Fair Value Measurement," defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. ASC 820-10 defines fair value as 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 in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities.

These inputs can be readily observable, market-corroborated or unobservable. ASC 820-10 establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability, and may affect the valuation of the asset or liability and its placement within the fair value hierarchy. The Board classifies fair value balances based on the fair value hierarchy defined by ASC 820-10 as follows:

**Level 1—**Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Valuation adjustments and block discounts are not applied to Level 1 instruments.

**Level 2—**Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3**—Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

A description of the valuation techniques applied to the Board's major categories of assets and liabilities measured at fair value is as follows:

**Equities:** For its investments with asset managers that hold public common and preferred stocks and collateralized securities, the Board has position-level transparency into individual holdings. These investments are priced by the Board's custodian using a nationally recognized pricing service based on observable market data and are classified as Level 1 of the fair value hierarchy.

**Fixed Income:** The Board also has investments with several fixed income managers, and the Board's custodian prices these investments using a nationally recognized pricing service. The Board's fixed income investments include U.S. Treasury securities, corporate bonds, high-yield bonds, municipal bonds, asset-backed securities and collateralized securities. In the normal trading of fixed income securities, pricing is determined using relevant market information, benchmark curves, benchmarking of similar securities, sector groupings and matrix pricing. These investments are classified as Level 2 of the fair value hierarchy. U.S. Treasury securities are valued using quoted market prices and are categorized as Level 1 of the fair value hierarchy.

**Hedge Fund of Funds:** The Board invests with several funds of hedge funds managers. For these investments, the Board has access to underlying managers, but not to the individual positions of each manager. A significant amount of the Board's investments consists of long/short equity managers, which invest in liquid, publicly traded securities. Additionally, the Board is invested in a natural resources fund of hedge funds with exposures in energy, livestock, metals, agriculture and other commodities. The fair value of these investments valued at net assets value ("NAV") or its equivalent as a practical expedient and is determined by each manager using either an in-house valuation team or a third-party administrative service. As part of its due diligence process, MMBB has surveyed each investment manager and reviewed their valuation policies and the controls surrounding the valuation process in accordance with ASC 820-10. The financial statements of the investees are audited annually by independent auditors. In accordance with Accounting Standards Update ("ASU") 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Assets Value Per Share (Or Its Equivalent)," these investments are not presented as part of the fair value hierarchy table and are disclosed separately in the footnotes.

**Forward Contracts:** Open forward currency contracts are valued based upon forward rates available from established reputable sources. These investments are classified as Level 1 of the fair value hierarchy.

**Private Equity:** Private Equity comprise approximately 11% of the Board's investments and consist of investments in infrastructure, energy, secondary equity and timber. These investments are long-term investments, which require a commitment of capital for several years and do not have readily observable fair values. The fair value of these investments is valued at NAV or its equivalent, as a practical expedient and determined by each manager using either an in-house valuation team or a third-party administrative service. As part of its due diligence process, MMBB surveyed each investment manager and reviewed their valuation policies and controls surrounding the valuation process in accordance with ASC 820-10. The financial statements of the investees are audited annually by independent auditors. These investments are not classified as part of the fair value hierarchy table in accordance with ASU 2015-07 and are disclosed separately in the footnotes.

**Commingled Funds:** The Board invests with several commingled fund managers. For these investments, the Board has ownership interest in the commingled fund but not in the individual positions of each manager. A significant amount of the Board's commingled funds invests in liquid, publicly traded securities. The commingled funds are valued at NAV or equivalent as a practical expedient. NAV is based on the fair value of the underlying assets of the commingled funds.

**Senior Loan Funds:** The Board invests in an institutional senior loan fund whose investment objective is to provide as high a level of current income as is consistent with the preservation of capital, by investing in a portfolio primarily of senior floating-rate loans. The institutional senior loan fund is valued at NAV or equivalent as a practical expedient. Interests in senior floating-rate loans for which reliable market quotations are readily available are valued generally at the average mean of bid and ask quotations obtained from a third party pricing service. Other Senior Loans are valued at fair value by the investment adviser of the fund.

**Futures Contracts:** The Board invests in futures contracts to maintain its exposure to asset classes in accordance with the targets. The Board does not use futures contracts to hedge its risk exposure. Its investment in futures contracts consists of domestic and international equity index futures, treasury index futures and corporate fixed income futures. The contracts are liquid instruments, usually with a 90-day settlement period, and their prices are observable daily on a nationally recognized exchange. Upon entering into a contract, the Board deposits and maintains as collateral an initial margin balance as may be required. During the period the futures contract is open, changes in the value of the contract are recognized on a daily basis to reflect the fair value at the end of each day's trading. Variation margin payments are received or made, depending upon whether unrealized gains or losses are incurred. When the contracts are closed, the Board realizes a gain or loss equal to the difference between the proceeds from the closing transaction and the basis in the contracts. Cash collateral on deposit with brokers relating to these contracts was $0 as of December 31, 2021. As part of its due diligence process, MMBB surveyed its investment managers, which achieves the futures exposure for the Board, and reviewed its valuation policy and controls surrounding the valuation process in accordance with ASC 820-10. These investments are classified as Level 1 of the fair value hierarchy.

Purchases and sales of securities are reflected on a trade date basis. Gains or losses on sales of securities are based on the average cost of each individual security sold. Unrealized gains and losses are determined by comparison of cost determined by the average cost method with the fair value and are included in the statement of changes in net assets. Dividend income is recorded on the ex-dividend date. Interest from other investments is recorded as earned.

Net investment return is reported in the consolidated statement of activities for MMBB and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. The Retirement Plans present in the combined statement of changes in net assets available for benefits its net investment income from its interest in Investments Under Management, which includes its interest in the appreciation or depreciation in the fair value of Investments Under Management and interest and dividend income.

Net gain resulting from foreign investment transactions and the translation of foreign denominated investments amounted to approximately $3,146 for MMBB and for the Retirement Plans for the year ended December 31, 2021.

**Foreign Currency**

The Board has investments in several international equity securities. Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Board does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

**Securities Sold, Not Yet Purchased**

Investments Under Management and securities sold, not yet purchased are carried at fair value. Securities that are not readily marketable are carried at estimated fair value as determined by the individual investment manager. Fair value is based on the recorded sales price on the last business day of the year or, in the absence of a reported sale, on the bid price for investments and the ask price for securities sold, not yet purchased. The fair value of investments traded in foreign currencies is determined at the exchange rate on the last business day of the year.

**Total Return Allocation**

Effective June 1, 1986, a "total return allocation" was adopted for spending from the Legacy Funds. The transfer of investment yield from the Legacy Funds to the General Fund is based on the average fair value of the Legacy Funds' pro rata share of Investments Under Management. For the year ended December 31, 2021, the target spending rate for the General Fund was pursuant to this policy. The actual spending rate for this time period was 2.36%.

**Cash Equivalents**

The Board considers all investments with an original maturity of three months or less to be cash equivalents. At times, the amounts on deposit at various financial institutions exceeded the $250 insured limit by the Federal Deposit Insurance Corporation ("FDIC"). The Board has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalent accounts. The funds maintained with brokers are insured up to $500 by the Securities Investors Protection Corporation ("SIPC"). The Investments Under Management includes cash and cash equivalents amounting to $83,000.

**Brokerage Agreements**

The individual investment managers employed by the Board have prime brokerage agreements with various brokerage firms to carry their accounts as customers. The brokers or individual managers have custody of the Board's individual securities and, from time to time, cash balances, which may be due to these brokers. These securities and/or cash positions serve as collateral for any amounts due to the brokers. The securities and/or cash positions also serve as collateral for potential defaults of the Board.

**Receivables**

Loans receivable represent amounts borrowed by members from their retirement plan accounts.

Loans receivable are reported at carrying value and are presented as part of receivables in the Retirement Plans' combined statement of net assets available for benefits.

The Retirement Plan recognizes impairment on loans receivable when it is probable that it will not be able to collect all the amounts due according to the contractual terms of the loan agreement. Loans receivable are considered in default if they are at least 180 days past due. At December 31, 2021, there was no allowance for doubtful accounts. Loans receivable, as stated in the combined financial statements, are deemed by management to be fully collectible.

# Notes to **Financial Statements**

*Dollar amounts are presented in thousands*

The amount and age of net loans receivable that are outstanding at December 31, 2021, are as follows:

| 1–29 Days Past Due | 30–59 Days Past Due | 60–89 Days Past Due | 90 Days or More Past Due | Total Current | Total Loans |
|---|---|---|---|---|---|
| **$ –** | **$ –** | **$ –** | **$ –** | **$6,891** | **$6,891** |

The Board monitors the credit quality of its loans receivable every year based on payment activity. The following table discloses the recorded loans by credit quality indicator as of December 31, 2021:

| | Loans Receivable | Date on Which the Information Was Updated for the Credit Quality Indicator |
|---|---|---|
| **Performing** | **$ 6,891** | **12/31/2021** |
| **Nonperforming** | **–** | **12/31/2021** |

The remaining receivables amounting to $3,291 for the Retirement Plans pertains to the premium receivables. The receivable as reported in MMBB's consolidated statement of financial position is mainly comprised of the Ministry Support from the Retirement Plans.

### Mortgages Receivables

The mortgages receivable of MMBB represent amounts from employees for the purchase of their personal residences and are secured by the related properties. Mortgages receivable are reported at carrying value. MMBB recognizes impairment on mortgages receivable when it is probable that MMBB will not be able to collect all amounts due according to the contractual terms of the mortgage agreement. MMBB measures impairment based on reviews of all outstanding receivables and determines collectability of its receivables based on past experience with employees or the fair value of the collateral. There were no impairment charges for the year ended December 31, 2021. If a mortgage receivable is in default, management will assess the ultimate collectability of principal and interest on the mortgage receivable.

The amount and age of mortgages receivable that are outstanding at December 31, 2021, are as follows:

| 1–29 Days Past Due | 30–59 Days Past Due | 60–89 Days Past Due | 90 Days or More Past Due | Total Current | Total Loans |
|---|---|---|---|---|---|
| **$ –** | **$ –** | **$ –** | **$ –** | **$1,000** | **$1,000** |

The Board monitors the credit quality of its mortgages receivable every year based on payment activity. The following table discloses the mortgages receivable by credit quality indicator as of December 31, 2021:

| | Mortgages Receivable | Date on Which the Information Was Updated for the Credit Quality Indicator |
|---|---|---|
| **Performing** | **$ 1,000** | **12/31/2021** |
| **Nonperforming** | **–** | **12/31/2021** |

### Fixed Assets, Net

Fixed assets are stated at cost, less accumulated depreciation. MMBB capitalizes certain expenses that extend the useful life of fixed assets. Routine repairs and maintenance are expensed as incurred. MMBB calculates depreciation and amortization on fixed assets on a straight-line basis over the estimated lives of the assets. For the year ended December 31, 2021, depreciation and amortization was approximately $575.

| | |
|---|---|
| **Estimated Useful Lives (in Years)** | |
| Leasehold Improvements | 10–20 |
| Furnishings | 10 |
| Equipment and Computer Software | 3–5 |
| Buildings and Building Improvements | 27.5 |
| **At December 31, 2021, Fixed Assets, Net Comprised of** | |
| Leasehold Improvements | $ 5,797 |
| Furnishings | 1,895 |
| Equipment and Computer Software | 15,034 |
| Buildings | 6,095 |
| | **28,821** |
| **Less: Accumulated Depreciation and Amortization** | **(26,438)** |
| | **$ 2,383** |

### Impairment of Long-Lived Assets

MMBB reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2021, there have been no such losses.

### Payment of Benefits

Benefits are recorded when paid.

*Dollar amounts are presented in thousands*

**Functional Allocation of Expenses**

All expenses of the Special Benefits Fund, Death Benefit Plan, Non-Contractual benefits and expenses relating to the Retired Ministers and Missionaries Offering are mission-based and classified as program activities. Grants that are restricted in purpose, including the Lilly grant and the Ives Fund, are classified as program activities. Salary, professional and rent expenses are allocated based on actual time spent between program and supporting activities. All other expenses are considered supporting activities.

A summary of MMBB's functional allocation of expenses is as follows:

| | |
|---|---|
| **Program Activities:** | |
| Salaries and Benefits | $ 5,614 |
| RMMO | 19 |
| Non-Contractual Benefits | 2,593 |
| Benefits | 4,341 |
| Professional Fees | 246 |
| Rent and Utilities | 421 |
| Administration Expenses | 9 |
| Payments to the Retirement Plan | 2,214 |
| Financial Wellness | 108 |
| **Total Program Activities** | **$15,565** |
| **Supporting Activities:** | |
| Salaries and Benefits | $ 7,937 |
| Sponsorships | 9 |
| Professional Services and Other Expenses | 4,051 |
| Publications and Printing | 626 |
| Travel, Biennial Mission Summit | 91 |
| Rent and Utilities | 645 |
| Hardware/Software | 91 |
| Outreach | 420 |
| Depreciation and Amortization | 575 |
| Kewa Operating Expenses | 1,553 |
| Ministry Support | (13,685) |
| **Total Supporting Activities** | **$ 2,313** |

**Applicability of the New York Prudent Management of Institutional Funds Act**

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). This law, which is a modified version of The Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), made significant changes to the rules governing how New York not-for-profit organizations may manage, invest and spend their endowment funds. The law is designed to allow organizations to manage more easily the fluctuations in the value of their endowments and to afford them greater access to funds needed to support their programs and services in difficult financial times.

**Accounting for Uncertainty in Income Taxes**

Under ASC 740-10, "Income Taxes," an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. The Board does not believe there are any material uncertain tax positions taken, or to be taken, for the tax year ended December 31, 2021, and accordingly, they have not recognized any liability for unrecognized tax benefits under ASC 740-10. The Board filed Internal Revenue Service Form 990-T tax returns, as required, and all other applicable returns in jurisdictions where it is required.

## 3. Liquidity and Availability of Resources

The following table reflects MMBB's financial assets as of December 31, 2021, reduced by amounts not available for general operating expenses within one year. Financial assets are considered available when illiquid or not convertible to cash within one year or assets held for a specific purpose.

| | December 31, 2021 |
|---|---|
| Cash and Cash Equivalents | $ 2,474 |
| Receivables | 4,035 |
| Investments Under Management | 355,582 |
| **Total Financial Assets Available Within One Year** | **362,091** |
| Less: | |
| Amounts Unavailable for General Expenditures Within One Year, Due to Purpose Restrictions | 141,104 |
| **Total Financial Assets Available to Management for General Expenditure Within One Year** | **$ 220,987** |

**General Operating Expenses**

Benefits are part of MMBB's liquidity management; it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. To help manage unanticipated liquidity needs, MMBB also has a committed line of credit in the amount of $5,000, which was undrawn at December 31, 2021. Funding for general operating activities of MMBB mainly comes from fees, premiums and other sources with the shortfall funded by income generated by Investments Under Management.

**Benefits Expenses**

Benefits are funded through premiums and investment income. Any shortfall in premiums to pay benefits are funded by investment returns from Investments Under Management.

## 4. Investments Under Management

*(Dollar amounts are presented in millions for Note 4)*

The Board's Investments Under Management for the year ended December 31, 2021, are in a Master Trust. MMBB and the Retirement Plans have an undivided interest in the Master Trust. At December 31, 2021, MMBB's and the Retirement Plans' interest in the net assets of the Master Trust was $355 (12%) and $2,706 (88%), respectively.

Investment income and administrative expenses relating to the Master Trust are allocated to MMBB and the Retirement Plans based upon the amount of time their assets were invested in the Master Trust.

The following table presents the net assets of the Master Trust and MMBB and the Retirement Plans' corresponding interest in the underlying investments of the Master Trust as of December 31, 2021:

| | | Interest in Master Trust: | |
|---|---|---|---|
| | **Master Trust Balances** | **Retirement Plans** | **MMBB** |
| Equities | $ 1,379 | $ 1,219 | $160 |
| Fixed Income | 504 | 452 | 52 |
| Hedge Fund of Funds | 105 | 93 | 12 |
| Private Equity | 343 | 304 | 39 |
| Commingled Funds | 643 | 563 | 80 |
| Commodities | 4 | – | 4 |
| U.S. Cash and Cash Equivalents | 83 | 75 | 8 |
| | **$3,061** | **$2,706** | **$355** |

The following table presents the changes in the net assets of the Master Trust for the year ended December 31, 2021:

| | |
|---|---|
| Net Appreciation in Fair Value of Investments | $ 340 |
| Net Transfers | (115) |
| Administrative Expenses | (15) |
| **Net Increase in Net Assets** | **210** |
| **Net Assets, Beginning of Year** | **2,851** |
| **Net Assets, End of Year** | **$3,061** |

At December 31, 2021, the cost basis and fair value of Investments Under Management for the Board were $1,737 and $3,061, respectively. The following table presents the level within the fair value hierarchy at which the Board's financial assets and financial liabilities are measured on a recurring basis at December 31, 2021.

The amounts below represent the total investment assets and liabilities under management as of December 31, 2021.

| | Quoted prices in active markets for identical assets **Level 1** | Significant observable inputs **Level 2** | Significant unobservable inputs **Level 3** | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| **Equities:** | | | | |
| Domestic Small/ Mid-Cap | $ 119 | $ – | $ – | $ 119 |
| Domestic Large-Cap | 486 | – | – | 486 |
| Domestic All-Cap | 368 | – | – | 368 |
| International Developed All-Cap | 402 | – | – | 402 |
| Emerging Markets | 6 | – | – | 6 |
| **Fixed Income:** | | | | |
| U.S. Treasury | 93 | 83 | – | 176 |
| U.S. Government Agency | 6 | 9 | – | 15 |
| Mortgage-Related | – | 101 | – | 101 |
| Asset-Backed | 4 | 25 | – | 29 |
| Investment Grade Corporate | 24 | 110 | – | 134 |
| High Yield Corporate | 42 | 21 | – | 63 |
| Inflation-Linked | 4 | – | – | 4 |
| International Developed | 10 | – | – | 10 |
| Emerging Markets | – | 4 | – | 4 |
| | **$1,564** | **$ 353** | **$ –** | **$1,917** |

# Notes to **Financial Statements**

*Dollar amounts are presented in thousands*

| | |
|---|---|
| **Other Investments at NAV or Equivalent:**[1] | |
| Hedge Fund of Funds | $ 105 |
| Private Equity | 343 |
| Commingled Funds | 643 |
| Commodities | 4 |
| | **1,095** |
| **U.S. Cash and Cash Equivalents**[2] | **83** |
| **Total Assets** | **$3,095** |

| | Quoted prices in active markets for identical assets<br>**Level 1** | Significant observable inputs<br>**Level 2** | Significant unobservable inputs<br>**Level 3** | **Total** |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Equity | $ 10 | $ – | $ – | $ 10 |
| Fixed Income | – | 24 | – | 24 |
| **Total Liabilities** | **$ 10** | **$ 24** | **$ –** | **$ 34** |
| **Total Investments Under Management** | | | | **$3,061** |

*[1]Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy table. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy table to the amounts presented in the combined statement of net assets available for benefits and consolidated statement of financial position.*

*[2]U.S. cash and cash equivalents have not been classified in the fair value hierarchy table. The fair value amount presented in this table is intended to permit reconciliation of the fair value hierarchy table to the Investments Under Management amounts presented in the combined statement of net assets available for benefits and consolidated statement of financial position.*

The Board had no financial assets or financial liabilities that were measured at fair value on a nonrecurring basis for the year ended December 31, 2021. In addition, there were no transfers between levels during the year ended December 31, 2021.

The fair value of forward currency and futures contracts are included in Investments Under Management on the combined statement of net assets available for benefits. The following table sets forth the fair value of the forward currency contracts held within a commingled fund and futures contracts held with an investment manager as of December 31, 2021, and lists the net realized gain (loss) and net change in unrealized gain (loss), as included in the net investment income from Investments Under Management in the combined statement of changes in net assets available for benefits of the trust for the year ended December 31, 2021.

The below notional amounts which are representative of fair value are presented as of December 31, 2021, and are indicative of the volume of activity during the year then ended.

| | **Assets Fair Value** | **(Liabilities) in Fair Value** | **Net Realized Gains (Losses)** | **Net Change in Unrealized Gains (Losses)** |
|---|---|---|---|---|
| Forward Currency Contracts | $– | $– | $– | $– |
| Futures Contracts | $– | $– | $– | $– |

The following table sets forth a summary of the categories of the Board's investment measured at NAV per share (or its equivalent) as a practical expedient and its related fair value, unfunded commitments, redemption frequency and redemption notice period for the year ended December 31, 2021:

| Investment Category | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|---|---|---|---|---|
| **Hedge Fund of Funds:** | | | | |
| Equity Long-Short Funds[a] | $ 105 | $ – | Quarterly | 45–90 days |
| **Private Equity[b]** | 343 | 196 | No Redemptions Allowed | |
| **Commingled Funds[c]** | 643 | – | Daily | Less than 15 days notice |
| **Commodities[d]** | 4 | – | Quarterly | 45–90 days |
| **Total** | **$1,095** | **$196** | | |

*[a]This class includes investments in funds of hedge funds that invest primarily in long and short domestic and international common stocks. The underlying hedge funds maintain long positions in securities expected to rise in value and short positions in those expected to decline in value. Management of the hedge funds also has the ability to shift from small to large capitalization stocks across industry sectors and countries, as well as from a net short to a net long position.*

*[b]This class consists primarily of private equity funds that invest in infrastructure, natural resources and other various private equity funds. The private equity funds are typically limited partnerships with a fixed term.*

*[c]This class includes various commingled funds in international equity, emerging markets and fixed income asset classes.*

*[d]This class includes a multi-manager commodities fund. The fund invests in a diversified portfolio of commodities, including energy, agriculture, metals and livestock, both domestically and internationally. Each manager in the fund pursues a dedicated strategy, actively managing commodities in their markets.*

## 5. Financial Instruments with Off-Balance Sheet Risk

In the normal course of business, the Board enters into transactions in various financial instruments with off-balance sheet risk. Market risk represents the potential loss that can be caused by a change in the fair value of the financial instrument. Liquidity risk represents the possibility that the Board may not be able to rapidly adjust the size of its positions in times of high volatility and financial stress at a reasonable price. The Board is exposed to risks that the exchange rate of the U.S. dollar relative to other currencies may change in a manner that has an adverse effect on the reported value of the Board's assets and liabilities denominated in currencies other than the U.S. dollar. All deposits and securities owned by the Board are held by its custodian or by custodians engaged by certain investment managers. The Board is subject to credit risk should the broker-dealers be unable to repay amounts owed or if the custodians are unable to fulfill their obligations to the Board. This risk is mitigated by the fact that the Board's accounts are carried by the broker-dealers as customer accounts, as defined, and are therefore subject to Securities and Exchange Commission rules with regard thereto, and under the SIPC's insurance program and supplemental insurance programs maintained by such brokers. As of July 1, 2013, most derivatives trade on a central clearing exchange. This process eliminates credit risk, among other things. These derivative investments are subject to various risks, similar to non-derivative investments, including market, credit and liquidity risks. The investment manager manages these risks on an aggregate basis along with the risks associated with the Board's investing activities as part of its overall risk management policy. Debt obligations are subject to interest rate risk. Interest rate risk is the risk that the Board may incur losses due to adverse changes in interest rates. Fluctuations in interest rates have a direct impact on the market valuation of debt obligations. Securities sold, not yet purchased by the Board may give rise to off-balance sheet risk. The Board may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Board sells a security short, it must borrow the security sold short. A gain, limited to the price at which the Board sold the security short, or a loss, unlimited in amount, will be recognized upon the termination of a short sale. The Board has recorded this obligation in the financial statements at December 31, 2021, using the fair value of these securities. There is an element of market risk in that, if the securities increase in value, it will be necessary to purchase the securities at a cost in excess of the price reflected in the combined statement of net assets available for benefits.

*Dollar amounts are presented in thousands*

## 6. Employee Benefits

MMBB accrues the expected cost of its employees' postretirement benefits during the years that the employees render the necessary service. The plan is funded on a pay-as-you-go basis. Effective January 1, 2014, MMBB elected to curtail the postretirement benefits under the Medical Plan and cease benefits accrual for any current employee who did not meet the benefits eligibility as of December 31, 2014. The following sets forth the plan's funded status reconciled with amounts reported in MMBB's consolidated statement of financial position at December 31, 2021. The assumed health care cost trend rates for pre-Medicare and post-Medicare were 6.00% and 5.20%, respectively, for 2021. The assumed health care cost trend rates will gradually decline to 4.50% (the ultimate trend rate) in the year 2028. A weighted-average discount rate of 2.62% was used to determine the postretirement benefit obligation and net periodic postretirement benefit cost. The postretirement benefit obligation presented in the consolidated financial statements at December 31, 2021, reflects the impact of the Retiree Drug Subsidy expected to be received on the account of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 as required by ASC 715-60, "Defined Benefit Plans—Other Postretirement." The effect of the subsidy on the measurement of net periodic postretirement benefit cost for the current period was $618.

A summary of the assets, obligations and net periodic postretirement benefit cost is as follows:

| **Change in Postretirement Benefit Obligation (PBO)** | |
|---|---|
| PBO at Beginning of Year | $ 12,165 |
| Service Cost | 6 |
| Interest Cost | 259 |
| Actuarial Loss | 180 |
| Retiree Drug Subsidy Received | 54 |
| Benefits Paid | (450) |
| **PBO at End of Year** | **$12,214** |

| **PBO Breakout** | |
|---|---|
| Retirees and Surviving Spouses | $10,583 |
| Preretired Fully Eligible | 1,631 |
| **Total PBO** | **$12,214** |

| **Change in Plan Assets:** | |
|---|---|
| Fair Value of Plan Assets at Beginning of Year | $ – |
| Employer Contribution | 450 |
| Benefits Paid | (450) |
| **Fair Value of Plan Assets at End of Year** | **$ –** |

| **Reconciliation of Funded Status at End of Year:** | |
|---|---|
| Unfunded Status | $ 12,214 |
| **Amount Recognized** | **$12,214** |

| **Amounts Recognized in the Consolidated Statement of Financial Position Consist of:** | |
|---|---|
| Current Liabilities | $ 604 |
| Noncurrent Liabilities | 11,610 |
| **Accrued Postretirement Benefits** | **$ 12,214** |

| **Amounts Recognized in Other Changes in the Consolidated Statement of Activities Consist of:** | |
|---|---|
| Actuarial Loss | $180 |
| Recognized Prior Service Credit | 68 |
| Recognized Actuarial Loss | (24) |
| **Total Amount Recognized** | **$224** |

| **Components of Net Periodic Postretirement Benefit Cost for the Year** | |
|---|---|
| Service Cost | $ 6 |
| Interest Cost | 259 |
| Recognized Prior Service Credit | (68) |
| Recognized Actuarial Loss | 24 |
| **Net Periodic Expense** | **$221** |

| **Amounts Expected To Be Recognized in Net Periodic Cost in the Coming Year** | |
|---|---|
| **Prior Service Credit Recognition** | **$ (68)** |

| **Gross Estimated Future Benefit Payments Without Subsidy Are as Follows:** | |
|---|---|
| *Year ending December 31,* | |
| 2022 | $ 614 |
| 2023 | 601 |
| 2024 | 590 |
| 2025 | 628 |
| 2026 | 640 |
| 2027–2031 | 3,077 |
| **Total for the Next 10 Years** | **$6,150** |

*Dollar amounts are presented in thousands*

## 7. Net Assets with Donor Restrictions

For MMBB, net assets with donor restrictions are available subject to purpose restrictions as follows:

**Subject to Expenditure for Specified Purpose:**

| | **2021** |
|---|---|
| Ives Estate Fund | $ 1,130 |
| MMBB Financial Wellness Project for Pastoral Leaders and Their Congregations-Phase II-Scaling | 555 |
| MMBB Financial Wellness Project for Pastoral Leaders and Their Congregations-Phase II | 144 |
| Planning Grant for MMBB Financial Wellness | 26 |
| Bridges: Colloquia for Cultivating Ministry | 563 |
| MMBB Financial Wellness Project for Pastoral Leaders and Their Congregations: Sustainability | 133 |
| MMBB Financial Wellness Project for Pastoral Leaders and Their Congregations-Phase III | 250 |
| **Total Net Assets with Donor Restrictions** | **$2,801** |

## 8. Donor-Restricted Endowment Assets

MMBB maintains a donor-restricted endowment fund (the "endowment fund"), which consists of monies bequeathed to it and which must be held in perpetuity in the Ives Fund. The Ives Fund consists of contributions received from the Last Will and Testament of a donor for the purpose of Baptist ministers and missionaries in need and their families in the states of New York, New Jersey and Connecticut. MMBB is a New York State organization and is subject to the provisions of NYPMIFA. Under the provisions of the law, MMBB must exercise a prudent standard of care when spending funds belonging to the endowment. NYPMIFA also allows MMBB to appropriate endowment funds, including the principal, as it finds prudent, while taking into account the uses, benefits, purposes and duration for which the fund was established. In exercising the prudent standard of care, MMBB must consult the following factors, among others, that might be relevant when considering the purpose for which endowment funds will be spent:

a. The duration and preservation of the endowment fund

b. Purpose of the fund

c. General economic conditions

d. Possible effect of inflation or deflation

e. Expected total return from income and appreciation of investments

f. Other resources available to MMBB

g. MMBB's investment policy

h. Alternatives to spending from the endowment and possible effects of those alternatives

For the year ended December 31, 2021, all invested assets at fair value that are included in MMBB's Ives Fund are as follows:

| **Asset Class** | **Total** |
|---|---|
| U.S. Equity | $ 38 |
| International Equity | 48 |
| Global Equity | 19 |
| Fixed Income | 43 |
| Private Equity Funds | 34 |
| Commodities | 3 |
| Cash | 3 |
| **Total** | **$188** |

*Dollar amounts are presented in thousands*

The following table provides a reconciliation of the change in MMBB's Ives Fund net assets for the year ended December 31, 2021:

| | **With Donor Restrictions** |
|---|---|
| Endowment Net Assets, Beginning of Year | $188 |
| Net Assets Transferred Out | – |
| Investment Income | – |
| Other Changes | – |
| Endowment Net Assets | – |
| **End of Year** | **$188** |

MMBB has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while maintaining the original historical value of those assets donated in perpetuity. Under this policy, as approved by the Board of Managers, the endowment assets are invested to achieve a total maximum rate of return at a level consistent with prudent management, taking into consideration the safety of principal, potential for market appreciation and income. To achieve its long-term rate-of-return objectives, MMBB relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). MMBB invests in a diversified portfolio of assets that places greater emphasis on equity-based investments to achieve its long-term return objects with prudent risk constraints. MMBB measures performance of the endowment funds according to a custom blended benchmark.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the MMBB to retain as a fund of perpetual duration. There were no deficiencies as of December 31, 2021.

MMBB's spending policy is limited to spending amounts prescribed by the donors. MMBB expects the current spending policy to allow its endowment funds to maintain their purchasing power as well as to provide additional real growth through investment return.

## 9. Commitments and Contingencies

MMBB has entered into several noncancelable operating leases for office space and equipment. At December 31, 2021, the aggregate future minimum payments for these commitments were as follows:

| *Year ending December 31,* | |
|---|---|
| 2022 | $2,078 |
| 2023 | 2,064 |
| 2024 | 2,064 |
| 2025 | 2,064 |
| 2026 | 804 |
| Thereafter | 2,212 |

Rent expense under these leases for 2021 was $838, which is included in MMBB supporting activities.

As of December 31, 2021, the Board was committed to contributing approximately $196,000 of additional capital to certain limited partnerships and an asset management firm based on the term of the investment period, as defined in each partnership and investment management agreement. Of these commitments, $39,000 is expected to be drawn down in 2022, $39,000 in 2023, $29,000 in 2024, $29,000 in 2025, $20,000 in 2026, $20,000 in 2027, 10,000 in 2028 and $10,000 in 2029. These funds may be drawn after the commitment period ends for fees and prior commitments before the end of the period. Additionally, the Board may receive income in the form of distributions from its investment with these managers.

MMBB has a line of credit for $5,000 with a bank that expires on July 9, 2022. Interest at December 31, 2021, was 2.55%. As of December 31, 2021, this line of credit remained undrawn.

## 10. Subsequent Events

The Board's management has performed subsequent event procedures through April 26, 2022, which is the date the financial statements were available to be issued, and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

# Supplementary **Information**

## American Baptist Churches Retirement Plans Combining Schedule of Changes in Net Assets Available for Benefits

*For the year ended December 31, 2021 (in thousands)*

| | Retirement Plan | Tax-Deferred Annuity Plan | The Annuity Supplement | Deductible Employee Contribution Account | Total |
|---|---|---|---|---|---|
| **Additions** | | | | | |
| Premiums | $ 28,053 | $ 6,566 | $ 11,105 | $ – | $ 45,724 |
| Net Investment Income from Investments Under Management | 269,908 | 11,239 | 31,538 | 154 | 312,839 |
| Transfer from MMBB | 2,214 | – | – | – | 2,214 |
| **Total Additions** | **300,175** | **17,805** | **42,643** | **154** | **360,777** |
| **Deductions** | | | | | |
| Benefits | 135,243 | 5,614 | 17,745 | 138 | 158,740 |
| Investment Management Fees | 23,608 | 1,055 | 3,004 | 16 | 27,683 |
| **Total Deductions** | **158,851** | **6,669** | **20,749** | **154** | **186,423** |
| **Net Increase Before Transfer of Net Assets** | **141,324** | **11,136** | **21,894** | **–** | **174,354** |
| **Transfer of Net Assets** | **7,029** | **(1,553)** | **(5,476)** | **–** | **–** |
| **Net Increase** | **148,353** | **9,583** | **16,418** | **–** | **174,354** |
| **Net Assets Available for Benefits, Beginning of Year** | **2,169,187** | **95,187** | **288,829** | **1,598** | **2,554,801** |
| **Net Assets Available for Benefits, End of Year** | **$2,317,540** | **$104,770** | **$305,247** | **$1,598** | **$2,729,155** |

# Supplementary **Information**

## The Ministers and Missionaries Benefit Board Consolidating Schedule of Activities

*For the year ended December 31, 2021 (in thousands)*

| | Legacy Funds | Death Benefit Plan | Special Benefits Fund | Lilly Endowment | MMBB Financial Planners, LLC | General Fund | Total |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Premiums | $ – | $ 2,274 | $ 2,358 | $ – | $ – | $2,315 | $ 6,947 |
| Contributions | 351 | – | – | 250 | – | 1,170 | 1,771 |
| Kewa Rental Income | 1,761 | – | – | – | – | – | 1,761 |
| Net Investment Income | 26,791 | 2,868 | 8,550 | – | – | 515 | 38,724 |
| **Total Revenues** | **28,903** | **5,142** | **10,908** | **250** | **–** | **4,000** | **49,203** |
| **Expenses** | | | | | | | |
| **Program Activities** | | | | | | | |
| Salaries and Benefits | – | – | – | – | – | 5,614 | 5,614 |
| RMMO | – | – | – | – | – | 19 | 19 |
| Non-Contractual Benefits | – | – | – | – | – | 2,593 | 2,593 |
| Benefits | (175) | 2,693 | 1,823 | – | – | – | 4,341 |
| Professional Fees | – | – | 130 | – | – | 116 | 246 |
| Rent and Utilities | – | – | – | – | – | 421 | 421 |
| Administration Expenses | – | – | – | – | 9 | – | 9 |
| Payments to the Retirement Plans | – | – | 2,214 | – | – | – | 2,214 |
| Financial Wellness | – | – | – | 107 | – | 1 | 108 |
| **Total Program Activities** | **(175)** | **2,693** | **4,167** | **107** | **9** | **8,764** | **15,565** |
| **Supporting Activities** | | | | | | | |
| Salaries and Benefits | – | – | – | 227 | 663 | 7,047 | 7,937 |
| Sponsorships | – | – | – | – | – | 9 | 9 |
| Professional Services and Other | – | – | – | – | – | 4,051 | 4,051 |
| Publications and Printing | – | – | – | – | – | 626 | 626 |
| Travel, Biennial Mission Summit | – | – | – | – | – | 91 | 91 |
| Rent and Utilities | – | – | – | – | – | 645 | 645 |
| Hardware/Software | – | – | – | – | – | 91 | 91 |
| Outreach | – | – | – | – | – | 420 | 420 |
| Depreciation and Amortization | 575 | – | – | – | – | – | 575 |
| Kewa Operations | 1,553 | – | – | – | – | – | 1,553 |
| Ministry Support | – | – | – | – | – | (13,685) | (13,685) |
| **Total Supporting Activities** | **2,128** | **–** | **–** | **227** | **663** | **(705)** | **2,313** |
| **Total Expenses** | **1,953** | **2,693** | **4,167** | **334** | **672** | **8,059** | **17,878** |
| **Change in Net Assets Before Change in Postretirement Benefits Obligation and Transfer of Net Assets** | **26,950** | **2,449** | **6,741** | **(84)** | **(672)** | **(4,059)** | **31,325** |
| **Change in Postretirement Benefits Obligation** | **(224)** | **–** | **–** | **–** | **–** | **–** | **(224)** |
| **Change in Net Assets Before Transfer of Net Assets** | **26,726** | **2,449** | **6,741** | **(84)** | **(672)** | **(4,059)** | **31,101** |
| **Transfer of Net Assets** | **(4,731)** | **–** | **–** | **–** | **672** | **4,059** | **–** |
| **Change in Net Assets** | **21,995** | **2,449** | **6,741** | **(84)** | **–** | **–** | **31,101**** |
| **Net Assets, Beginning of Year** | **172,554** | **33,884** | **101,289** | **1,755** | **–** | **–** | **309,482** |
| **Net Assets, End of Year** | **$194,549** | **$ 36,333** | **$108,030** | **$1,671** | **$ –** | **$ –** | **$340,583*** |

** Total net assets at year-end consist of Without Donor Restrictions $337,782, and With Donor Restrictions $2,801.*

*** Change in net assets for the year consists of Without Donor Restrictions $31,079 and With Donor Restrictions $22.*

# Administration

## Cabinet

**Louis P. Barbarin**
Chief Executive Officer

**Michael Belkin**
Chief Information and Security Officer

**Neal J. Berkowitz**
Chief Financial Officer and Treasurer

**Noradeen Farlekas**
Chief Investment Officer

**Matthew D. Hoffman**
Chief Client Services Officer

**Perry J. Hopper**
Associate Executive Director

**Denise E. Peart**
Chief Legal and Compliance Officer

**Vincent J. Schera**
Chief Human Resources Officer

**Yvette Vanterpool**
Chief Communications Officer

## Senior Benefits Specialists

**Keith R. Davenport, Director**
**Grace L. Cruz**
**Jim Espinales**
**Brian K. Haynes**
**Sharon McCalla**
**Angela Park**
**Jaswick Williams**

## Financial Planning

**Colin E. Nass, CFP®, Director***
**Augustine H. Bau, CFP®**
**James R. Cook, CFP®**
**Keith R. Davenport, CFP®**
**Matthew D. Hoffman, CFP®**
**Alex Kim, CFP®**
**Alina Parizianu, CFP®**

## Retirement Benefits Consultants

**Clifton Morgan, Director**
**Augustine H. Bau**
**Miriam Chacón-Peralta**
**David K. Hinson**
**William J. Key**
**Gradia McKinney**

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President

**Brenda A. Fluker**
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2nd Vice President

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**Neal J. Berkowitz**
Chief Financial Officer
and Treasurer

**Matthew D. Hoffman**
Corporate Secretary

**Noradeen Farlekas**
Chief Investment Officer

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Seattle, Washington
Director
Secure Retirement Trust
*Public Manager*

**Peggy Carr**
Suffield, Connecticut
Director of Derivatives
SS&C Technologies
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**Kathleen A. Condon**
New York, New York
Consultant, Northern
Trust Global Investors
*Investment Committee*
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Senior Vice President and
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*At-Large Manager*

**William S. Epps**
Los Angeles, California
Senior Pastor, Second Baptist
Church, Los Angeles
*At-Large Manager*

**Brenda A. Fluker**
Mattapan, Massachusetts
Principal, Law Office of
Brenda A. Fluker
*Representative from Board of*
*General Ministries Manager*

**Judith D. Freyer**
Philadelphia, Pennsylvania
Senior Vice President,
Treasurer and
Chief Investment Officer
The Board of Pensions of the
Presbyterian Church (U.S.A.),
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**Debbie R. Jackson**
Seattle, Washington
Vice President/Controller
Quadrant Corporation, Retired
*At-Large Manager*

**Clifford I. Johnson**
Wilmington, Delaware
Pastor, Shiloh Baptist Church
American Baptist Home
Mission Societies (ABHMS)
Board President, Retired
*Representative from Board of*
*General Ministries Manager*

**Stephen D. King**
Aptos, California
Chief Executive Officer
and Publisher
Online Legal Media
*At-Large Manager*

**Annie Marie LeBarbour**
Rochester, New York
Organizational Development
Consultant
LeBarbour Associates, Retired
*At-Large Manager*

**John F. Mandt, Sr.**
Pompano Beach, Florida
Business Executive, Retired
*At-Large Manager*

**Darrel A. Morf**
Cedar Rapids, Iowa
Senior Partner
Law Firm of Simmons Perrine
Moyer Bergman, PLC
*At-Large Manager*

**James T. Napolitan**
Chicago, Illinois
Commodities Trader
Chicago Mercantile Exchange
*Public Manager*

**John A. Nixon**
Philadelphia, Pennsylvania
Partner
Duane Morris, LLP
*Public Manager*

**Noemi Nunez-Sanchez**
Bronx, New York
Rosen Kuslansky, CPA, P.C.
Staff Accountant
*Representative from Board*
*of General Ministries Manager*

**Gwynn L. Perlich**
Zionsville, Indiana
Executive VP/COO
Ascension St. Vincent Evansville
*At-Large Manager*

**Wallace Charles Smith**
Washington, D.C.
Dean, Smith School of
Christian Ministries
Palmer Theological
Seminary, Retired, and Senior
Minister, Shiloh Baptist Church
*Representative from Board of*
*General Ministries Manager*

**Diane Sterthous**
Philadelphia, Pennsylvania
Venture Capital Advisor
Commonwealth of
Pennsylvania
*Investment Committee*
*Member*

**Catherine Waterworth**
New York, New York
Chief Investment Officer of
the Pension Boards, United
Church of Christ, Retired
*Investment Committee*
*Member*

# Asset Managers, Investment Custodian **and Counsel**

## Asset Managers

**ABS Investment Management**
Greenwich, Connecticut

**American Century Investments**
Kansas City, Missouri

**American Securities Partners**
New York, New York

**Ariel Investments**
Chicago, Illinois

**Baillie Gifford & Co.**
Edinburgh, Scotland

**Barings, LLC**
Charlotte, North Carolina

**Breckinridge Capital Advisors**
Boston, Massachusetts

**Calera Capital**
San Francisco, California

**The Carlyle Group**
Washington, D.C.

**Commonfund Capital, Inc.**
Wilton, Connecticut

**Crow Holdings**
Dallas, Texas

**Denham Capital Management, LP**
Boston, Massachusetts

**Dimensional Fund Advisors**
Austin, Texas

**Dodge & Cox**
San Francisco, California

**DRA Advisors**
New York, New York

**Eaton Vance**
Boston, Massachusetts

**EnCap Investments, LP**
Houston, Texas

**Energy Investors Funds**
Needham, Massachusetts

**Great Hill Partners**
Boston, Massachusetts

**H.I.G. Capital**
Stamford, Connecticut

**Insight Equity, LP**
New York, New York

**Invesco Advisers, Inc.**
New York, New York

**The Investment Fund for Foundations**
West Conshohocken, Pennsylvania

**JPMorgan Asset Management**
New York, New York

**Lovell Minnick Partners**
Radnor, Pennsylvania

**LSV Asset Management**
Chicago, Illinois

**Madison Dearborn Partners**
Chicago, Illinois

**Manulife Investment Management**
Boston, Massachusetts

**Marathon Asset Management Ltd.**
London, United Kingdom

**Mellon Capital Management**
San Francisco, California

**Mercer Investments LLC**
St. Louis, Missouri

**MFS Investment Management**
Boston, Massachusetts

**Molpus Woodlands Group**
Jackson, Mississippi

**Neuberger Berman**
New York, New York

**New Mountain Capital**
New York, New York

**Oaktree Capital Management**
Los Angeles, California

**Pantheon Ventures**
New York, New York

**Parametric Portfolio Associates LLC**
Minneapolis, Minnesota

**Pinnacle Natural Resources, LP**
New York, New York

**Prudential Trust Company**
Newark, New Jersey

**RBC Global Asset Management (U.S.) Inc.**
Minneapolis, Minnesota

**Rockpoint Group**
Boston, Massachusetts

**SJF Ventures**
New York, New York

**SVB Capital**
Menlo Park, California

**The Rohatyn Group**
New York, New York

**The Vanguard Group**
Valley Forge, Pennsylvania

**UBS Asset Management Trust Co.**
Chicago, Illinois

**Värde Partners, Inc.**
Minneapolis, Minnesota

**Vaughan Nelson Investment Management**
Houston, Texas

**Wayzata Investment Partners**
Wayzata, Minnesota

**Wellington Alternative Investments LLC**
Boston, Massachusetts

**Wellington Management Company, LLP**
Boston, Massachusetts

**Western Asset Management Company**
Pasadena, California

**Westfield Capital Management**
Boston, Massachusetts

## Investment Custodian

**BNY Mellon**
Boston, Massachusetts

## Investment Consultant

**Mercer**
Norwalk, Connecticut

## Actuarial Counsel

**Buck**
Secaucus, New Jersey
**Mercer**
Norwalk, Connecticut

## Record-keeper

**Conduent HR Services**
Florham Park, New Jersey

## Retiree Services

**State Street**
Quincy, Massachusetts

## Legal Counsel

**Patterson Belknap Webb & Tyler LLP**
New York, New York

## Independent Certified Public Accountants

**BDO USA, LLP**
New York, New York

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